

**AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR
NON-PROFIT ORGANISATION FOR
2018**

**THE PORT OF RIJEKA AUTHORITY
(LUČKA UPRAVA RIJEKA)**

RIJEKA

Rijeka, April 2019



**FINANCIAL STATEMENTS
FOR NON-PROFIT ORGANISATION FOR
2018**

**THE PORT OF RIJEKA AUTHORITY
RIJEKA**

Rijeka, February 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT BOARD AND THE FOUNDERS

Opinion

We have audited the attached financial statements of **Port of Rijeka Authority - Rijeka**, that include the Balance Sheet as at December 31st 2018 (BIL-NPF), the Statement of Income and Expenditure for the year that ended (PR-RAS-NPF), and Notes to the Balance Sheet and the Statement of Income and Expenditure. Our Reports are presented on pages 1 – 55.

In our opinion, the financial statements of non-profit organisation **Port of Rijeka Authority - Rijeka (Entity)** for the year ended on December 31st 2018 are presented in all material respects in compliance with the Republic of Croatia Law on Financial Operations and Accounting for Non-profit Organisations (Official Gazette no. 121/14).

Basis for Opinion

We conducted our audit in accordance with the Republic of Croatia Law on Financial Activity and Accounting for Non-profit Organisations, Audit Law and 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 Entity in accordance with the IESBA Code of Ethics for Professional Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

1. Under Note 6., *Other financial statement compilation rules applied*, the indicated rules were applied by the Entity in compiling the financial statements because neither the Financial Reporting Framework presented within the Law and in the accompanying by-laws nor the accounting rules thereby defined do not deal with any possible recognition and measuring ways applicable to particular balance sheet items and/or particular transactions. For correct interpretation of certain financial statement items, users are referred to those rules, which are not provided for by the Law neither explicitly nor implicitly. Considering the implementation of those rules, we do not express our opinion with any reserve but wish to point out the manner in which the client prepared their financial statements, which may affect the comparability with other Entities.

2. Attention is drawn to point 1.4.1. mentioning that based on the Decision on founding of the Port of Rijeka Authority, the Port of Rijeka Authority is liable up to the value of all of its assets **and the Republic of Croatia bears joint and several responsibility for the entire amount of liabilities of the Entity**. It is also mentioned under the same point that the Entity's registered activities are carried out on the maritime demesne, which has a special legal status, since legal exploitation of maritime demesne and its facilities

may be carried out exclusively by virtue of concession. It is further mentioned that in pursuance of point XI of the Decision, the **Entity shall be granted the right to use the facilities** listed in the list of **infrastructure and superstructure** and **such facilities shall not be the assets** of the Port Authority.

Other Matters

The Law on Financial Activities and Accounting for Non-profit Organisations (Official Gazette 121/14), applied in the compilation of financial statements of the non-profit organisation **Port of Rijeka Authority – Rijeka** for the year ended on December 31st 2018, that our auditing deals with, represents the compliance framework. Users are referred to point 5 where reference is made to all the accounting rules used in the preparation of financial statements for non-profit organisations.

Responsibilities of the Legal Representative and Those Charged with Governance for the Annual Financial Statements

The legal representative of a non-profit organisation is responsible for financial statements prepared in compliance with the Law on financial activity and accounting of non-profit organisations (Official Gazette no. 121/14), as well as for those internal controls which he in his own discretion considers indispensable for compilation of financial statements which are free of any material misstatements caused by fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 controls 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 the management.
- Conclude on the appropriateness of management's use of the going concern as a basis for 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the complete presentation, structure and contents of annual financial statements, including disclosures, as well as whether the annual financial statements reflect the transactions and events on which they are based in a way that is in accordance with the Law

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

HLB Inženjerski biro d.o.o.

Strossmayerova 11
51 000 Rijeka
Croatia


Rijeka, April 26th 2019

On behalf of HLB Inženjerski biro d.o.o.



Kristina Krivičić Ugrin

President of the Board



Romana Žmirić

Member of the Board

Certified auditor

 **INŽENJERSKI BIRO**
d.o.o.
Strossmayerova 11, Rijeka

FINANCIAL STATEMENTS FOR THE PORT OF RIJEKA AUTHORITY (LUČKA UPRAVA RIJEKA) 2018

Statement of responsibility for the financial statements

In pursuance of the Law on Financial Activities and Accounting for Non-profit Organisations (Official Gazette 121/14) (hereinafter: the Law), Rule Book on Non-profit Accounting and Chart of Accounts (Official Gazette no. 1/15) (Rule Book 1), and Rule Book on Non-profit Accounting Reports and Non-profit Organisations Register (Official Gazette 31/15, 67/17, 115/18) (Rule Book 2) (collectively: Rule Books), legal representative of non-profit organisation is responsible for organisation, lawful business operation and accounting and for assuring for financial statements for each fiscal year to be prepared in compliance with provisions of the Law and the above mentioned Rule Books and based on the principles of accuracy, faithfulness, reliability and individual presentation of items.

Pursuant to the Law and Rule Books, Financial Statements consist of:

- **Balance sheet for non-profit organisation as at Dec 31st 2018,**
- **Statement of Incomes and Expenditure for non-profit organisation Jan 1st 2018 – Dec 31st 2018,**
- **Notes to the Financial Statements.**

These financial statements consisting of pages 1 – 55 have been approved by the legal representative on February 28th 2019 and signed by:




Mr. Denis Vukorepa, B.Sc.
Executive Director

**The Port of Rijeka Authority
Riva 1
Rijeka**

Balance Sheet for Non-profit Organisation as at Dec 31st 2018

Activity
type: 708Form
BIL-NPF**BALANCE SHEET**

as at 31.12.2018

Name of
Organisation: **THE RIJEKA PORT AUTHORITY**Zip Code: **51000** Place: **RIJEKA**Headquarters
address: **RIVA 1**IBAN: **HR4024020061100379918**RNO: **0112054**Activity Code: **5222** Services related to
carriage by seaMB Number: **01212109**City Code: **373** City: RIJEKAId.No. OIB: **60521475400**Period Code: **2018-12**Municipality Code: **8**

Excel Database Version: 6.0.0.

Key to Chart of Accounts	DESCRIPTION	AOP	Position as at 1st Jan.	Position as at 31st Dec.	Index (5/4)
1	2	3	4	5	6
ASSETS					
	ASSETS (AOP 002+074)	001	1.856.432.791	2.015.187.459	108,6
0	Non-financial assets (AOP 003+018+047+051+055+064)	002	1.552.623.538	1.675.188.532	107,9
01	Non-produced fixed assets (AOP 004+008-017)	003	214.936.998	212.720.769	99,0
011	Tangibles – natural resources (AOP 005 to 007)	004	209.861.063	209.861.063	100,0
0111	Land	005	209.861.063	209.861.063	100,0
0112	Mineral resources	006			-
0113	Other tangible natural resources	007			-
012	Intangible assets (AOP 009 to 016)	008	57.942.141	58.035.946	100,2
0121	Patents	009			-
0122	Concessions	010			-
0123	Licences	011	599.596	620.277	103,4
0124	Other rights	012	1.131.220	1.131.220	100,0
0125	Goodwill	013			-
0126	Incorporation expenses	014			-
0127	Development expenses	015	49.419.540	49.492.665	100,1
0128	Other intangibles	016	6.791.785	6.791.784	100,0
019	Value adjustment for non-produced fixed assets	017	52.866.206	55.176.240	104,4
02	Produced fixed assets (AOP 019+023+031+034+039+042-046)	018	681.687.448	665.087.005	97,6
021	Construction facilities (AOP 020 to 022)	019	2.596.999.044	2.602.410.250	100,2
0211	Residential buildings	020			-
0212	Business premises	021	378.177.980	378.239.605	100,0

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0213	Other civil engineering structures	022	2.218.821.064	2.224.170.645	100,2
022	Plant & Equipment (AOP 024 to 030)	023	519.813.046	515.692.561	99,2
0221	Office equipment & furniture	024	17.764.513	13.384.656	75,3
0222	Communication equipment	025	2.434.107	2.423.259	99,6
0223	Maintenance & Protection equipment	026	2.437.999	2.510.091	103,0
0224	Medical & lab equipment	027			-
0225	Instruments, Devices & machinery	028	1.307	1.307	100,0
0226	Sporting and musical equipment	029			-
0227	Devices, machinery & equipment for other purposes	030	497.175.120	497.373.248	100,0
023	Means of transport (AOP 032+033)	031	3.791.311	2.521.175	66,5
0231	Road means of transport	032	2.067.247	797.111	38,6
0232	Other means of transport	033	1.724.064	1.724.064	100,0
024	Books, art pieces and other show pieces (AOP 035 to 038)	034	0	0	-
0241	Books in libraries	035			-
0242	Art pieces (in galleries, museums etc.)	036			-
0243	Museum showpieces and rare natural objects	037			-
0244	Other showpieces	038			-
025	Perennial plants and basic herd (AOP 040+041)	039	0	0	-
0251	Perennial plants	040			-
0252	Basic herd	041			-
026	Intangible produced assets (AOP 043 do 045)	042	2.989.589	3.326.751	111,3
0261	Investments in computer programs	043	2.989.589	3.326.751	111,3
0262	Pieces of art, literature and scientific papers	044			-
0263	Other intangible produced assets	045			-
029	Provisions for produced fixed assets	046	2.441.905.542	2.458.863.732	100,7
03	Precious metals and other values in custody (AOP 048)	047	2.575.691	2.575.691	100,0
031	Precious metals and other values in custody (AOP 049+050)	048	2.575.691	2.575.691	100,0
0311	Precious metals and gems	049			-
0312	Books, art pieces & similar values in custody	050	2.575.691	2.575.691	100,0
04	Small inventory (AOP 052+053-054)	051	0	0	-
041	Small inventory stores	052			-
042	Small inventory in use	053	389.543	365.301	93,8
049	Value adjustment for small inventory	054	389.543	365.301	93,8
05	Non-financial assets in progress (AOP 056 do 059+062+063)	055	653.423.401	794.805.067	121,6
051	Buildings/construction facil. in progress	056	633.957.815	766.037.719	120,8
052	Plant & equipment in preparation	057	265.119	789.620	297,8
053	Means of transport in progress	058			-
054	Perennial plants and basic herd in progress (AOP 060+061)	059	0	0	-
0541	Perennial plants in preparation	060			-
0542	Basic herd in preparation	061			-

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055	Other intangible produced assets in preparation	062			-
056	Other non-financial assets in prepar.	063	19.200.467	27.977.728	145,7
06	Produced short-term assets (AOP 065+070+073)	064	0	0	-
061	Inventories for operational purposes (AOP 066 do 069)	065	0	0	-
0611	Inventories to be re-allocated to others	066			-
0612	Inventories of raw materials for regular purposes	067			-
0613	Spare parts inventories	068			-
0614	Inventories of raw materials for special purposes	069			-
062	Production & products (AOP 071+072)	070	0	0	-
0621	Production in progress	071			-
0622	Finished products	072			-
063	Trade goods	073			-
1	Financial assets (AOP 075+083+100+105+125+133+142)	074	303.809.253	339.998.927	111,9
11	Cash in bank and in hand (AOP 076+080+081+082)	075	90.070.847	130.763.494	145,2
111	Cash at bank (AOP 077 to 079)	076	90.026.642	130.738.021	145,2
1111	Cash at national commercial banks	077	90.026.642	130.738.021	145,2
1112	Cash at foreign commercial banks	078			-
1113	Clearing account	079			-
112	Allocated funds	080			-
113	Cash in hand	081	44.205	25.473	57624,7
114	Securities in hand	082			-
12	Deposits, escrow accounts and receivables from employees, overpaid taxes etc. (AOP 084+087+088+089+095)	083	56.555.704	77.768.583	137,5
121	Deposits in banks and other financial institutions (AOP 085+086)	084	29.001	29.064	100,2
1211	Deposits at national banks and other financial institutions	085	29.001	29.064	100,2
1212	Deposits at national banks and other financial institutions	086			-
122	Warranties with escrow accounts	087			-
123	Receivables from employees	088		1.190	-
124	Receivables for prepaid taxes and contributions (AOP 090 to 094)	089	0	92	-
1241	Receivables for prepaid taxes	090		92	-
1242	Receivables for self-owned VAT	091			-
1243	Receivables for prepaid customs duties and dues	092			-
1244	Receivables for other prepaid taxes	093			-
1245	Receivables for prepaid contributions	094			-
129	Other receivables (AOP 096 to 099)	095	56.526.703	77.738.237	137,5
1291	Receivables for refundable damages prepaid	096	13.482	26.652	197,7
1292	Receivables for damage indemnities	097			-
1293	Receivables for advances paid	098	56.513.221	76.579.782	135,5

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1294	Other non-specified receivables	099		1.131.803	-
13	Loans (AOP 101+102+103-104)	100	16.071.172	9.843.745	61,3
131	Loans to physical entities & households	101			-
132	Loans to legal entities - contractors	102	16.071.172	9.843.745	61,3
133	Loans to other entities	103			-
139	Provisions for loans granted	104			-
14	Securities (AOP 106+109+112+115+118+121-124)	105	0	0	-
141	Cheques (AOP 107+108)	106	0	0	-
1411	Cheques - national	107			-
1412	Cheques - foreign	108			-
142	Commercial and treasury bills (AOP 110+111)	109	0	0	-
1421	Commercial and treasury bills - national	110			-
1422	Commercial and treasury bills – foreign	111			-
143	Bills of exchange (AOP 113+114)	112	0	0	-
1431	Bills of exchange – national	113			-
1432	Bills of exchange – foreign	114			-
144	Promissory notes (AOP 116+117)	115	0	0	-
1441	Promissory notes – national	116			-
1442	Promissory notes – foreign	117			-
145	Options and other financial derivatives (AOP 119+120)	118	0	0	-
1451	Options and other financial derivatives – national	119			-
1452	Options and other financial derivatives – foreign	120			-
146	Other securities (AOP 122+123)	121	0	0	-
1461	Other securities – national	122			-
1462	Other securities – foreign	123			-
149	Provisions for securities	124			-
15	Shares and equity (AOP 126+129-132)	125	0	0	-
151	Shares and equity in banks and other financial institutions (AOP 127+128)	126	0	0	-
1511	Shares and equity in national banks and other financial institutions	127			-
1512	Shares and equity in foreign banks and other financial institutions	128			-
152	Shares and equity in companies (AOP 130+131)	129	0	0	-
1521	Shares and equity in national companies	130			-
1522	Shares and equity in foreign companies	131			-
159	Provisions for shares and equity	132			-
16	Receivables for incomes (AOP 134 to 137+140-141)	133	9.916.314	9.056.210	91,3
161	Receivables from clients	134	12.986.383	11.859.695	91,3
162	Receivables for membership fees and contributions	135			-
163	Receivables for incomes under special legal provisions	136	283.986	299.872	105,6

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164	Receivables for incomes from assets (AOP 138+139)	137	7.605	1.871	24,6
1641	Receivables for incomes from financial assets	138	7.605	1.871	24,6
1642	Receivables for incomes from non-financial assets	139			-
165	Other receivables	140			-
169	Provisions for receivables	141	3.361.660	3.105.228	92,4
19	Prepayments and accrued income (AOP 143+144)	142	131.195.216	112.566.895	85,8
191	Prepayments	143	131.195.216	112.566.895	85,8
192	Accrued income	144			-
LIABILITIES AND OWN SOURCES					
	LIABILITIES AND OWN SOURCES (AOP 146+195)	145	1.856.432.792	2.015.187.459	108,6
2	Liabilities (AOP 147+174+182+190)	146	1.297.290.706	1.450.686.842	111,8
24	Liabilities for expenditures (AOP 148+156+164+168+169+170)	147	138.298.171	222.835.914	161,1
241	Liabilities for employees (AOP 149 to 155)	148	493.805	799.447	161,9
2411	Liabilities for salaries – net	149	315.716	468.481	148,4
2412	Liabilities for fringe benefits – net	150		4.977	-
2413	Liabilities for salaries in kind – net	151			-
2414	Liabilities for income tax and surtax from salaries	152	24.027	77.996	324,6
2415	Liabilities for contributions from salaries	153	84.936	136.596	160,8
2416	Liabilities for contributions on salaries	154	69.126	111.397	161,2
2417	Other liabilities for employees	155			-
242	Liabilities for material expenses (AOP 157 to 163)	156	49.959.286	73.458.227	147,0
2421	Reimbursement of expenses to employees	157	20.023	16.945	84,6
2422	Fees to representative and executive body members, committees, etc.	158	26.092	26.092	100,0
2423	Fees to volunteers	159			-
2424	Remuneration to other persons outside employment contracts	160			-
2425	Liabilities toward suppliers at home	161	4.457.873	12.439.631	279,0
2426	Liabilities toward suppliers abroad	162	45.455.298	60.975.559	134,1
2429	Other liabilities for business expenses	163			-
244	Liabilities for financial expenses (AOP 165 to 167)	164	1.612.007	1.380.369	85,6
2441	Liabilities for interest on securities issued	165			-
2442	Liabilities for interest on loans and credits received	166	1.612.007	1.380.369	85,6
2443	Liabilities for other financial expenses	167			-
245	Liabilities for grants received	168			-
246	Liabilities for penalties and damages	169			-
249	Other liabilities (AOP 171 to 173)	170	86.233.073	147.197.871	170,7
2491	Liabilities for taxes	171			-
2492	Liabilities for VAT	172	1.442.078	4.465.549	309,7
2493	Liabilities for advances, deposits,	173	84.790.995	142.732.322	168,3

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	received escrow accounts and other liabilities				
25	Liabilities for securities (AOP 175+178-181)	174	0	0	-
251	Liabilities for cheques (AOP 176+177)	175	0	0	-
2511	Liabilities for cheques – national	176			-
2512	Liabilities for cheques – foreign	177			-
252	Liabilities for bills of exchange (AOP 179+180)	178	0	0	-
2521	Liabilities for bills of exchange – national	179			-
2522	Liabilities for bills of exchange – foreign	180			-
259	Provisions for liabilities for securities	181			-
26	Liabilities for loans and credits (AOP 183+186-189)	182	683.948.915	744.729.068	108,9
261	Liabilities for bank and other creditors' loans (AOP 184+185)	183	683.674.869	744.729.068	108,9
2611	Liabilities for loans at home	184			-
2612	Liabilities for loans from abroad	185	683.674.869	744.729.068	108,9
262	Liabilities for commodity loans and other loans (AOP 187+188)	186	274.046	0	0,0
2621	Liabilities for loans at home	187	274.046		0,0
2622	Liabilities for loans from abroad	188			-
269	Provisions for liabilities for loans and credits	189			-
29	Accrued expenses and deferred income (AOP 191+192)	190	475.043.620	483.121.860	101,7
291	Accrued expenses	191			-
292	Deferred incomes (AOP 193+194)	192	475.043.620	483.121.860	101,7
2921	Prepaid income	193			-
2922	Deferred income	194	475.043.620	483.121.860	101,7
5	Reserves (AOP 196+199-200)	195	559.142.086	564.500.617	101,0
51	Reserves (AOP 197+198)	196	447.085.143	436.949.916	97,7
511	Reserves	197	447.085.143	436.949.916	97,7
512	Revaluation reserves	198			-
5221	Income surplus	199	112.056.943	127.550.701	113,8
5222	Income deficit	200			-
OFF-BALANCE SHEET ITEMS					
61	Off-balance sheet items – assets	201			-
62	Off-balance sheet items – liabilities	202	0	0	-

Legal Representative:

Legal Representative: DENIS VUKOREPA
Date: 28.02.2019.
Contact Person: IVANA BULJAN COTA
Telephone: 051351172
Telefax: 051351193
e-mail address: ivana.buljancota@portauthority.hr

Statement of Income and Expenditures for Non-profit organisation 2018

Type of
Activity708Form
PR-RAS-NPF**STATEMENT OF INCOME AND EXPENDITURES**

for the period 01.01.2018 - 31.12.2018

Name of the
Entity: **THE RIJEKA PORT AUTHORITY**Zip Code: **51000**Place: **RIJEKA**Legal Seat: **RIVA 1**IBAN: **HR4024020061100379918**RNO No.: **0112054**Activity Code: **5222** Services related with carriage by seaReg. No.: **01212109**City Code: **373** City: **RIJEKA**Id.No. OIB: **60521475400**Fiscal Period: **2018-12**

County

Code: **8**

Excel Database Version: 6.0.0.

Chart Key	DESCRIPTION	AOP	Previous year	Accounting year	Index (5/4)
1	2	3	4	5	6
INCOMES					
3	INCOME (AOP 002+005+008+011+024+040+049)	001	101.489.301	94.265.650	92,9
31	Income from traded goods and services (AOP 003+004)	002	74.718.495	77.661.512	103,9
3111	Income from traded goods	003			-
3112	Income from services rendered	004	74.718.495	77.661.512	103,9
32	Income from membership fees and members' contributions (AOP 006+007)	005	0	0	-
3211	Membership fees	006			-
3212	Members' contributions	007			-
33	Income under special legal provisions (AOP 009+010)	008	1.529	0	0,0
3311	Income under special legal provisions out of the budget	009			-
3312	Income under special legal provisions from other sources	010	1.529		0,0
34	Income from assets (AOP 012+021)	011	9.103.683	5.232.349	57,5
341	Income from financial assets (AOP 013 to 020)	012	8.266.419	4.340.904	52,5
3411	Income from interest on loans granted	013	121.556	27.523	22,6
3412	Income from interest yielding securities	014			-
3413	Interest on term deposits and demand deposits	015	56.255	17.201	30,6
3414	Income from interest on arrears	016	119.434	167.254	140,0
3415	Income from exchange rate yields	017	7.969.174	4.128.926	51,8
3416	Income from dividends	018			-
3417	Income from profits of companies, banks & other financial institutions under special legal provisions	019			-
3418	Other Income from financial assets	020			-
342	Income from non-financial assets (AOP 022+023)	021	837.264	891.445	106,5
3421	Income from lease and rental assets	022	837.264	891.445	106,5
3422	Other Income from non-financial assets	023			-
35	Income from donations (AOP 025+030+033+036+037)	024	15.771.226	10.074.404	63,9

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351	Income from donations out of the budget (AOP 026+029)	025	15.241.844	8.398.698	55,1
3511	Income from donations out of the government budget	026	15.241.844	8.255.557	54,2
3512	Income from donations out of the local/regional selfgovernment units	027			-
3513	Income from donations out of the state budget for EU projects	028		143.141	-
3514	Income from donations out of the budget of local and regional self-government units for EU projects	029			-
352	Income from foreign governments and international organisations (AOP 031+032)	030	479.382	1.645.706	343,3
3521	Revenues from foreign governments and international organizations	031	479.382	530.927	110,8
3522	Revenue from EU institutions and bodies	032		1.114.779	-
353	Income from companies and other legal entities (AOP 034+035)	033	50.000	30.000	60,0
3531	Income from companies and other legal entities	034	50.000	30.000	-
3532	Revenues from companies and other legal entities for EU projects	035			-
354	Income from physical entities and households	036			-
355	Other Income from donations (AOP 038+039)	037	0	0	-
3551	Other income from donations	038			-
3552	Other income from donations for EU projects	039			-
36	Other Income (AOP 041+044+045)	040	1.894.368	1.297.385	68,5
361	Income from damage indemnities and refunds (AOP 042+043)	041	1.771.878	982.281	55,4
3611	Income from damage indemnities	042	89.360	342.341	383,1
3612	Income from refunds	043	1.682.518	639.940	38,0
362	Income from fixed assets sold	044	9.100	149.747	1645,6
363	Other Income (AOP 046 to 048)	045	113.390	165.357	145,8
3631	Written-off liabilities	046			-
3632	Collected written-off receivables	047	113.390	164.314	144,9
3633	Other Income	048		1.043	-
37	Income from non-profit organisation subsidiaries (AOP 050 to 053)	049	0	0	-
3711	Current revenues from related non-profit organizations	050			-
3712	Capital Income from non-profit organisation subsidiaries	051			-
3713	Current revenues from related non-profit organizations for EU projects	052			-
3714	Capital income from related non-profit organizations for EU projects	053			-
EXPENSES					
4	EXPENDITURES (AOP 055+067+108+109+120+128+139)	054	82.445.627	78.771.892	95,5
41	Expenditures for employees (AOP 056+061+062)	055	10.286.677	11.024.898	107,2
411	Salaries (AOP 057 to 060)	056	8.556.615	8.465.910	98,9
4111	Salaries for normal work hours	057	8.556.615	8.465.910	98,9
4112	Salaries in kind	058			-
4113	Salaries for overtime	059			-
4114	Salaries for special working conditions	060			-
412	Other expenditures for employees	061	324.634	1.173.035	361,3
413	Contributions on salaries (AOP 063 to 066)	062	1.405.428	1.385.953	98,6
4131	Contributions for health insurance	063	1.266.806	1.249.079	98,6
4132	Contributions for the unemployed	064	138.622	136.874	98,7
4133	Contributions for pension insurance payable by employer	065			-
4134	Special contribution for employment of the disabled	066			-
42	Material expenses (AOP 068+072+077+082+087+097+102)	067	18.517.783	25.247.580	136,3

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421	Cost reimbursement to employees (AOP 069 to 071)	068	648.346	617.895	95,3
4211	Business trips	069	324.798	307.861	94,8
4212	Commutation, field work and subsistence allowance	070	255.400	227.680	89,1
4213	Employees' professional training	071	68.148	82.354	120,8
422	Remuneration to members of representative and executive bodies, committees and the like (AOP 073 to 076)	072	293.975	313.658	106,7
4221	Remuneration for activity performance	073	293.975	313.658	106,7
4222	Reimbursement of business trip costs and expenses	074			-
4223	Reimbursement of other costs and expenses	075			-
4224	Other remunerations	076			-
423	Remunerations to volunteers (AOP 078 to 081)	077	0	0	-
4231	Remuneration for activity performance	078			-
4232	Reimbursement of business trip costs and expenses	079			-
4233	Reimbursement of other costs and expenses	080			-
4234	Other remunerations	081			-
424	Remunerations to persons outside employment contract (AOP 083 to 086)	082	2.051	1.293	63,0
4241	Remuneration for activity performance	083			-
4242	Reimbursement of business trip costs and expenses	084		1.293	-
4243	Reimbursement of other costs and expenses	085	2.051		0,0
4244	Other remunerations	086			-
425	Expenses for services (AOP 088 to 096)	087	14.216.931	20.752.464	146,0
4251	Telephone, mail and transport services	088	236.679	228.088	96,4
4252	Regular and investment maintenance services	089	5.026.902	8.424.602	167,6
4253	Promotion and information services	090	479.444	262.333	54,7
4254	Utilities	091	6.598.907	7.936.521	120,3
4255	Rentals	092	99.898	154.167	154,3
4256	Medical and veterinary services	093	2.550	1.750	68,6
4257	Intellectual and personal services	094	643.333	1.139.964	177,2
4258	Computer services	095	175.838	253.745	144,3
4259	Other services	096	953.380	2.351.294	246,6
426	Expenses for material and energy (AOP 098 to 101)	097	1.974.706	2.340.731	118,5
4261	Stationery and other material expenses	098	293.168	306.818	104,7
4262	Materials and raw materials	099			-
4263	Energy	100	1.672.099	2.024.959	121,1
4264	Small inventory and tyres	101	9.439	8.954	94,9
429	Other material expenses (AOP 103 to 107)	102	1.381.774	1.221.539	88,4
4291	Insurance premiums	103	296.368	211.490	71,4
4292	Entertainment expenses	104	122.677	162.586	132,3
4293	Membership fees	105	177.427	174.299	98,2
4294	Registration fees	106	14.559	9.304	63,9
4295	Other material expenses	107	770.743	663.860	86,1
43	Depreciation expenses	108	17.637.841	15.364.753	87,1
44	Financial expenses (AOP 110+111+115)	109	14.208.103	9.134.085	64,3
441	Interest for securities issued	110			-
442	Interest for loans and advances received (AOP 112 to 114)	111	5.261.858	3.983.496	75,7
4421	Interest for loans from banks & other creditors	112	5.261.858	3.983.496	75,7
4422	Interest for commodity and other loans received	113			-
4423	Interest for loans and credits granted yet not realized	114			-
443	Other financial expenses (AOP 116 to 119)	115	8.946.245	5.150.589	57,6

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4431	Bank services and payment agency services	116	133.640	115.629	86,5
4432	Exchange rate losses and foreign currency clause	117	8.811.616	5.034.910	57,1
4433	Interest on arrears	118	989	50	5,1
4434	Other financial expenses	119			-
45	Donations (AOP 121+125)	120	0	1.000.000	-
451	Donations in course (AOP 122 to 124)	121	0	1.000.000	-
4511	Donations in course	122		1.000.000	-
4512	Scholarships	123			-
4513	Current donations from EU funds	124			-
452	Capital donations (AOP 126+127)	125	0	0	-
4521	Capital donations	126			-
4522	Capital donations from EU funds	127			-
46	Other expenses (AOP 129+134)	128	21.795.223	17.000.576	78,0
461	Penalties and damages claimed (AOP 130 to 133)	129	0	0	-
4611	Damages paid to legal and physical persons	130			-
4612	Penalties, demurrage and similar	131			-
4613	Damages paid to employees	132			-
4614	Contractual penalties and other damages paid	133			-
462	Other expenses (AOP 135 to 138)	134	21.795.223	17.000.576	78,0
4621	Non-written-off value and other expenses of written-off fixed assets	135	12.313	512	4,2
4622	Written-off receivables	136	103.728	230.033	221,8
4623	Expenses for other taxes	137			-
4624	Other expenses	138	21.679.182	16.770.031	77,4
47	Funding expenses for non-profit org. subsidies (AOP 140 to 143)	139	0	0	-
4711	Recurring funding expenses for non-profit organisation subsidies	140			-
4712	Capital expenses for funding of non-profit organisation subsidies	141			-
4713	Current expenditures related to the financing of related non-profit organizations for EU projects	142			-
4714	Capital expenditures related to the financing of related non-profit organizations for EU projects	143			-
	Stores of production and finished products in the beginning of the accounting period	144			-
	Stores of production and finished products at the end of the accounting period	145			-
	Increase in production and finished products stores (AOP 145-144)	146	0	0	-
	Decrease in production and finished products stores (AOP 144-145130)	147	0	0	-
	TOTAL EXPENDITURES (AOP 054-146 or 054+147)	148	82.445.627	78.771.892	95,5
	INCOMES SURPLUS (AOP 001-148)	149	19.043.674	15.493.758	81,4
	INCOMES DEFICIT (AOP 148-001)	150	0	0	-
5221	Incomes surplus – carried over	151	93.013.270	112.056.943	120,5
5222	Revenue deficit – carried over	152			-
	Liabilities for profit tax	153			-
	Incomes surplus available in the next period (AOP 149+151-150-152-153)	154	112.056.944	127.550.701	113,8
	Incomes deficit to be covered in the next period (AOP 150+152-149-151+153)	155	0	0	-
ADDITIONAL DATA					
11	Financial assets at the beginning of the period	156	52.436.835	90.070.847	171,8

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11-debit	Total inflows to bank accounts and cash desk	157	700.729.355	519.298.184	74,1
11-credit	Total outflows from bank accounts and cash desk	158	663.095.343	478.605.537	72,2
11	Balance of funds at the end of the period (AOP 141+142-143)	159	90.070.847	130.763.494	145,2
	Average number of employees at the end of reporting period (full number)	160	58	56	96,6
	Average number of employees based on work hours (full number)	161	57	55	96,5
	Number of volunteers	162			-
	Number of volunteers' work hours	163			-
VALUE OF REALISED INVESTMENTS IN NEW FIXED ASSETS		AOP	Realized Value		Index (5/4)
			in the same period of the previous year	in the accounting period	
051	Construction in progress	164	162.145.492	766.037.719	472,4
052	Plant and equipment in progress	165	1.223.431	789.620	64,5
053	Means of transport in progress	166	405.489		0,0
054	Perennial plants and basic herd in progress	167			
055	Other non-material produced assets in progress	168			
056	Other non-financial assets in progress	169	2.800.417	27.977.728	999,1

Item Description		AOP	Position as at 01th January	Position as at the end of the period	Index (5/4)
	Inventory	170			
	Control sum (AOP 145 to 156)	171	166.574.944	794.805.178	477,1

Legal Representative: DENIS VUKOREPA
Datum: 28.02.2019.
Contact Person: IVANA BULJAN COTA
Telephone: 051351172
Telefax: 051351193
e-mail address: ivana.buljancota@portauthority.hr
Legal Representative:

Notes to the Financial Statements for 2018

1. GENERAL INFORMATION ON NON-PROFIT ORGANISATION

1.1. DATA ENTERED IN REGISTERS OF COMPANIES

The Port of Rijeka Authority is entered as a legal entity in the following registers:

1.1.1. Data entered in the Register of Companies

Data entered in the Register of Companies in respect of legal entity:

Competent Court: Commercial Court of Rijeka
Name: The Port of Rijeka Authority
Legal Seat: Riva 1, Rijeka
Reg. No. (MBS): 040037333
Id. No. (OIB): 60521475400
Legal form: non-profit organisation
Founder: Government of the Rep. of Croatia
Authorized representative: since September 7th 2017 Denis Vukorepa, B.Sc. Executive Director

1.1.2. Data entered in the Register of Non-profit Organisations (RNO)

Data entered in the Register of Non-profit Organisations:

RNO No.: 0112054
Date of entry in RNO: February 15th 2010
Date of latest change: September 20th 2017
Reg. No.: 01212109
Activity code: 5222

1.2. LEGAL STATUS AND DEFINITION

1.2.1. Legal status

The Entity has been established on the basis of the RC Government Decision on establishment of the Port of Rijeka Authority (Official Gazette No. 42/96), whereas its structure and activity are defined by the Act on Maritime Demesne and Sea Ports (Official Gazette Nos. 158/03, 100/04, 141/06, 123/11-Constitutional Court Decision) and by the Port of Rijeka Authority Statute.

1.2.2. Definition

Based on the above mentioned legal documents, entity is defined as a non-profit legal entity established for the management, construction and exploitation of the port of Rijeka as a port open to public transport of special (international) economic interest for the Republic of Croatia.

Hereinafter, the Port of Rijeka Authority may be called Port Authority, Entity or the Subject as synonyms.

1.3. FOUNDING AND HEADQUARTES

The Entity was incorporated on May 23rd 1996 with legal seat in Rijeka, Riva 1.

1.4. OPERATING ACTIVITIES

1.4.1. Operating activities based on the basic Law – non-profit activities

In compliance with the Act on Maritime Demesne and Sea Ports and in connection with the Port of Rijeka Authority Statute, the Entity carries out the following activities as entered in the Register of Companies:

1. care for the construction, maintenance, management, protection and upgrading of the maritime demesne representing the port area;
2. construction and maintenance of port infrastructure, funded out of the Port Authority founders' budget;
3. professional supervision over construction, maintenance, management and protection of the port area (port infrastructure and suprastructure);
4. ensuring permanent and undisturbed port traffic, technical and technological uniformity and navigation safety;
5. provision of services of general interest or those missing other economic entities' economic interest;
6. coordination and monitoring operations of concessionaires carrying out commercial activities within the port area;
7. decision making on establishment and management of free zone within the port area, in compliance with legal provisions governing free zones;
8. other activities provided for by the Law.

The entity carries out its registered activity on maritime demesne. Based on the Act on Maritime Demesne and Sea Ports, maritime demesne is managed by the Port of Rijeka Authority. Port Authority is also the maritime demesne concession grantor. As stated in art. V of the Decision on Establishment of the Port of Rijeka Authority, the Port authority shall grant concessions in respect of existing port infrastructure and suprastructure facilities, whereas based on art. XI, **Port Authority shall acquire the right to use and exploit the facilities** specified on the **infrastructure and suprastructure** list mentioned in art. V of the Decision and **those assets shall not be property** of the Port Authority.

As stated in art. XV of the Decision on Establishment of the Port of Rijeka Authority, Port Authority shall be liable for its liabilities to the full extent of its assets, whereas the Republic of Croatia shall have unlimited joint and several liability for Port Authority's liabilities.

Pursuant to art. XVI of the Decision, profit realized by Port Authority business operation shall be used exclusively for the construction and maintenance of port infrastructure and suprastructure.

1.5. MANAGING BODIES

In compliance with the Act on Maritime Demesne and Sea Ports, and in connection with the Port of Rijeka Authority Statute, managing bodies are the Management Board (A) and the Director (B).

A) Management Board

consists of the President and 8 members.

Here follows the Management Board structure for 2017:

- Bojan Hlača, president
- Nina Perko, member
- Vesna Mrzljak, member
- Darko Glažar, member
- Josip Rupčić, member
- Vojko Obersnel, member
- Loris Rak, member
- Valter Poropat, member
- Đani Poropat, member

B) Director:

Since September 7th 2017 Denis Vukorepa, B.Sc. Executive Director

1.6. TAX STATUS

1.6.1. Value Added Tax (VAT)

The Port of Rijeka Authority is tax payer within the meaning of art. 6, p. 5 of the Act on Value Added Tax (Official Gazette No. 73/13, 99/13 – Decision by the RC Constitutional Court, 148/13 and 153/13 – Decision by the RC Constitutional Court) and has been entered in the Register of VAT Payers since January 1st 2015.

The Port of Rijeka Authority is tax payer only in respect of the portion referring to the so-called commercial activity it performs or may perform, and may use the right to input tax for that part of deliveries only. In any other cases, VAT represents Entity's expenses.

1.6.2. Profit Tax (PT)

Pursuant to the Profit Tax Act, the Port of Rijeka Authority is not subject to this tax. According to this Act, should the Entity be engaged in commercial activity so to impair market competition, the RC Tax Authority would be allowed to impose profit tax only in respect of the activity in question.

1.7. EMPLOYEES

As at December 31st 2018, there were 52 employees employed by the Entity (previously: 59 as at December 31st 2017).

2. LEGAL FRAMEWORK OF FINANCIAL REPORTING

2.1. FINANCIAL REPORTING FRAMEWORK

The non-profit organisations' financial reporting legal framework is the following:

- Law on accounting for non-profit organisations (hereinafter the Law) (Official Gazette No. 121/14)
- Rulebook on non-profit accounting and chart of accounts (hereinafter Rulebook 1 or Rulebooks) (Official Gazette No. 1/15, 25/17, 96/18, 103/18)
- Rulebook on financial reporting for non-profit organisations and on the registry of non-profit organisations (hereinafter Rulebook 2 or Rulebooks) (Official Gazette No. 31/15, 67/17, 115/18)

3. REPORTING CURRENCY, CURRENCY USED AND RATES OF EXCHANGE

These financial statements are expressed in HRK (Croatian kuna) with no lipa, except where the Report states otherwise.

In its activity, the Entity has used the following currencies at the mean rate of exchange ruling at the Croatian National Bank as at December 31st of the current year, as presented in the table:

Currency name and code	Exchange rate as at December 31 st of the current year
1 EUR	7,417575
1 USD	6,469192
1 KRW	0,005800
1 GBP	6,588129

4. ACCOUNTING PRINCIPLES

According to the reporting framework, basic accounting principles are principles of accuracy, authenticity and reliability in disclosing individual items. A reliable financial report information is free of any material error or partiality, it reflects fairly what it discloses. The principle of disclosing single entries means ensuring data disclosure on an individual basis by the type of income, expenditure, position of assets, liabilities and own funds.

Non-profit organisation is required to collect data and draw up bookkeeping documents, keep business books and compile financial statements so as to enable verification of business events, assessment of financial position and business operation of the non-profit organisation, while complying with the basic principles of orderly bookkeeping.

Subsidiary books are detailed bookkeeping records of business events that are summarized in the general ledger as well as other subsidiary books on positions and changes in assets and liabilities, for the purpose of business activity supervision and monitoring.

Non-profit organisation required to apply double entry bookkeeping is obliged to keep the following subsidiary ledgers:

1. subledger of long-term non-financial assets – by the type, quantity and value (purchase and written-off values)
2. subledger of short-term non-financial assets (materials, products and goods supplies) – by the type, quantity and value
3. subledger of financial assets and liabilities, i.e.: receivables and liabilities (by the entity, account, individual amounts, maturity, interest on arrears, and the like), received and issued securities and other financial instruments (by the type, entity, individual value, maturity, balances), receivables and liabilities based on received loans and credits, and granted loans (by the type, entity, individual amount, maturity, balances and accrued interest)
4. cash journal (in HRK, foreign currency, petty cash and others), and
5. record of travel approval forms and use of business vehicles.

In addition to books specified under para 2 hereof, non-profit organisation is required to keep special subsidiary records:

1. records of given and received warranties and guarantees
2. incoming invoices ledger
3. outgoing invoices ledger and
4. other subsidiary records in accordance with specific provisions and its own requirements.

For the period January 1st to December 31st 2017 the Entity applies double-entry bookkeeping.

Financial statements are compiled and submitted at legal entity level with included data on the activity of its organisational units. Where there are organisational units requiring a consolidated approach, they are prepared separately and labelled as consolidated financial statements.

Financial statements of non-profit organisation disclose the actual realization of items planned in the financial plan at the end of the accounting/reporting/planning period that coincides with the calendar year. Namely, pursuant to the Rulebook on financial management, control and planning system, income and expenses are planned at the level of chart of account groups (two characters) and in compliance with the accepted accrual accounting principle.

5. ACCOUNTING RULES DEFINED BY THE LAW

The basic accounting rules derive from provisions of the Law and accompanying rules and regulations (Rulebooks) and definitions of single items through explanation of the given chart of accounts for non-profit organisation that all non-profit organisations are obliged to apply. Assets, liabilities and own funds define the financial position of a non-profit organisation. Assets and liabilities are disclosed following the accrual accounting principle.

Here follow the basic rules by the financial statement item groups.

5.1. ASSETS REPORTING RULES

5.1.1 General provisions

Assets are resources controlled by non-profit organisation as the result of past events, expected to yield future benefits in business performance. Assets are classified by the type, durability and function in business performance. Classification by the type and function distinguishes non-produced and produced assets and financial and non-financial ones, whereas in terms of duration there are long-term and short-term assets. In fixed assets, the useful life exceeds one year and it retains the same manifestation form for more than one year.

Initially, they are disclosed at the purchase value, or the assessed value.

5.1.2 Non-produced fixed assets

Non-produced fixed assets consist of tangible and intangible assets.

Tangible assets mentioned in the preceding paragraph comprise natural resources over which the non-profit organisation has ownership rights. Civil engineering structures constructed in order to upgrade quality, increase land productivity or prevent it from erosion and other forms of destruction are recorded as land value increase.

Intangible assets comprise: patents, concessions, licences and other similar rights and goodwill.

5.1.3 Fixed (produced and non-produced) non-financial tangible assets

Long-term non-financial intangible assets of individual purchase cost (purchase value) not exceeding HRK 3.500,00 may be written off on a one-time basis, by putting to use, with mandatory individual or group monitoring during their useful life. The purchase cost (purchase value) of non-financial assets consists of the purchase cost increased by customs duties, non-refundable taxes, transport expenses and any other expenses that can be directly added to the cost of purchase and training for use.

The value of every single item of long-term non-financial assets is subject to depreciation, i.e. to adjustment by the linear method during its useful life, starting from the first day of the month following the month when put in use.

By exception, the value of land, renewable natural resources, books, art pieces and other show-piece values and precious metals and other values kept in custody is not depreciated, or adjusted.

The basis for fixed assets value adjustment is its initial or revaluated purchase value, i.e. the assessed value.

The effect of fixed assets revaluation is added to own funds.

The Rulebook on non-profit accounting and chart of accounts issued by the Ministry of finance prescribes depreciation rates according to fixed assets groups and their estimated useful life, grouping and depreciating them at the rates presented in the following table, in compliance with the defined useful life of individual fixed assets items.

5.1.3.1. Produced fixed tangible assets

Produced fixed assets comprise civil engineering structures, plants and equipment, means of transport, books, art pieces, and other show-piece values, perennial crops and basic herd, and intangible produced assets. Buildings and other civil engineering structures are disclosed separately from the land on they are erected on. Where the value of the structure and the value of the land cannot be separated, the whole amount is recorded under the asset of superior value.

5.1.3.2. Produced fixed intangible assets

Produced fixed intangible assets comprise investments in computer programmes, pieces of art, literature and scientific work, and the like

Investments in computer programmes include purchase costs or costs incurred from the own programme creation and development.

5.1.3.3. Depreciation rates for produced tangible and intangible assets

Ord. No.	Name of assets or group of assets	Useful life	Annual rate (%)
I	CIVIL ENGINEERING STRUCTURES		
1.	Residential and business structures		
	Made of concrete, metal, stone and bricks	80	1,25
	Made of wood and other material	20	5
2.	Roads, railways and similar civil engineering structures	25	4
3.	Other civil engineering structures	20	5
	II PLANTS AND EQUIPMENT		
1.	Office equipment and furniture		
	Computers and computer equipment	4	25
	Office furniture	8	12,5
	Other office equipment	5	20
2.	Communication equipment		
	Communication devices	5	20
	Mobile communication devices	2	50
3.	Maintenance and protection equipment	5	20
4.	Medical and laboratory equipment	5	20
5.	Instruments, devices and machinery	8	12,5
	Precise and optical instruments	5	20
	Gauging and control devices:		
	- mechanical	8	12,5
	- electronic	5	20
6.	Sports and musical equipment	5	20

Ord. No.	Name of assets or group of assets	Useful life	Annual rate (%)
7.	Devices, Plant and equipment for other purposes	5	20
	III MEANS OF TRANSPORT		
1.	Means of road transport	8	12,5
	Passenger cars and ambulances	5	20
VI	INTANGIBLE PRODUCED ASSETS		
2.	Investments in computer programmes	4	25
3.	Other produced intangible assets	4	25
VII	NON-PRODUCED INTANGIBLE ASSETS		
	Patents, concessions, licences, right of use on third party's assets, perennial lease, and the like	Duration as per contract	

5.1.4 Books, art pieces and other show-piece valuables

Books, art pieces and other showpiece valuables are objects exhibited to serve the public. Where such objects are kept in custody and are not used for service providing purposes, they are recorded as books, art pieces and similar values in custody.

5.1.5 Small inventory

Small inventory consists of small inventory supplies and small inventory in use. Small inventory belongs to long-term tangible assets which, due to individual purchase value lower than HRK 3.500, may be recorded separately from fixed assets.

Small inventory is to be written off on a one-time basis by putting it into use or through calculation in proportion with its wear and tear rate.

Small inventory in use is to be kept on record and to be disclosed in the balance sheet until the moment when sold, donated, or otherwise alienated or destructed.

5.1.6 Non-financial assets in progress

Non-financial assets in progress contain investments in the course of production or procurement of produced fixed assets.

Investments extending the useful life, increasing capacity, changing purpose or improving considerably the non-financial assets' functional features such as investments in renewal, reconstruction or increase of non-financial assets that need not be conditioned by assets position, are recorded as value increase of the assets being the subject of investments.

5.1.7 Short-term non-financial assets

Short-term non-financial assets are those intended for carrying out business activity or for further sale within a period shorter than one year. Their purchase cost is subject to provisions applicable to long-term non-financial assets.

5.1.8 Cash

Cash in the bank and in hand consists of: cash at bank, cash in hand, allocated funds and cash and securities in hand. Allocated funds are funds set aside to the designated account in order to secure payments in respect of issued cheques, treasury notes, bills of exchange, letters of credit, bonds, and the like.

5.1.9 Deposits, escrow money and receivables from employees, prepaid taxes, etc.

Deposits, escrow money and receivables from employees and prepaid taxes and the like contain: deposits in banks and other financial institutions, escrow money, receivables from employees, receivables from prepaid taxes and contributions, and some other receivables.

Deposits are a form of receivables on the basis of money deposited with banks or other financial institutions.

Escrow money is money deposited with a third party as a security for execution of contractual liabilities.

5.1.10 Loans

Loans comprise lending classified according to borrowers, namely: physical persons and households, legal entities – entrepreneurs, and other legal entities.

5.1.11 Receivables for operating income

Receivables for operating income include receivables from customers, from membership fees and membership contributions, for income under special legal provisions, income from assets and other not specified receivables.

5.1.12 Prepayments and accrued income

Prepayments and accrued income (accrued interest and other assets) contain: prepaid expenses not referring to the accounting period and income pertaining to a certain accounting period when either their collection was not yet due or their invoicing was not possible.

5.2. LIABILITY REPORTING RULES

5.2.1. General provisions

Liabilities are unpaid debts ensuing from past events, which are expected to be settled through outflow of resources. Liabilities are classified according to purpose and maturity.

5.2.2. Liabilities for expenses

Liabilities for expenses contain liabilities recognised at the moment they arise as expenses in class 4 accounts – Expenses, and they comprise liabilities for employees, material expenses, financial expenses, collected financial aids, penalties and damage indemnities, and other current liabilities.

Liabilities for gathered financial aid (for areas hit by natural disasters, for population groups with special needs, institutions for procurement of medical equipment, etc.) are recorded the moment the

money or other types of assets are received. Where the collected financial aid is forwarded by non-profit organisation to its end users, expenses in respect of the granted donation and income from donation are recognised.

Liabilities for interest in respect of issued securities are disclosed within liabilities for operating expenses.

Liabilities for interest in respect of received credits and loans are recorded within liabilities for operating expenses.

5.2.3. Liabilities for loans and credits

Liabilities for loans and credits cover liabilities in respect of received loans and credits.

5.2.4. Accrued expenses and deferred income

Accrued expenses and deferred income contain non-invoiced expenses debiting current period and income collected or accrued in the current period while referring to future accounting period.

5.3. INCOME REPORTING RULES

5.3.1. General provisions

Income and expenses are recognised applying the **accrual accounting principle**.

The accrual accounting principle **means that the reciprocal income** (income based on delivered goods and services) is recognised in the period it refers to, provided that it can be measured independently from their collection; **non-reciprocal income** (income under special legal provisions, donations, membership fees, subsidies, contributions and other similar incomes) is recognised in the reporting period it refers to, provided that it is available (collected) in the reporting period, and it may be recognised in the reporting period if collected no later than the moment the financial statements for that period are presented; **donations linked to the execution of contractual programmes** (projects and activities) are recognised in the balance sheet as deferred income and as the reporting period income in proportion with the contracted programmes (projects and activities) execution costs; **donations linked to non-financial assets subject to depreciation** are recognised in the balance sheet as deferred income, and as the reporting period income on a systemic basis, in proportion with the non-financial assets usage costs during the period of use.

Income represents increase in economic benefits or service providing potential in the course of the reporting period, taking the form of assets inflow without simultaneous increase in liabilities or decrease in liabilities without simultaneous asset outflows.

5.3.2. Income from traded goods and services (reciprocal)

Income from traded goods or provided services comprises income received by non-profit organisation from customers through the sale of goods and/or provision of services.

5.3.3. Incomes under special legal provisions (non-reciprocal)

Income under special rules comprises income from budget and from other sources, under special legal provisions. Income **from the state budget** under special provisions is received by non-profit organisation in compliance with statutory and other rules and regulations from the government budget and from budgets of local and regional self-government units.

Income **from other sources** under special legal provisions is received by non-profit organisation from legal and/or physical entities in compliance with laws and other rules and regulations.

5.3.4. Income from assets (reciprocal)

Income from assets refers to financial and non-financial assets.

Income **from financial assets** is made of interest (for granted loans and credits, securities, term and sight deposits, interest on arrears), exchange rate gains, dividends, profits realised by companies, banks and other financial institutions.

Income **from non-financial assets** consists of income from property rentals and equipment lease fees and other income from non-financial assets.

5.3.5. Income from donations (non-reciprocal)

Income from donations comprises money and other assets which is received by non-profit organisation, without any repayment or counteraction obligation, from the state budget, budget of local and regional self-government units, from foreign governments and international institutions, from companies and other legal entities as well as from physical persons and households.

5.3.6. Other incomes

Other income consists of income from indemnities for damage and refunds, in addition to income from sale of long-term intangible and tangible assets. Written-off liabilities and collected written off receivables are recorded within this group.

The sale of long-term intangible and tangible assets is recorded by debiting the corresponding account - Receivables from customers - within group 16 and by simultaneous crediting the account of Income from sale of long-term intangible and tangible assets within group 36. At the same time, the account of sold long-term tangible and intangible assets is credited within class 0, and the corresponding account of Assets value adjustment within class 0 as well as the account of Expenses for sold long-term intangible and tangible assets – non written off value within group 46 (gross principle).

5.4. EXPENDITURE REPORTING RULES

5.4.1. General provisions

Expenses are recognised applying the **accrual accounting principle**, meaning that expenses **are recognised in the reporting period they refer to independently from payment**, expenses for expenditure of short-term non-financial assets are recognised at the moment of actual expenditure, that is of the sale and costs of fixed assets procurement are capitalized, and recognised as expenses during their useful life.

Expenditure means reduction of economic benefit or service providing potential, in the form of reduction of assets or increase in liabilities without simultaneous increase in financial assets.

5.4.2. Expenses for employees

Expenses for employees contain salaries (gross amount), other expenses for employees such as: performance bonus, awards (seniority bonuses, special occasion annual awards, special awards, etc.),

gifts (to employees, their children, etc.), severance payments, sick pay compensations (for sick leave exceeding 90 days), disability allowances, death allowances, and – contributions on salaries.

Salaries are remuneration payable by employer to employees for the work performed by them. Salaries for ordinary work consist of salary and related compensations: for sick leave, holidays, paid absences and other compensations (child care, military training etc.). Salaries in kind are goods and services of a certain financial value payable by non-profit organisation to employees for the work performed, to be used by them for leisure or any other private purposes.

5.4.3. Material expenses

Material expenses are made of expenses related to **utilization of services and goods required for regular functioning and carrying out of business activity.**

Remuneration of costs to employees comprises business trip expenses, commutation, fieldwork and subsistence allowance as well as employees' professional training.

Remunerations to persons outside employment contract with the employer include remuneration for work and levies on remunerations (taxes, contributions, etc.), business trip cost refund and other refunds.

Current and investment maintenance implies continued activities for maintenance or restoration of assets to functional condition, such as: overhauling of devices and equipment, renovation of interior and exterior walls, repairs and substitution of worn-out parts, periodic plant and equipment overhauling, etc.

5.4.4. Depreciation expenses

Depreciation expenses include the purchase cost of fixed assets subject to depreciation during their useful life, in accordance with prescribed depreciation rates. Depreciation calculation starts from the first day in the month following the month the assets were put into use, applying the prescribed depreciation rates.

5.4.5. Financial expenses and exchange rate differences

Financial expenses include interest-related expenses – for issued securities and for received loans and lending, expenses for bank services and payment services, exchange rate losses and currency clause effects, interest on arrears and other not specified financial expenses.

Exchange rate differences occur **exclusively in foreign currency transactions due to changes in the exchange rate between the date of transaction and the date of settlement of the items resulting from the transaction or from the date of value adjustment of the financial means denominated in foreign currency.** Exchange rate gains are recorded as income, losses as expenses.

Interest on arrears is disclosed separately from the value of the transaction it derives from.

5.4.6. Other expenses

Other expenses include: fines, penalties and damage indemnities, non-written-off value and other expenses for alienated and written off fixed assets, written-off receivables, expenses for other taxes and other non-specified expenses.

5.5. OWN-SOURCES PRESENTATION RULES

5.5.1. General provisions

Own sources represent the residual value of assets after deduction of all liabilities. They contain share capital and revaluation of assets value, and accumulated and current income deficit/surplus.

5.5.2. Own funds

Own funds consist of: Share capital and operating result.

5.5.3. Revaluation

Value changes (revaluation) are events influencing the balance between assets and liabilities and are not the result of activities or transactions. Revaluation effects are recorded on corresponding accounts of assets and liabilities, either to the credit or to the debit of the revaluation reserve

5.5.4. Income surplus/deficit

Cumulated and current results for non-profit organisation are disclosed under income surplus/deficit items.

5.6. BUSINESS RESULT REPORTING RULES

At the end of the reporting period, **business (operating activities) result** is assessed by crediting expenses distribution accounts within group 49 with the total amount of expenses and by debiting income and expenses settlement accounts within group 52. Income distribution accounts within group 39 are debited with the total amount of income, while crediting the income and expenses settlement accounts within group 52.

If the credit side in the income and expenses settlement account within group 52 is higher than the debit side, the respective balance is put to the debit of the operating income and expenses settlement account, while crediting the corresponding **income surplus account** within group 52.

If the debit side in the income and expenses settlement account within group 52 exceeds the credit side, the relative balance is put to the debit of the income and expenses settlement account, while debiting the **income deficit account** within group 52.

Balances established in subgroup 522 basic accounts and disclosed in the financial statements for the business year are distributed in the following business year in accordance with the Decision on distribution of business result.

5.7. OFF-BALANCE SHEET ITEMS REPORTING RULES

Third-party assets are monitored on off-balance sheet records. Off-balance sheet records contain items connected to yet not included in the balance sheet categories, namely: third-party tangible assets, rights and securities.

6. OTHER RULES APPLIED IN THE COMPILATION OF THE FINANCIAL STATEMENTS

GENERAL PROVISIONS - PRINCIPLES

Income and expenditure accounting principle

In disclosing income and expenses, unless otherwise provided for in the Accounting Rules, non-profit organisation's incomes and expenses which have not been realized (yet accrued) are not recorded under the respective items, but rather, for the sake of balance sheet items realistic disclosure, under deferred/accrued incomes and expenses. In this way, they do not affect the business result.

6.1. ADJUSTMENTS RELATING TO PREVIOUS PERIODS

Errors referring to previous periods for which financial statements had already been issued, which were identified in the reporting period, are adjusted in the manner that total effects are disclosed separately in the notes, and the final effect, if any, is disclosed as the initial balance correction within equity.

6.2. FOREIGN EXCHANGE RATE DIFFERENCES

Pursuant to the Accounting Rules defined by the law, exchange rate differences related to foreign long-term loans and credits are disclosed as value adjustments in special accounts, and not as income or expenses of the current period. In order to disclose fairly the balance of assets and liabilities, the Port Authority assesses also the exchange rate differences resulting from such an adjustment, disclosing the effects on accrued income or expenses items until their realization.

6.3. VALUE ADJUSTMENT OF NON-FINANCIAL ASSETS ACTIVATED BY DECEMBER 31st 2007

Bearing in mind the specific nature of the Rijeka Port Authority, and the obligation of maximum compliance with the Regulation in 2008, a very important change concerned the recognition of accrued expenses and income (prepayments and deferred income). This position includes the acquisition value of the asset that was activated by December 31, 2007, which was financed from credit facilities (Loan of Exim Bank of Korea and Bank of the World Bank (IBRD) No. 47150-HR). This property is not amortized, but by the end of its useful life it adjusts and reduces the value of the assets. Rising the annuities, the Harbor Administration reduces the expenses of the future period and increases the costs of current operations, which are faced with the inflow of principal repayments. This way they do not affect the business results.

6.4. CAPITALIZATION OF LOAN INTEREST AND EXPENSES

Up to September 15th 2014 and pursuant to the Loan Contract, loan and lending costs (capitalized interest) under the IBRD loan No. 7368 HR were added to the debt and recorded as increase in the

purchase value of the assets. The loan-related interest accrued for the period after September 15th 2014 is paid and recorded as expenditure of the current period.

6.5. CAPITALIZATION OF PROJECT COSTS

Project-related costs are capitalized i.e. entered in the project's purchase value. This applies to capital and current costs linked to a certain project. Project costs are defined as costs that directly or indirectly contribute to the project realisation. Subsequent cancellation of a project results in reporting the project costs associated with it as expenses.

6.6. INVESTMENT IN STUDIES

Port Authority's significant activities refer to creating studies. Said studies can be special or general-purpose studies. Special purpose studies are capitalized to the project they directly refer to and general-purpose studies are reported as special assets contributing to general goals of the Port Authority and are depreciated correspondingly within 5 years.

6.7. VALUE ADJUSTMENT OF RECEIVABLES FROM CUSTOMERS

For the sake of a fair disclosure of receivables from customers, the Subject applies the value adjustment policy, and this implies disclosure of expenses in the period the mentioned value adjustment refers to. Namely, value adjustments are applied to all receivables according to the following criteria: receivables that have been overdue for more than 3 years, in amounts lower than HRK 1.000, out-of-court and court settlements (the balance between the total debt and the settlement amount is written off), and business partner's liquidation (cancellation from the Register of Companies).

The amount of doubtful receivables from customers is entered under the item of Receivables value adjustment. In this way, receivables from customers continue to be recorded in the analytic bookkeeping of customers, thus allowing for customers' total debts to be continually identifiable from accounting records and all collection activities and measures to be taken.

At the end of the year, all receivables on ordinary account which are deemed to be uncollectable through ordinary procedure (future executions, amounts below HRK 1.000,00, receivables overdue for more than 3 years, out-of-court, court settlements etc.) are recorded in the doubtful collection account. When all collection activities and measures are exhausted, a write-off proposal is submitted to the Management Board.

The final writing-off of receivables from customers, if any, (removal from the books) shall be based on prior decision by the Management Board. Receivables are written off in the books as of the date of the Decision.

6.8. PREPAYMENTS

The purchase value of assets activated up to December 31st 2007 in compliance with the Decree, and financed out of credit funds is disclosed by the Port Authority under Prepayments.

Owing to the fact that the purchase cost for the mentioned assets was not recorded because the funds had not been secured either from the budget, or from own funds, it was decided for the fixed assets procured in that period and financed by loan, to be disclosed under deferred expenses and within sources corresponding to ownership.

Those assets being not subject to depreciation, but instead their value will be adjusted according to their useful life in the future period whereby reducing assets, the Port Authority will, in accordance with the amount of capital repayment adjusted by exchange rate differences, reduce prepayments and increase the current operating expenses, entered under the item of other not specified expenses, which will be confronted with the inflow of funds for capital repayment, whereby the result will only be influenced by the exchange rate difference referring to the less remitted funds.

In terms of exchange rate differences resulting from due and paid annuities for the long-term loan granted by the Exim Bank Korea, already used in full, and the assets thereby funded which were activated by December 31st 2007, the Port Authority has reduced the exchange rate differences accumulated under accrued interest and other assets/liabilities either by crediting incomes or by debiting expenses based on exchange rate differences.

For the loan HR 47150 that was used in full in 2011 (completely repaid in 2018 - Note 8.2.) and the loan HR 47151 with the last drawing in 2012 (in repayment since 2011), in 2012 the Port Authority defined the historic exchange rate policy in order to avoid the impact of exchange rate differences upon repayment of the loan financed out of RC budget-based subsidies.

The same applies to the Sub-loan (IBRD – welfare programme for Luka d.d. Rijeka), the funds being provided for by Luka Rijeka d.d.

7. CONTRACTUAL AND SIMILAR RELATIONS LIKELY TO BECOME EITHER LIABILITIES OR ASSETS, PROVIDED SATISFACTION OF CERTAIN REQUIREMENTS (LETTERS OF CREDIT, MORTGAGES, COURT ACTIONS IN PROGRESS)

Active legal actions	Possible receivable amount	Conditioned by	Probability
Defendants – physical entities	953.438	Enforceable judgments	50%
Defendants – Legal entities	1.563.692	Enforceable judgments	50%
Out-of-Court Settlements	0,00	n/o	n/o
TOTAL POSSIBLE ASSETS	2.517.130	Taking into consideration the probability of occurrence 1.258.565 kn	

I. Active legal actions	Possible liability amount	Conditioned by	Probability
Prosecutors – Legal entities	18.964.542	Enforceable judgments	20%
II. Passive legal actions	Possible liability amount	Conditioned by	
Prosecutors – Legal entities	16.000.000	Enforceable judgments	10%
TOTAL POSSIBLE LIABILITIES	34.964.542	Taking into consideration the probability of occurrence 5.392.908 kn	

8. POSITION AND MATURITY DATES FOR LONG-TERM AND SHORT-TERM LOANS AND FINANCIAL LEASING

8.1. LOAN AGREEMENT NO. HRV-1, SIGNED ON JANUARY 16th 2001

1. Loan amount:	44.169.062.930 Korean Won (counter value of 34 540 000 USD)
2. Repayment term:	25 years, inclusive of 7 year grace period
3. Interest rate:	fixed at 3.5%
4. Repayment annuities and maturity:	Semestral annuities becoming due on February 20 th and August 20 th each year (the first annuity was due on August 20 th 2008, and the last one will be due on February 20 th 2026)
5. Loan amount used	44.169.062.930,00 Korean Won
6. Repaid principal up to 31.12.2018	25.765.292.930,00 Korean Won
7. Non-repaid principal as at 31.12.2018	18.403.770.000,00 Korean Won = 106.741.866,00 HRK

8.2. LOAN AGREEMENT NO. 4715 HR, SIGNED ON JULY 12th 2003

1. Loan amount:	55 100 000,00 USD
2. Repayment term:	15 years, inclusive of 5 year grace period
3. Interest rate:	Variable interest rate (semestral LIBOR on USD)
4. Repayment annuities and maturity:	Semestral annuities becoming due on June 15 th and December 15 th each year (the first annuity was due on December 15 th 2008, and the last one will be due on June 15 th 2018)
5. Total loan amount used	55.100.000,00 USD
6. Repaid up to 31.12.2018	55.100.000,00 USD
7. Non-repaid principal as at 31. 12.2018	0,00 USD

8.3. LOAN AGREEMENT NO. 4715-1 HR, SIGNED ON JUNE 11th 2007

1. Loan amount:	35 300 000,00 EUR
2. Repayment term:	13 years, inclusive of 4 year grace period
3. Interest rate:	Variable interest rate (EURIBOR + variable margin)
4. Repayment annuities and maturity:	Semestral annuities becoming due on April 15 th and October 15 th each year (the first annuity was due on October 15 th 2011, and the last one will be due on April 15 th 2020)
5. Total loan amount used	19.045.288,89 EUR
6. Total not used	1.254.711,11 EUR
7. Repaid up to 31.12.2018	15.619.440,78 EUR
8. Cancelled loan portion	15.000.000,00 EUR
9. Non-repaid principal as at 31. 12.2018	3.425.848,11 EUR = 25.411.485,29 HRK

8.4. LOAN AGREEMENT NO.7638 HR, SIGNED ON APRIL 17th 2009

1. Loan amount:	84 000 000,00 EUR
2. Repayment term:	23 years, inclusive of 10 years' grace period
3. Interest rate:	Variable interest rate (EURIBOR + variable margin)
4. Repayment annuities and maturity:	Semestral annuities becoming due on March 15 th and September 15 th each year (the first annuity will be due on March 15 th 2019, and the last one on September 15 th 2031)
5. Total loan amount used as at 31.12.2018	82.584.364,43 EUR
6. Total not used as at 31.12.2018	1.415.635,57 EUR
7. Repaid up to 31.12.2018	0,00 EUR
8. Non-repaid principal As at 31.12.2018	82.584.364,43 EUR = 612.575.716,99 HRK

9. ABBREVIATED BALANCE SHEET AND STATEMENT OF INCOME AND EXPENDITURE

In the introduction, there are the Balance Sheet and Statement of Income and Expenditure presented in the form prescribed by the law. Since the Law and the accompanying by-laws do not prescribe presentation of abbreviated accounts held on record by the Entity, it is for easier reference that abbreviated forms of the balance sheet and statement of income and expenditure are presented in this note, displaying only the totalled items from official forms and only those ones containing balances or transactions.

Details of such totalled accounts are presented in the notes to follow.

BALANCE SHEET

Key to Chart of Accounts	DESCRIPTION	AOP	Position as at January 1 st	Position as at December 31 st	Index (5/4)
1	2	3	4	5	6
ASSETS					
	ASSETS (AOP 002+074)	001	1.856.432.791	2.015.187.459	108,6
0	Non-financial assets (AOP 003+018+047+051+055+064)	002	1.552.623.538	1.675.188.532	107,9
01	Non-produced fixed assets (AOP 004+008-017)	003	214.936.998	212.720.769	99,0
011	Tangibles – natural resources (AOP 005 to 007)	004	209.861.063	209.861.063	100,0
012	Intangible assets (AOP 009 to 016)	008	57.942.141	58.035.946	100,2
019	Provisions for non-produced fixed assets	017	52.866.206	55.176.240	104,4
02	Produced fixed assets (AOP 019+023+031+034+039+042-046)	018	681.687.448	665.087.005	97,6
021	Civil engineering structures (AOP 020 to 022)	019	2.596.999.044	2.602.410.250	100,2
022	Plant & Equipment (AOP 024 to 030)	023	519.813.046	515.692.561	99,2
023	Means of transport (AOP 032+033)	031	3.791.311	2.521.175	66,5
026	Intangible produced assets (AOP 043 to 045)	042	2.989.589	3.326.751	111,3
029	Provisions for produced fixed assets	046	2.441.905.542	2.458.863.732	100,7
03	Precious metals and other values in custody (AOP 048)	047	2.575.691	2.575.691	100,0
031	Precious metals and other values in custody (AOP 049+050)	048	2.575.691	2.575.691	100,0
04	Small inventory (AOP 052+053-054)	051	0	0	-
042	Small inventory in use	053	389.543	365.301	93,8
049	Provisions for small inventory	054	389.543	365.301	93,8
05	Non-financial assets in progress (AOP 056 to 059+062+063)	055	653.423.401	794.805.067	121,6
051	Building structures in progress	056	633.957.815	766.037.719	120,8
052	Plant & equipment in progress	057	265.119	789.620	297,8
056	Other non-financial assets in progress	063	19.200.467	27.977.728	145,7
1	Financial assets (AOP 075+083+100+105+125+133+142)	074	303.809.253	339.998.927	111,9
11	Cash in bank and in hand (AOP 076+080+081+082)	075	90.070.847	130.763.494	145,2
111	Cash in bank (AOP 077 to 079)	076	90.026.642	130.738.021	145,2
113	Cash in hand	081	44.205	25.473	57624,7
12	Deposits, escrow accounts and receivables from employees, prepaid taxes etc. (AOP 084+087+088+089+095)	083	56.555.704	77.768.583	137,5
121	Deposits in banks and other financial institutions (AOP 085+086)	084	29.001	29.064	100,2
123	Receivables from employees	088	0	1.190	-
124	Receivables for prepaid taxes and contributions (AOP 090 to 094)	089	0	92	-
129	Other receivables (AOP 096 to 099)	096	56.526.703	77.738.237	137,5
13	Loans (AOP 101+102+103-104)	100	16.071.172	9.843.745	61,3
132	Loans to legal entities - contractors	102	16.071.172	9.843.745	61,3

Key to Chart of Accounts	DESCRIPTION	AOP	Position as at January 1 st	Position as at December 31 st	Index (5/4)
16	Receivables for income (AOP 134 to 137+140-141)	133	9.916.314	9.056.210	91,3
161	Receivables from customers	134	12.986.383	11.859.695	91,3
163	Receivables for incomes under special legal provisions	136	283.986	299.872	105,6
164	Receivables for incomes from assets (AOP 138+139)	137	7.605	1.871	24,6
169	Provisions for receivables	141	3.361.660	3.105.228	92,4
19	Prepayments and accrued income (AOP 143+144)	142	131.195.216	112.566.895	85,8
191	Prepayments	143	131.195.216	112.566.895	85,8
LIABILITIES AND OWN SOURCES					
	LIABILITIES AND RESERVES (AOP 146+195)	145	1.763.970.866	1.856.432.792	105,2
2	Liabilities (AOP 147+174+182+190)	146	1.856.432.792	2.015.187.459	108,6
24	Liabilities for expenditures (AOP 148+156+164+168+169+170)	147	1.297.290.706	1.450.686.842	111,8
241	Liabilities for employees (AOP 149 to 155)	148	138.298.171	222.835.914	161,1
242	Liabilities for material expenses (AOP 157 to 163)	156	493.805	799.447	161,9
244	Liabilities for financial expenses (AOP 165 to 167)	164	49.959.286	73.458.227	147,0
249	Other liabilities (AOP 171 to 173)	170	1.612.007	1.380.369	85,6
26	Liabilities for loans and credits (AOP 183+186-189)	182	86.233.073	147.197.871	170,7
261	Liabilities for bank and other creditors' loans (AOP 184+185)	183	683.948.915	744.729.068	108,9
262	Liabilities for commodity loans and other loans (AOP 187+188)	186	683.674.869	744.729.068	108,9
29	Accrued expenses and deferred income (AOP 191+192)	190	274.046	0	0,0
292	Deferred incomes (AOP 193+194)	192	475.043.620	483.121.860	101,7
5	Own sources (AOP 196+199-200)	195	559.142.086	564.500.617	101,0
51	Own sources (AOP 197+198)	196	447.085.143	436.949.916	97,7
511	Own sources	197	447.085.143	436.949.916	97,7
5221	Surplus income	199	112.056.943	127.550.701	113,8
5222	Deficit income	200			-

STATEMENT OF INCOME AND EXPENDITURES

Key to Chart of Accts.	DESCRIPTION	AOP	Previous year	Accounting year	Index (5/4)
1	2	3	4	5	6
INCOME					
3	INCOME (AOP 002+005+008+011+024+040+049)	001	101.489.301	94.265.650	92,9
31	Income from traded goods and services (AOP 003+004)	002	74.718.495	77.661.512	103,9
33	Income under special legal provisions (AOP 009+010)	008	1.529	0	0
34	Income from assets (AOP 012+021)	011	9.103.683	5.232.349	57,5
341	Income from financial assets (AOP 013 to 020)	012	8.266.419	4.340.904	52,5
342	Income from non-financial assets (AOP 022+023)	021	837.264	891.445	106,5
35	Income from donations (AOP 025+028 to 031)	024	15.771.226	10.074.404	63,9
351	Income from donations out of the budget (AOP 026+029)	025	15.241.844	8.398.698	55,1
352	Income from foreign governments and international organisations (AOP 031+032)	030	479.382	1.645.706	343,3
353	Income from companies and other legal entities (AOP 034+035)	033	50.000	30.000	60,0
36	Other Income (AOP 033+036+037)	040	1.894.368	1.297.385	68,5
361	Income from damages and refunds claimed (AOP 042+043)	041	1.771.878	982.281	55,4
362	Income from fixed assets sold	044	9.100	149.747	1.645,6
363	Other Income (AOP 046 do 048)	045	113.390	165.357	145,8
EXPENDITURES					
	EXPENDITURES (AOP 055+067+108+109+120+128+139)	054	82.445.627	78.771.892	95,5
41	Expenses for employees (AOP 056+061+062)	055	10.286.677	11.024.898	107,2
411	Salaries (AOP 057 to 060)	056	8.556.615	8.465.910	98,9
412	Other expenses for employees	061	324.634	1.173.035	361,3
413	Contributions on salaries (AOP 033 to 066)	062	1.405.428	1.385.953	98,6
42	Material expenses (AOP 068+072+077+082+087+097+102)	067	18.517.783	25.247.580	136,3
421	Cost reimbursement to employees (AOP 069 do 071)	068	648.346	617.895	95,3
422	Remuneration to members of represent. and executive bodies, committees and the like (AOP 073 do 076)	072	293.975	313.658	106,7
424	Remunerations to other persons outside employment contract (AOP 083 do 086)	082	2.051	1.293	63,0
425	Expenses for services (AOP 098 do 096)	087	14.216.931	20.752.464	146,0
426	Expenses for material and energy (AOP 098 do 101)	097	1.974.706	2.340.731	118,5
429	Other material expenses (AOP 103 do 107)	102	1.381.774	1.221.539	88,4
43	Depreciation expenses	108	17.637.841	15.364.753	87,1

44	Financial expenses (AOP 110+111+115)	109	14.208.103	9.134.085	64,3
442	Interest for loans and credits received (AOP 112 to 114)	111	5.261.858	3.983.496	75,7
443	Other financial expenses (AOP 116 do 119)	115	8.946.245	5.150.589	57,6
45	Donations (AOP 121+125)	120	0	1.000.000	-
451	Donations in course (AOP 122 do 124)	121	0	1.000.000	-
46	Other expenses (AOP 129+134)	128	21.795.223	17.000.576	78,0
462	Other expenses (AOP 135 do 138)	134	21.795.223	17.000.576	78,0
	TOTAL EXPENDITURES (AOP 054-146 ili 054+147)	148	82.445.627	78.771.892	95,5
	INCOME SURPLUS (AOP 001-148)	149	19.043.674	15.493.758	81,4

10. NOTES TO THE 'BIL-NPF' FORM ITEMS

10.1. NON-PRODUCED FIXED ASSETS (AOP 004+008-017) (AOP 003)

10.1.1. Basic table

ITEM	AOP	2017	2018	Change %
Land	005	209.861.063	209.861.063	100,0
Licences	011	599.596	620.277	103,4
Other rights	012	1.131.220	1.131.220	100,0
Development expenses	015	49.419.540	49.492.665	100,1
Other intangibles	016	6.791.785	6.791.784	100,0
Provisions for non-produced fixed assets	017	(52.866.206)	(55.176.240)	104,4
TOTAL		214.936.998	212.720.769	99,0

10.1.2. Basic table with turnover

ITEM	AOP	As at Jan 1 st current year	Increase	Decrease	As at Dec 31 st current year
Land	005	209.861.063			209.861.063
Licences	011	599.596	20.681		620.277
Other rights	012	1.131.220			1.131.220
Development expenses	015	49.419.540	73.125		49.492.665
Other intangibles	016	6.791.784			6.791.784
Provisions for non-produced fixed assets	017	(52.866.206)	(2.310.034)		(55.176.240)
TOTAL		214.936.997	(2.216.228)	0	212.720.769

10.2. PRODUCED FIXED ASSETS (AOP 019+023+031+034+039+042-046) (AOP 018)

10.2.1. Basic table

ITEM	AOP	2017	2018	Change %
Business premises	021	378.177.980	378.239.605	100,0
Other Civil engineering structures	022	2.218.821.064	2.224.170.645	100,2
Office equipment & furniture	024	17.764.513	13.384.656	75,3
Communication equipment	025	2.434.107	2.423.259	99,6
Maintenance & Protection equipment	026	2.437.999	2.510.091	103,0
Instruments, Devices & machinery	028	1.307	1.307	100,0
Devices, Plant & equipment for other purposes	030	497.175.120	497.373.248	100,0
Road means of transport	032	2.067.247	797.111	38,6
Other means of transport	033	1.724.064	1.724.064	100,0
Investments in computer programs	043	2.989.589	3.326.751	111,3
Provisions for produced fixed assets	046	(2.441.905.542)	(2.458.863.732)	100,7
TOTAL		681.687.448	665.087.005	97,6

10.2.2. Basic table with turnover

ITEM	AOP	As at Jan 1 st current year	Increase	Decrease	As at Dec 31 st current year
Business premises	021	378.177.980	61.625		378.239.605
Other Civil engineering structures	022	2.218.821.064	5.349.581		2.224.170.645
Office equipment & furniture	024	17.764.513	354.028	4.733.885	13.384.656
Communication equipment	025	2.434.107		10.848	2.423.259
Maintenance & Protection equipment	026	2.437.999	72.092		2.510.091
Instruments, Devices & machinery	028	1.307			1.307
Devices, machinery & equipment for other purposes	030	497.175.120	198.128		497.373.248
Road means of transport	032	2.067.247	217.398	1.487.534	797.111
Other means of transport	033	1.724.064			1.724.064
Investments in computer programs	043	2.989.589	337.162		3.326.751
Provisions for produced fixed assets	046	(2.441.905.542)	(23.255.193)	(6.297.003)	(2.458.863.732)
TOTAL		681.687.448	(16.665.179)	(64.736)	665.087.005

10.2.2.1. Explanation

Value of Other civil engineering structures (AOP 22) has been increased in 2018 in the amount of HRK 5.349.581. The increase is mostly the result of investment in port Omišalj – Janaf (HRK 5.246.343), while the reduction in editorial equipment and furniture was due to the disposal of useless equipment.

10.3. PRECIOUS METALS AND OTHER VALUES IN CUSTODY (AOP 048) (AOP 047)

10.3.1. Basic table

ITEM	AOP	2017	2018	Change %
Books, art pieces and similar values in custody	050	2.575.691	2.575.691	100,0
TOTAL		2.575.691	2.575.691	100,00

10.3.1.1. *Explanation*

Item AOP 50 refers to two cranes at the Rijeka breakwater, proclaimed pieces of protected cultural monuments by the Ministry of Culture Decree UP-1-612-08/06-06/0162 of March 23rd 2006 and letter from the Heritage authority of Rijeka CI: 612-08/14-05/0046 of Feb 10th 2014.

10.4. SMALL INVENTORY (AOP 052+053-054) (051)

10.4.1. Basic table

ITEM	AOP	2017	2018	Change %
Small inventory in use	053	389.543	365.301	93,8
Value adjustment for small inventory	054	389.543	365.301	93,8
TOTAL		0	0	-

10.5. NON-FINANCIAL ASSETS IN PROGRESS (AOP 056 DO 059+062+063) (055)

10.5.1. Basic table

ITEM	AOP	2017	2018	Change %
Buildings/construction in progress	056	633.957.815	766.037.719	120,8
Plant & equipment in preparation	057	265.119	789.620	297,8
Other non-financial assets in progress	063	19.200.467	27.977.728	145,7
TOTAL		653.423.401	794.805.067	121,6

10.5.2. Basic table with turnover

DESCRIPTION	2017	Increase	Decrease	2018
Construction of Zagreb coast	631.462.680	125.480.585	0	756.943.265
Construction of CT Brajdica	5.050.767	7.721.241	0	12.772.008
Infrastructure upgrade on Raša terminal	529.909	51.750	0	581.659
Removal of alluvial material Raša	0	4.866.490	0	4.866.490
Infrastructure upgrade on Bakar terminal	31.479	0	0	31.479
Infrastructure upgrade in Rijeka pool	182.129	0	0	182.129
IT system of port community (PCS)	385.868	524.501	0	910.369
Development of 'Delta' and 'Porto Baroš' (Urban redev.)	10.518.296	0	0	10.518.296
Plant & equipment in progress	265.119	881.611	881.611	265.119
Development of environment protection system	772.013	276.961	0	1.048.974
One time fee and intercalate interest on IRBD loan	2.074.858	0	0	2.074.858
Other non-financial assets in progress	2.150.283	8.330.422	5.870.284	4.610.421
TOTAL	653.423.401	148.133.561	6.751.895	794.805.067

Increase in non-financial assets in progress mostly results from investment in the documentation and the construction of Zagreb coast (HRK 125 mil.), investment in JANAF infrastructure (HRK 5,2 mil.), project documentation for deepening draught on Brajdica and Brajdica railway station (HRK 4,8 mil.) and purchased equipment.

Decrease in non-financial assets in progress is mostly the result of transferring into use i.e. activation of investment in JANAF infrastructure (HRK 5,2 mil.) and activation of purchased equipment (see Note 10.2.2

During 2018 there were no changes in the One-time fee and intercalar interest on IBRD loan No. 7638 HR because they are no longer added to the principal, in accordance with the Contract. Accrued and paid interest are reported within expenses of the current period (see Note 6.4.).

During 2018 no changes in items referring to investment in development of Delta and Porto Baroš (Development of city-port interface – Urban redevelopment). The Porto Baroš area is excluded from the port area managed by the Port Authority of Rijeka by the decision of the Government of the Republic of Croatia (Official Gazette No. 72/2018 of 08.08.2018), while the concept of the future development of Delta, or agreement on further activities to accelerate the realization of the project in progress.

10.6. CASH IN BANKS AND IN HAND (AOP 076+080+081+082) (AOP 075)

10.6.1. Basic table

ITEM	AOP	2017	2018	Change %
Cash in national commercial banks	077	90.026.642	130.738.021	145,2
Cash in hand	081	44.205	25.473	57,6
TOTAL		90.070.847	130.763.494	145,2

10.6.1.1. Explanation

Bank accounts of the Port Authority mostly contain own funds (HRK 73.4 mil), a significant portion of the funds are related to the financing of EU funds projects (HRK 23 mil), and the funds in the project account opened for the realization of the Rijeka Gateway Project (HRK 34.3 mil.).

In order to withdraw the loan within the agreed deadline (until 31 December 2018), the bank has proposed a retroactive increase in the percentage of loan utilization no. 7638 HR. Subsequent retrospective withdrawal from the loan up to 95% of the expenditures from 2017 was made in October 2018 in the amount of EUR 4.5 million (33,832,789.13 kuna was allocated to the project account of the Port Authority on 23 October 2018.).

10.7. DEPOSITS, ESCROW ACCOUNTS AND RECEIVABLES FROM EMPLOYEES, PREPAID TAXES AND THE LIKE (AOP 084+087+088+089+095) (AOP 083)

10.7.1. Basic table

ITEM	AOP	2017	2018	Change %
Deposits at national banks and other financial institutions	085	29.001	29.064	100,2
Receivables from employees	088	0	1.190	-
Receivables for prepaid taxes	090	0	92	-
Receivables for refundable damages prepaid	096	13.482	26.652	197,7
Receivables for advances paid	098	56.513.221	76.579.782	135,5
Other non-specified receivables	099	0	1.131.803	-
TOTAL		56.555.704	77.768.583	137,5

10.7.1.1. *Explanation*

Receivables for advances paid (AOP 098) in the largest amount (HRK 68, 4 mil.) refer to the advances to the partner in projects funded under the CEF (Connecting Europe Instrument): 48,3 Million Euros for the Infrastructure Improvement project Rijeka Port - Container Terminal Zagreb Harbor (partner in project: HŽ Infrastruktura), HRK 13,4 mil, for the project Infrastructure upgrading at Rijeka port - Rijeka pool (partner in project: Luka Rijeka dd), and 6,7 mil. for the project Improvement of infrastructure in Rijeka - terminal for bulk cargo in Bakar (partner in project: Luka Rijeka dd).

10.8. LOANS (AOP 101+102+103-104 (AOP 100))

10.8.1. Basic table

ITEM	AOP	2017	2018	Change %
Loans to legal entities - entrepreneurs	102	16.071.172	9.843.745	61,3
TOTAL		16.071.172	9.843.745	61,3

10.8.1.1. *Explanation*

The value of loans in 2018 is lower (AOP 100) due to the repayment of loans granted to the Port of Rijeka (Luka Rijeka d.d. – the IBRD sub-loan and Fantuzzi crane).

This item presents long-term and short-term receivables from Luka Rijeka d.d., Rijeka for the portion of the IBRD sub-loan used for investments in respect of the Luka Rijeka d.d. welfare plan, severance pays to employees, consulting services, and for port mobile cranes, at the mean rate of exchange ruling in the Croatian National Bank (HNB) on December 31st 2018. Due portion of exchange rate differences is allocated to accrued expenses.

10.9. RECEIVABLES FOR INCOMES (AOP 134 DO 137+140-141) (AOP 133)

10.9.1. Basic table

ITEM	AOP	2017	2018	Change %
Trade receivables	134	12.986.383	11.859.695	91,3
Receivables for incomes under special legal provisions	136	283.986	299.872	105,6
Receivables for incomes from financial assets	138	7.605	1.871	24,6
Value adjustment for receivables	141	(3.361.660)	(3.105.228)	92,4
TOTAL		9.916.314	9.056.210	91,3

10.9.1.1. Explanation

Receivables for income as at 31 December 2018 amount to HRK 9.056.210 and mainly refer to receivables from customers. The increase in receivables for incomes under special legal provisions (AOP 136) refers to receivables from international financial institutions (EU projects).

During the year HRK 163.581 of previously value adjusted receivables has been collected. In accordance with the accounting policy explained in point 6.7 all receivables that, in accordance with the stated criteria, become receivables with doubtful collection are adjusted in order to report them objectively and realistically. As seen in the table, HRK 11.859.695, out of total HRK 3.105.228, are categorised as being difficult to collect that were reported in the result of previous periods because they are considered as expenses of those periods. Since legal collection procedures have been started with regard to the stated adjusted receivables, these receivables are recorded as such until their collection or written-off when the collection becomes unattainable in accordance with the suggestions of the Director and based on a decision of the Management Board.

10.10. PREPAYMENTS AND ACCRUED INCOME (AOP 143+144) (AOP 142)

10.10.1. Basic table

ITEM	AOP	2017	2018	Change %
Prepayments	143	131.195.216	112.566.895	85,8
TOTAL		131.195.216	112.566.895	85,8

10.10.1.1. Explanation

Under prepayments, the Port Authority reports the purchase value of assets activated up to December 31st 2007 in compliance with the Decree, which had been funded by loans.
For more details see Note 6.8.

10.10.2. Basic table with turnover

ITEM	AOP	As at Jan 1 st current year	Increase	Decrease	As at Dec 31 st current year
Prepayments	143	131.195.216		18.628.321	112.566.895
TOTAL		131.195.216			112.566.895

10.11. LIABILITIES FOR EXPENSES (AOP 148+156+164+168+169+170) (AOP 147)

10.11.1. Basic table

ITEM	AOP	2017	2018	Change %
Liabilities for salaries – net	149	315.716	468.481	148,4
Liabilities for fringe benefits – net	150	0	4.977	-
Liabilities for income tax and surtax from salaries	152	24.027	77.996	324,6
Liabilities for contributions from salaries	153	84.936	136.596	160,8
Liabilities for contributions on salaries	154	69.126	111.397	161,2
Other liabilities for employees	155			-
Reimbursement of expenses to employees	157	20.023	16.945	84,6
Fees to representative and executive body members, committees, etc.	158	26.092	26.092	100,0
Fees to volunteers	159			-
Liabilities toward suppliers at home	161	4.457.873	12.439.631	279,0
Liabilities toward suppliers abroad	162	45.455.298	60.975.559	134,1
Liabilities for interest on loans and credits received	166	1.612.007	1.380.369	85,6
Liabilities for VAT	172	1.442.078	4.465.549	309,7
Liabilities for advances, deposits, received escrow accounts and other non-specified liabilities	173	84.790.995	142.732.322	168,3
TOTAL		138.298.171	222.835.914	161,1

10.11.1.1. Explanation

Trade payables (AOP 147) have increased by HRK 84.5 million compared to 2017. Most significant increase (HRK 57,9 mil) refers to Liabilities for advances (AOP 173). Of this, the amount of 33.8 million is budget funds allocated to the project account Port Authority Rijeka on 23.10.2018. based on a retroactive withdrawal of the loan up to 95% of costs from 2017. (see Note 10.6.1.1), while HRK 24.1 million are advance payments from the EU projects financed from CEF funds.

Increase in domestic trade payables (AOP 161) compared to 2017 is the result of liabilities as at 31 December 2018 according to the performance of works at Brajdica for works done in December 2018.

Foreign trade payables (AOP 162) have increased by HRK 15.5 million compared to 2017. It is a liability on 31.12.2018. according to the contractors of the works on the Zagreb coast based on the situation for works carried out in December 2018 and the amount retained.

10.12. LIABILITIES FOR CREDITS AND LOANS (AOP 183+186-189) (AOP 182)

10.12.1. Basic table

ITEM	AOP	2017	2018	Change %
Liabilities for loans from abroad	185	683.674.869	744.729.068	108,9
Liabilities for loans at home	187	274.046	0	0,0
TOTAL		683.948.915	744.729.068	108,9

10.12.1.1. *Explanation*

Liabilities for loans from abroad (AOP 185) – see Note 8.

10.12.2. Basic table with turnover

ITEM	AOP	As at Jan 1 st current year	Increase	Decrease	As at Dec 31 st current year
Liabilities for loans from abroad	185	683.674.869	108.145.195	47.090.996	744.729.068
Liabilities for loans at home	187	274.046		274.046	0
TOTAL		683.948.915	108.145.195	47.365.042	744.729.068

10.13. ACCRUED EXPENSES AND DEFERRED INCOME (AOP 191+192) (AOP 190)

10.13.1. Basic table

ITEM	AOP	2017	2018	Change %
Deferred income	194	475.043.620	483.121.860	101,7
TOTAL		475.043.620	483.121.860	101,7

10.13.1.1. *Explanation*

Accrued expenses and deferred income contain: expenses which have not yet been invoiced and are recorded as a current period liability, and income which has been collected and are recorded as a current period income yet referring to the next accounting period.

Deferred income mostly refers to grants received for procurement of non-financial assets funded from outside sources (State Budget and EU funds), in respect of which income recording will commence at the moment such assets are put to use, in proportion to depreciation costs, with a neutral effect on depreciation expenses as well as on the Port Authority operating activities in those amounts.

10.13.2. Basic table with turnover

ITEM	AOP	As at Jan 1 st current year	Increase	Decrease	As at Dec 31 st current year
Deferred income	194	475.043.620	16.375.949	8.297.709	483.121.860
TOTAL		475.043.620	16.375.949	8.297.709	483.121.860

10.13.2.1. Explanation

The majority of increase of this item in 2018 refers to deferred income from the RC State Budget for capital donations (domestic share in the financing of the project Rijeka Gateway II) – HRK 5.046.268, for current donations for repayment of World Bank loans of HRK 27,328,066, and for capital donations for domestic financing for projects co-financed from EU funds 1,099,947 HRK. Deferred income from EU for capital donations amount to HRK 6,637,409. The remaining amount refers to deferred income of foreign exchange differences in accordance with section 6.2.

Deferred income was decreased by HRK 8.297.709 in accordance to depreciation and reported as income in the same amount.

The domestic share in financing investments in RGP II was reduced (see Note 10.6.1.1).

10.14. RESERVES (AOP 197+199) (AOP 196)

10.14.1. Basic table

ITEM	AOP	2017	2018	Change %
Reserves	197	447.085.143	436.949.916	97,7
Income surplus	199	112.056.943	127.550.701	113,8
TOTAL		559.142.086	564.500.617	101,0

10.14.1.1. Explanation

Own sources for 2018 are almost at the same level as last year (AOP 197), whereas the Income surplus (AOP 199) records a 13,8% increase, resulting from the balance between total income and expenditures.

10.14.2. Basic table with turnover

ITEM	AOP	As at Jan 1 st current year	Increase	Decrease	As at Dec 31 st current year
Reserves	197	447.085.143	64.736	10.199.963	436.949.916
Income surplus	199	112.056.943	34.537.432	19.043.674	127.550.701
TOTAL		559.142.086	34.602.168	29.243.637	564.500.617

10.14.2.1. *Explanation*

The increase is explained in the previous point and the decrease refers to reported depreciation for assets procured before January 1st 2008. For more details see point 6.3.

11. NOTES TO ITEMS OF THE (I-E-NP) 'PR-RAS-NPF' FORM 2018

Pursuant to provisions from the Rulebook on reporting for non-profit accounting (Official Gazette No. 31/15, 67/17, 115/18) the Notes to the Statement of Income and Expenditure further clarify the reasons for major departures occurred in comparison with the business result for the preceding year.

11.1. INCOME FROM TRADED GOODS AND PROVIDED SERVICES (AOP 002)

11.1.1. Basic table

ITEM	AOP	2017	2018	Change %
Income from provided services	004	74.718.495	77.661.512	103,9
TOTAL		74.718.495	77.661.512	103,9

11.1.1.1. *Explanation*

CARGO TYPES	2017 in tonnes	2018 in tonnes	Index 2017/16	
1. General cargo	561.730	464.006	83	
2. Bulk cargo	1.547.797	1.655.261	107	
3. Timber	361.805	351.621	97	
Total 1 - 3	2.471.332	2.470.888	100	
4. Container cargo (Jadranska vrata-Adriatic Gate)	2.069.992	2.241.776	108	
5. Container cargo (Port of Rijeka)	75.906	63.534	84	
	TEU	249.975	260.375	104
Total 1 – 5	4.617.230	4.776.198	103	
6. Jadranski naftovod (JANAF) (oil pipeline)	7.997.836	8.8628.586	108	
TOTAL 1 – 6	12.615.066	13.404.784	106	

In 2018, the total turnover at the port of Rijeka amounted to 13.404.784 tonnes, which is by 6,3% more than in the previous year, when it was 249.975 TEU due to container traffic of company *Jadranska vrata d.d.* (2,2 million tonnes) and company *Janaf d.d.* (8,8 million tonnes)

Brajdica's container traffic in 2018 was 227,375 TEU units, or 2.241.776 tons, which is by 8.3% better than the end of 2017, in which, for the first time in history at Brajdica, was reloaded more than 200 thousand containers. This result contributed to an increase of 14.88 meters for the operational shore, as

well as the improvement of rail service towards destinations in the interior. In 2018, Janaf d.d. recorded 8,628,586 tons of turnover, i.e. increase of 7.9% compared to 2017, which is the best result in the Company's history. In the traffic of dry cargo, the Port of Rijeka has totaled 4.7 million tonnes and this is the result at the level of 2017, when it amounted to little more than 4.6 million tons of cargo. The largest share of dry cargo growth was recorded in the bulk cargo segment (7% or 1.6 million tons), while the biggest decrease has the traffic of general cargo (-17%) and the container traffic of the company Luka Rijeka d.d. (- 16%).

11.2. INCOME UNDER SPECIAL LEGAL PROVISIONS (AOP 009+010) (AOP 008)

11.2.1. Basic table

ITEM	AOP	2017	2018	Change %
Income under special legal provisions from other sources	010	1.529	0	0,0
TOTAL		1.529	0	0,0

11.3. INCOME FROM ASSETS (AOP 012+021) (AOP 011)

11.3.1. Basic table

ITEM	AOP	2017	2018	Change %
Income from interest on loans granted	013	121.556	27.523	22,6
Interest on term deposits and demand deposits	015	56.255	17.201	30,6
Income from interest on arrears	016	119.434	167.254	140,0
Income from exchange rate yields	017	7.969.174	4.128.926	51,8
Income from lease and rental assets	022	837.264	891.445	106,5
TOTAL		9.103.683	5.232.349	57,5

11.3.1.1. Explanation

Income from assets (AOP 11) is lower (by 42,5%) when compared to the 2017.

Increase in income from exchange rate gains (AOP 017) related to repayment of the IBRD loan (No.s 47150 and 47151). The above mentioned facts have to be considered in the context of exchange rate losses recorded in the amount of HRK 5.034.616, see Note Financial expenses (11.9).

11.4. INCOME FROM DONATIONS (AOP 025+030+033+036+037) (AOP 024)

11.4.1. Basic table

ITEM	AOP	2017	2018	Change %
Income from donations out of the government budget	026	15.241.844	8.255.557	54,2
Income from donations out of the local/regional selfgovernment units	027	0	0	-
Income from donations from the state budget for EU projects	028	0	143.141	-
Income from foreign governments and international organizations	031	479.382	530.927	110,8
Income from EU institutions and bodies	032	0	1.114.779	-
Income from companies and other legal entities	034	50.000	30.000	60,0
TOTAL		15.771.226	10.074.404	63,9

11.4.1.1. *Explanation*

Out of total amount of donations from the RC State Budget (HRK 8.255.557), HRK 6.339.144 refers to donations based on the transfer of corresponding amount of deferred income based on depreciation of donated assets. The amount of HRK 215.720 refers to donations for paid interest and HRK 1.700.693 refers to income that should be considered in the context of applied accounting policy, point 6.8 related to other expenses, point 11.10 (AOP 138).

11.5. OTHER INCOME (AOP 041+044+045) (AOP 040)

11.5.1. Basic table

ITEM	AOP	2017	2018	Change %
Income from damage indemnities	042	89.360	342.341	383,1
Income from refunds	043	1.682.518	639.940	38,0
Income from fixed assets sold	044	9.100	149.747	1.645,6
Collected written-off receivables	047	113.390	164.314	144,9
Other Income	048	0	1.043	-
TOTAL		1.894.368	1.297.385	68,5

11.5.1.1. *Explanation*

In position Income from refunds (AOP 043), refunds for employee expenses and overheads for projects funded from EU funds (projects: Greenersites, Locations and Talknet) are recorded.

11.6. EXPENSES FOR EMPLOYEES (AOP 056+061+062) (AOP 055)

11.6.1. Basic table

ITEM	AOP	2017	2018	Change %
Salaries for ordinary work	057	8.556.615	8.465.910	98,9
Other employee-related expenses	061	324.634	1.173.035	361,3
Health insurance contributions	063	1.266.806	1.249.079	98,6
Employment supporting contributions	064	138.622	136.874	98,7
TOTAL		10.286.677	11.024.898	107,2

11.6.1.1. *Explanation*

In the position Other expenses for employed (AOP 061) there are paid severance payments for employees who have been canceled a contract of employment (due to business reasons) in accordance with the provisions of article 115 paragraph 1 item 1 of the Labor Act, and therefore they are 261,3% higher than the same costs in the previous 2017. Pursuant to the new Rulebook on Internal Organization and Systematic Classification of Jobs, the Harbor Administration has modernized its internal organizational structure to increase efficiency, rationalize operating costs, partly by reducing labor costs. Based on the business-conditioned cancellation or severance payment for 7 employees, the Port Authority of Rijeka realized a saving of approximately 1.613.800 kn, which derives from the difference in total gross salaries that the Port Authority would pay to its employees until the day of the acquisition of full old-age pension and severance pay in the amount of HRK 6.500 net for each completed year of work at the Port Authority of Rijeka.

11.7. MATERIAL EXPENSES (AOP 068+072+077+082+087+097+102) (AOP 067)

11.7.1. Basic table

ITEM	AOP	2017	2018	Change %
Business trips	069	324.798	307.861	94,8
Commutation, field work and subsistence allowances	070	255.400	227.680	89,1
Professional training	071	68.148	82.354	120,8
Remuneration for activity performance	073	293.975	313.658	106,7
Reimbursement of business trip costs and expenses	084	0	1.293	-
Remuneration of other expenses	085	2.051	0	
Telephone, mail and transport services	088	236.679	228.088	96,4
Regular and investment maintenance services	089	5.026.902	8.424.602	167,6
Promotion and information services	090	479.444	262.333	54,7
Utilities	091	6.598.907	7.936.521	120,3
Rentals	092	99.898	154.167	154,3
Medical and veterinary services	093	2.550	1.750	68,6

ITEM	AOP	2017	2018	Change %
Intellectual and personal services	094	643.333	1.139.964	177,2
Computer services	095	175.838	253.745	144,3
Other services	096	953.380	2.351.294	246,6
Office supplies and other material expense	098	293.168	306.818	104,7
Energy	100	1.672.099	2.024.959	121,1
Small inventory and car tyres	101	9.439	8.954	94,9
Insurance premiums	103	296.368	211.490	71,4
Entertainment expenses	104	122.677	162.586	132,5
Membership fees	105	177.427	174.299	98,2
Registration fees	106	14.559	9.304	63,9
Other not specified material expenses	107	770.743	663.860	86,1
TOTAL		18.517.783	25.247.580	136,3

11.7.1.1. Explanation

Material expenses (AOP 067) in 2018 have been increased by 36,3% when compared to 2017.

Relatively largest increase/decrease of certain items is provided as follows:

Professional employee training (AOP 071) has increased compared to 2017 due to professional training at the Maritime Faculty for dangerous cargo handling and consultancy due to public procurement.

Under Regular and investment maintenance services (AOP 089) the largest amount refers to maintenance of a portion of the Omišalj (Janaf) port which is under the jurisdiction of the Port Authority Rijeka (HRK 1.770.467). Most of the maintenance items should be mentioned: rehabilitation of the coastal construction of the Orlandov gat (HRK 1.108.214), renovation on the coastal construction of the Podbok terminal in Bakar (HRK 926.007), upgrading and repair of radar (HRK 487.487), asphalt works in Rijeka port (HRK 486.911) repair of substations (HRK 389.660 kn), repairs of the lighthouse at the end of the Rijeka shore (HRK 367.956), repair of the shore - Torpedo (HRK 235.513 kn), maintenance of submarine installations (HRK 195.571), works on alignment of customs fences and railway entries with Schengen requirements and repair of equipment on the coastal edge (HRK 177.425), restoration of outdoor lighting in the Sušak brakewater (HRK 149.724).

Costs of rentals (AOP 092) are mostly related to the rental of the printer (HRK 80.950) and the rental of floating dams in Bršica harbor (HRK 62.054).

The increased costs in intellectual and personal services (AOP 094) compared to 2017 is mostly a result of costs of lawyer services and legal counseling and representation in disputes with contractors, while Computer Services (AOP 95) increased 44.3% due to the cost of renewing licenses and the cost of maintaining software.

Other services (AOP 96) increased mainly due to the services related to the implementation of projects co-financed by EU funds (1,083,499.78 kn), which are reimbursed from EU funds (link AOP 32), related to the costs of admission cruisers, support costs in applying for EU projects, the cost of environmental assessment with measures for the terminal in Bakar, the cost of upgrading the GIS systems of the Port Authority.

The holding of conferences and meetings for projects funded by EU funds as well as hosting of partners reflected on the increase in the cost of representations - these costs are mostly reimbursed from EU funds.

Other non specified material expenses (AOP 107) are made up of utility fees and contributions, water management fees and court expenses, fees and similar.

11.8. DEPRECIATION EXPENSES (AOP 108)

11.8.1. Basic table

ITEM	AOP	2017	2018	Change %
Depreciation expenses	108	17.637.841	15.364.753	87,1
TOTAL		17.637.841	15.364.753	87,1

11.8.1.1. Explanation

For more details see Notes 6.3 and 10.14.

11.9. FINANCIAL EXPENSES (AOP 110+111+115) (AOP 109)

11.9.1. Basic table

ITEM	AOP	2017	2018	Change %
Interest for loans from banks & other creditors	112	5.261.858	3.983.496	75,7
Bank services and payment agency services	116	133.640	115.629	86,5
Exchange rate losses and foreign currency clause	117	8.811.616	5.034.910	57,1
Interest on arrears	118	989	50	5,1
TOTAL		14.208.103	9.134.085	64,3

11.9.1.1. Explanation

Interest for loans from banks & other creditors (AOP 112) are less due to lower principal of substantial part of the repaid loans.

Exchange rate losses should be viewed in the context of exchange rate gains in the amount of HRK 4.128.936, see note Income from assets (11.3).

11.10. OTHER EXPENSES (AOP 129+134) (AOP 128)

11.10.1. Basic table

ITEM	AOP	2017	2018	Change %
Value not written off and other expenses related to alienated or written-off long-term assets	135	12.313	512	4,2
Receivables written off	136	103.728	230.033	221,8
Other non specified expenses	138	21.679.182	16.770.031	77,4
TOTAL		21.795.223	17.000.576	78,0

11.10.1.1. Explanation

The AOP 126 item (account 4622 receivables written off) consists of two sub-accounts:

- Written-off receivables– sub-account 46221
- Value adjustment for receivables - sub-account 46222.

In 2018, receivables written off amount to HRK 652, while the rest of the amount - HRK 229.381 refers to value adjustment for receivables from customers in accordance with the accounting policies described in points 6.7 and 10.9.1.1.

Value adjustment of receivables refers to different customers who were either sued by the Port Authority in 2018, or are subject to a pre-bankruptcy settlement or have been envisaged for legal action in 2019.

All value adjustments for receivables under item AOP 136 are still being recorded in the analytic bookkeeping for customers and all activities and other collection measures are being carried out since their final writing-off is only possible with prior approval by the Management.

Other non specified expenses (AOP 138) are mostly recorded in accordance with the Note 6.8.

11.11. RESULT FOR THE PERIOD – INCOME SURPLUS (AOP 001-133) (AOP 134)

11.11.1. Basic table

ITEM	AOP	2017	2018	Change %
Income surplus – carried forward	151	93.013.270	112.056.943	120,5
Income surplus available in the next period (AOP 134-135+136-137)	154	112.056.944	127.550.701	113,8
INCOME SURPLUS	149	19.043.674	15.493.758	81,4

11.11.1.1. Explanation

In 2018, within the previously stated reporting framework, the Port of Rijeka Authority recorded a positive result. Income surplus is 15,493,758 kn and compared to 2017 it is 18.6% lower.

12. RISK MANAGEMENT

12.1. CURRENCY RISK

Currency risk arises from possible changes in the value of financial instruments as a consequence of changes in foreign exchange rates. The Entity is exposed to changes in EUR and USD values, due to liabilities under the long-term foreign loans having been agreed in foreign currency, and the national ones applying currency clause, whereby the Entity is exposed to currency risks.

Such risks are managed through adjustment of inflows from the State Budget with outflows for settlement of long-term loan liabilities, the State having undertaken to provide the funds for this purpose, i.e. for remittance of funds by Luka Rijeka d.d. - Rijeka for the sub-loan. Since port fees are being collected in EUR, the fixed concession fee is expressed in USD and EUR and the variable part of the concession fee being collected in HRK subject to currency clause, the above mentioned currency outflow risk is thus reduced.

12.2. INTEREST RISK

Interest risk arises from possible changes in the value of financial instruments as a consequence of changes in market interest rates in relation to interest rates applicable to financial instruments. Due to liabilities under the long-term loans having been subject to variable interest rates, the Entity is consequently exposed to the risk of interest rate changes.

Such risks are managed through adjustment of inflows from the State Budget with outflows for payment of interest, the State having undertaken to provide the funds for this purpose, from inflows provided by Luka Rijeka d.d. and out of own funds.

12.3. CREDIT RISK

Interest risk arises from possible failure of a party to a financial instrument to meet its liabilities thereby causing financial loss to the other party. Financial assets potentially likely to expose the Entity to credit risk includes cash and receivables from customers.

In accordance with its policy, the Entity discloses receivables from customers reduced by provisions for doubtful and disputable receivables. The Entity is exposed to credit risk in respect of the settlement of short-term liabilities that would affect increase in value of value adjustment for provisions in the amount of reduction in the value of customer and other receivables, should the trend of longer payment term for invoiced receivables continue

12.4. LIQUIDITY RISK

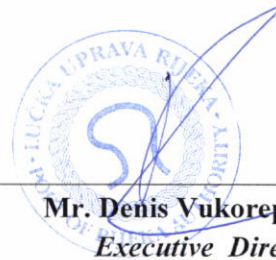
The liquidity risk, arises from possible failure of the Port Authority to provide funds for settlement of financial instruments-related liabilities. As at December 31st 2018, short-term liabilities of the Entity were covered by short-term receivables.

12.4. LIQUIDITY RISK

The liquidity risk, arises from possible failure of the Port Authority to provide funds for settlement of financial instruments-related liabilities. As at December 31st 2018, short-term liabilities of the Entity were covered by short-term receivables.

With the cash flow projections in 2019 and the secured grants from the State Budget of the RC for 2019 and the next two-year period, it is estimated that the Port Authority will have enough money to operate in 2019 as well as future periods.

Rijeka, February 28th 2019



Mr. Denis Vukorepa, B.Sc.
Executive Director