

**CENTRAL SECURITIES  
DEPOSITARY AD SKOPJE**

**AUDITORS REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
31 DECEMBER 2021**

**Skopje, March 2022**

*These reports are translation from the official ones issued in Macedonian language*

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**INDEPENDENT AUDITOR'S REPORT  
TO THE  
SHAREHOLDERS OF  
CENTRAL SECURITIES DEPOSITORY AD - Skopje**

**Report on the Financial Statements**

We have audited the accompanying financial statements of CENTRAL SECURITIES DEPOSITORY AD – Skopje (The Company), which comprise the Statement of financial position as at 31 December 2021 and Income Statement, Statement of comprehensive income, Statement of changes in equity and Cash flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards which are accepted in the Republic of Macedonia and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE  
SHAREHOLDERS OF  
CENTRAL SECURITIES DEPOSITORY AD - Skopje**

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of CENTRAL SECURITIES DEPOSITORY AD – Skopje as of 31 December 2021, and of its financial performance and its cash flows for the period then ended in accordance with the accounting standards which are accepted in the Republic of Macedonia.

**Report on Other Legal or Regulatory Requirements**

The management of the Company is also responsible for preparation of the annual business report according to the article 384 from the Law on trade companies. Our responsibility, according to the Audit Law, is to report whether the annual business report is consistent with the annual account and the financial statements for the year ended 31 December 2021. Our job regarding the annual business report is conducted according to the ISA 720 and is restricted to reporting whether the historical financial information presented in the annual business report are consistent to the annual accounts and the audited financial statements.

The annual business report is consistent, in all material aspects, with the annual account and the audited financial statements of CENTRAL SECURITIES DEPOSITORY AD – Skopje as of 31 December 2021.

Skopje, 15 March 2022

**Certified Auditor**

Kostadinka Kitanoska



**Manager and Certified Auditor**

Antonio Veljanov



**INCOME STATEMENT**

		In thousand MKD For the year ended at	
	Note	31 December 2021	31 December 2020
Revenues	6	52,345	42,684
Other operating income	7	1,062	1,250
<b>Operating profit</b>		<b>53,407</b>	<b>43,934</b>
Used materials	8	(246)	(171)
Personnel expenses	9	(18,347)	(16,509)
Depreciation and amortization	19,20	(2,927)	(2,903)
Other operating expenses	10	(19,713)	(17,026)
<b>OPERATING PROFIT (LOSS)</b>		<b>12,174</b>	<b>7,325</b>
Income from investments	18	296	254
Financing income	11	285	438
Financing expenses	12	(18)	(5)
		<b>563</b>	<b>687</b>
<b>PROFIT (LOSS) BEFORE TAXATION</b>		<b>12,737</b>	<b>8,012</b>
Income tax expense	13	(1,389)	(908)
<b>NET PROFIT (LOSS))</b>		<b>11,348</b>	<b>7,104</b>
<b>Basic earnings (loss) per share (In MKD)</b>	25	<b>1,891</b>	<b>1,184</b>

**STATEMENT OF COMPREHENSIVE INCOME**

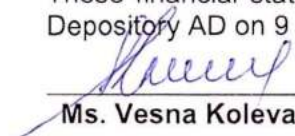
		in thousand MKD for the year ended	
	Note	31 December 2021	31 December 2020
Net profit (loss) for the period		11,348	7,104
<b>Other comprehensive income:</b>			
Revaluation of PPE		-	-
Fair value movement of available-for-sale investments		-	-
Currency translation differences		-	-
<b>Total other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>11,348</b>	<b>7,104</b>

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**FINANCIAL STATEMENTS for the year ended 31 December**

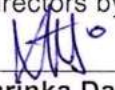
**STATEMENT OF FINANCIAL POSITION**

	Note	in thousand MKD	
		2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	19	16,290	16,366
Intangible assets	20	1,209	1,837
Investments available for sale	18	76	76
		<b>17,575</b>	<b>18,279</b>
<b>Current assets</b>			
Cash and cash equivalents	14,27	3,303	2,671
Bank deposits	15	90,276	78,275
Trade receivables	16	7,531	7,401
Other receivables	17	510	1,020
		<b>101,620</b>	<b>89,367</b>
<b>Total assets</b>		<b>119,194</b>	<b>107,646</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
	24		
Shareholders capital		48,306	48,306
Reserves		18,765	18,765
Retained earnings		46,807	35,459
<b>TOTAL EQUITY</b>		<b>113,878</b>	<b>102,530</b>
<b>Non-current liabilities</b>			
Donations	21	692	1,251
		<b>692</b>	<b>1,251</b>
<b>Current liabilities</b>			
Trade payables	22	1,406	1,266
Income tax payables	23	519	93
Other liabilities	23	2,699	2,506
<b>TOTAL LIABILITIES</b>		<b>5,316</b>	<b>5,116</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>119,194</b>	<b>107,546</b>

These financial statements were approved by the Board of Directors of the Central Securities Depository AD on 9 March 2022. Signed on behalf of the Board of Directors by:

  
**Ms. Vesna Koleva**  
 Head of Department for  
 financial affairs  
 No. of license 0100121



  
**Ms. Darinka Damjanovik**  
 Executive Director

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**

FINANCIAL STATEMENTS for the year ended 31 December

**STATEMENT OF CHANGES IN EQUITY**

in thousand MKD

	Number of common shares	Share capital	Reserves and reinvested earining	Revaluation Reserves	Retained earnings / (loss)	Total
<b>As at January 1, 2021</b>	<b>6,000</b>	<b>48,306</b>	<b>18,765</b>	-	<b>35,459</b>	<b>102,530</b>
<i>Transactions with owners:</i>						
Distribution from reserves	-	-	-	-	-	-
Distribution of retained earnings in reinvested earnings	-	-	-	-	-	-
Distribution for dividends	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	11,348	11,348
<i>Other comprehensive income (loss)</i>	-	-	-	-	-	-
<b>Total comprehensive income (loss) for the year</b>	-	-	-	-	<b>11,348</b>	<b>11,348</b>
<b>As at December 31, 2021</b>	<b>6,000</b>	<b>48,306</b>	<b>18,765</b>	-	<b>46,807</b>	<b>113,878</b>
<b>As at January 1, 2020</b>	<b>6,000</b>	<b>48,306</b>	<b>18,765</b>	-	<b>28,355</b>	<b>95,426</b>
<i>Transactions with owners:</i>						
Distribution from reserves	-	-	-	-	-	-
Distribution of retained earnings in reinvested earnings	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	7,104	7,104
<i>Other comprehensive income (loss)</i>	-	-	-	-	-	-
<b>Total comprehensive income (loss) for the year</b>	-	-	-	-	<b>7,104</b>	<b>7,104</b>
<b>As at December 31, 2020</b>	<b>6,000</b>	<b>48,306</b>	<b>18,765</b>	-	<b>35,459</b>	<b>102,530</b>



**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**FINANCIAL STATEMENTS for the year ended 31 December**

**CASH FLOW STATEMENT**

	Notes	in thousand MKD	
		for the year ended at 31 December	
		2021	2020
<b>Cash flows from operating activities</b>			
PROFIT (LOSS) BEFORE TAXATION		12,737	8,012
<i>Adjustments for:</i>			
Depreciation of property and equipment	19	2,156	2,155
Amortization of intangible assets	20	771	748
Income from depreciation of donations	7	(559)	(559)
Other adjustments	19	-	-
Impairment of doubtful receivables	10	571	711
Income from value adjustment of receivables and collected doubtful receivables	7	(163)	-
Income from investments	18	(296)	(254)
Interest income	11	(271)	(428)
<i>Operating profit before changes in working capital</i>		14,946	10,385
Trade receivables		(538)	(1,308)
Other receivables		314	(36)
Trade payables		140	(13)
Donations		-	-
Other liabilities		193	1,456
<i>Operating profit from operations after changes in working capital</i>		15,054	10,484
Income tax paid		(769)	(1,440)
		14,286	9,044
<b>Investment activities</b>			
Withdrawn deposits from banks		59,015	48,054
Placed deposits with banks		(71,014)	(57,013)
Interest received		271	428
Disposal of equity investments		(46,000)	(34,000)
Acquisition of equity investment		46,296	34,254
Acquisition of property, equipment and intangible assets	19 и 20	(2,222)	(737)
<b>Net cash flows (used in) / from investing activities</b>		(13,654)	(9,014)
<b>Financing activities</b>			
Dividends		-	8,590
<b>Net cash flows from financing activities</b>		-	(8,590)
<b>Net increase/decrease in cash and cash equivalents</b>		632	30
Cash and cash equivalents at 1st January	27	2,671	2,641
Cash and cash equivalents at 31st December		3,303	2,671

## **Central Securities Depository AD Skopje**

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### *Notes to financial statements*

#### **1 Basic data and activity**

Central Securities Depository AD Skopje ("herein after the Company") is founded as a company for clearing and settlement of the liabilities based on securities and keeping a Register of securities in the Republic of Macedonia, based on agreement among the founders that are solely banks, broker and insurance companies. The Company has been registered at the trade register under T.Reg. No 3726/2001 on 31.10.2001. The address of the office is: Blvd. Kuzman Jasifovski Pitu no. 1 Skopje, Republic of North Macedonia.

Central Securities Depository AD Skopje was operating on non-profit basis until 01.01.2006 which means that the surplus of the revenues over the expenditures can be used only for its development. Since January 1, 2006 the Company is operating as a profit earning company which means that net profits can be distributed for dividends.

According to the Statistics Bureau of the Republic of Macedonia Decision No.27-6410/1 dated 05.11.2001, the basic activity of the Company is "other financial mediation", under activity code no.64.99 in accordance with the National Classification of Activities.

The total number of employees in the Central Securities Depository AD Skopje as at 31 December 2021 is 18 (2020: 18 employees).

*Notes to financial statements*

**2 Accounting policies**

Below are the principal accounting policies used in preparation of these financial statements. These policies apply to all years shown, unless otherwise indicated.

**2.1 Basis of preparation**

The financial statements set on pages 3 to 29 are prepared in accordance with the International Financial Reporting Standards (IFRS) accepted and published in the Rulebook for accounting in Official gazette of the Republic of North Macedonia (No.159/2009) and became effective from 1 January 2010.

The financial statements have been prepared for the years ending 31 December 2021 and 2020. Current and comparative figures in the financial statements and in the notes to the financial statements are presented in thousand of Macedonian Denars (000 MKD) unless otherwise stated. Where is necessary, the comparative figures have been adjusted to conform to the presentation in the current year.

**2.2 Basic accounting methods**

The financial statements are prepared based on the principal of historical prices, except for the available-for-sale investments which are recognized at fair value.

**2.3 Accounting estimates and judgments**

The Company is applying certain accounting estimates and judgements during the process of preparation of the financial statements. Certain financial statements accounts which are not able to be measured properly are assessed on a regular basis. The assessment process includes judgments based on the latest relevant and available information.

Estimates are used during the assessment of the useful life period of the assets, fair value of receivables and its collectability, fair value of investments available for sale etc.

During the period certain estimates and judgments can be revised and changed if there are changes in the circumstances on which the assessment was based or as a result of a new information, greater experience and subsequent events.

The effect of the changes in the accounting estimates and judgments are included in the net profit or loss for the period as well as in the future periods on which the change takes effect or the both.

Management applied estimates, judgments, and assumptions based on analysis of the impact that the global Covid-19 pandemic has, or may have, on the Company based on available information. This analysis covers the nature of the services offered, customers, supply chain, staff and geographic region in which the Company operates. Unless otherwise stated in the specific notes to these financial statements, management considers that there are no significant uncertainties regarding events and conditions that may adversely affect the Company's operations.

*Notes to financial statements*

**2.4 Going concern concept**

The financial statements are prepared based on the going concern concept which means that the Company will continue to operate in the near future. The management of the Company has no intention or need to liquidate or restrict significantly the scope of its operations.

The global pandemic caused by the coronavirus (COVID 19), which was declared in March 2020 by the WHO, was developing rapidly during 2021. The management believes that at present there is no material uncertainty that raises doubts that would jeopardize the continuity of the Company's operations.

**2.5 Revenue recognition**

*Sales of services*

Revenues from rendering services are recognized in the income statement according to stage of completion of services at the financial position date and when the amount of the revenue can be measured reliably, as it is probable that the economic benefits associated with the transaction will flow to the entity, transaction costs and costs for completion of the transaction can be measured reliably and there is adequate evidence for the existence of the transaction.

**2.6 Finance income**

Finance income calculated during the year, is presented as income regardless of their collection. They are consisted of interest income and foreign exchange gains. Finance income is recognized on a time proportion basis that reflects the effective yield on the assets.

Interest is recognized on an accrual basis for the period in which it relates.

**2.7 Expenses**

*Finance expenses*

Finance expenses, are presented as expenses, regardless of their payment. They are consisted of interest expenses and foreign exchange losses. Finance expenses are recognized on a time proportion basis that reflect the effective yield on the assets.

Interest is recognized as an expense in accordance with the time period for which it relates.

*Other operating expenses*

Other operating expenses are recognized on the basis of the principle of matching the revenue and costs and they are recognized and recorded on the basis of actual costs reported in reliable accounting documents.

**2.8 Exchange rate differences**

Business transactions in foreign currency are presented in Denars by applying the exchange rate of NBRNM at the date of the transaction. All monetary assets and liabilities in foreign currencies are denominated into Denars at the middle foreign exchange rate of NBRNM valid at the statement of financial position date.

*Notes to financial statements*

**2.9 Exchange rate differences (continued)**

Foreign exchange gains and losses arising on the transaction of receivables and liabilities in foreign currencies in denars are presented in profit and loss as finance income or expenses in the period in which they arose. The average foreign exchange rates of the NBRNM on 31 December 2021 nad 2020, are as follows:

	<b>2021</b>	<b>2020</b>
1 EUR =	61,6270	61,6940
1 GBP =	73,4267	68,3136
1 USD =	54,3736	50,2353

**2.10 Income tax (current and deferred)**

Income tax is consisted of cureent and deferred income tax. The income tax is presented in the Income Statement of the Company.

Income tax is calculated in accordance with the statutory regulations in Republic of North Macedonia. According to Income Tax Law, current tax expense at 10% rate is paid to profit for the year which is determined as the difference between total revenue and total expenses for the period, increased with the non – recognized expenses for the tax purposes adjusted for tax credit and less declared revenue. The current income tax is acluclated by applying income tax rate on the da te of Statement of financial position at rate of 10% (2020: 10%).

Deferred tax expense is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities ant their carrying values for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using income tax rates valid at the statement of financial position date.

As at 31 December 2021 and 31 December 2020 the Company has no deferred income tax recievables ad payables.

**2.11 Financial assets**

The Company classifies its assets in the following categories: loans and recievables and financial assets available for sale. Classification depends on the purpose for which the assets were accured. Management determines classification of financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those that are due ina a period longer than 12 months from the date of the statement of financial position. Loans and advances to the Company at the reporting date are comprised of cash and cash equivalents, deposits, trade receivables and other receivables.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are classified in this category or are not classified in any of the other categories. They are included in non-current assets unless the Managemet intends to dispose of the investment within 12 months of the date of the statement of financial position. The Company does not habe assets classified in this category at the date og the Statement of Financial Position.

*Notes to financial statements*

**2.12 Financial assets (continued)**

*Financial assets held to maturity*

Held-to-maturity investments are non-derivative financial instruments with fixed repayments periods and a fixed maturity that the Company does not have assets classified in this category at the date of the statement of Financial position.

**2.13 Cash and cash equivalents**

Cash and cash equivalents are carried out at nominal value in the statement of financial position. For the purposes of these financial statements, cash and cash equivalents are comprised of cash in hand, cash in banks in denar and foreign currency accounts, demand deposits and time deposits in denar and foreign currency after maturity.

**2.14 Trade receivables**

Trade receivables arise from sales of services and are recognized at cost less any provision for impairment of bad and doubtful receivables.

A provision for impairment of bad and doubtful receivables is recognized as expenses in the income statement for all receivables from companies that are in bankruptcy in the amount of 100% of their nominal value and write-off for all companies in the current year that have been liquidated from the Central register of RNM. Besides the 100% provision for receivables from companies that are in bankruptcy or liquidation and removal of the companies that have been previously removed from the trade register annually recognized provision for all outstanding receivables in accordance with their age structure. Provision in amount of 100% from the nominal value is made for all receivables that are due more than 3 years, 75% from the nominal value for all receivables that are due from 2 years to 3 years, 50% from nominal value for all receivables that are due from 1 year to 2 years and 0% for all receivables that are due up to 1 year.

**2.15 Investment in securities**

The Company classifies its investments as available-for-sale investments. Investments intended to be held for an indefinite period of time, which may be sold at any time are classified as available-for-sale investments.

Subsequently, investments available-for-sale are stated at their fair value that is their last market value at the date of the statement of financial position for all securities which have active market, except for those for which active market does not exist and are stated at cost less for annual impairment loss (entities in bankruptcy or in liquidation).

Gains and losses arising from changes in the fair value of available-for-sale investments are recorded in shareholder's equity as fair value and other reserves, until the investment is sold at which time the unrealized gain or loss previously reported in the equity is included in net profit or loss.

*Notes to financial statements*

**2.16 Impairment of financial assets**

*Assets carried at amortized cost*

At each reporting date, the Company assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets.

The financial asset or group of financial assets is impaired and impairment loss is recorded only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and that the event has an impact on the expected future cash flows of a financial asset or a group of financial assets that can be reliably estimated. Evidence of impairment can be taken into account when the debtor or the group of debtors has significant financial difficulties, delay in payment of principal and interest, probability to enter bankruptcy or other reorganization, and where there are visible indications for decreased future cash flows which changes in the economic conditions that correspond with the loss.

For the category of loans and receivables, the amount of the impairment loss is the difference between the recorded amount of the asset and the present value of the estimated future cash flows discounted using the original effective interest rate of the financial asset. The recorded amount of the asset is decreased and the amount of the loss is recognized at the same time in the Statement of comprehensive income.

If, in a subsequent period, the amount of the impairment is decreased and that decrease can be objectively related to an event occurring after the recognition of the impairment (such as an improvement in the debtor's credit rating), the previously recognized loss will be restored by a correction in the Statement of Comprehensive Income.

**2.17 Netting of financial instruments**

Financial assets and liabilities are offset and the net value is presented in the statement of financial position when there is a statutory executive right to offset the recognized values and there is a possibility to settle on a net basis or at the same time to realize the funds and pay off the liabilities.

**2.18 Property, plant and equipment (PPE)**

*(1) Basic presentation*

Initially, property, plant and equipment are carried out at cost. Cost includes invoiced value and all other cost to bring the PPE to their present condition and location.

Subsequently, PPE were revalued in the past years and each year-end using uniformed revaluation coefficient based on the manufacturer's price increase index published by the State Bureau of Statistics of RNM and which was applied to historical cost or later revaluations and to the accumulated depreciation. This kind of revaluation of PPE is no more recorded. The effect of revaluation is the revaluation reserve, presented in the statement of financial position as part of the equity which until 2001 were allocated in proportion to the shareholders capital, statutory reserves and retained earnings.

Maintenance and repairs are charged to expenses as incurred. Cost relating to reconstruction and improvements that change the capacity or the purpose of the PPE are added to the value of the assets.

*Notes to financial statements*

**2.23 Capital**

*(1) Share capital*

The Company's share capital is recognized in the amount of the nominal (par) value of the authorized and issued shares. Incremental costs related to equity issue, if any, are deducted from equity.

*(2) Purchased treasury shares*

Shares issued and at the same time owned by the Company are considered to be treasury shares and are recognized at cost and presented as equity decrease.

Treasury shares are gained through the process of acquisition on the secondary securities market (stock exchange) for current stock prices with previously made decision for their acquisition by the Company's management. The acquired treasury shares are recognized at cost including all transaction costs (fees).

Treasury shares are disposed through process of re-selling according to the provisions of the Law on securities. The difference between the cost and the disposal price is recognized as share premium and it is presented in the equity.

*(3) Legal reserves*

Legal reserves are formed from profit based on legal provisions and schedule of revaluation reserves, and can be used to cover the loss. Under the local statutory legislation, the Company is required to set aside 5% of its year net profit in the reserves until the level of this reserve reaches 10% of the registered share capital. Until reaching the minimum required level reserve could be used only for loss recovery. If the reserve exceeds 10% of the Company's equity capital, it may be used for payment of dividends by prior decision of the Shareholders Assembly.

*(4) Revaluation reserve*

The revaluation reserve was formed in the basis of the performed annual revaluation, as stated in point 2.16 of these notes. In accordance with the legal regulations, the balance of the revaluation reserve after the annual calculation is recorded withing the equity. This reserve is not subjct to distribution.

**2.24 Donations**

Donations are recorded as income systematically and rationally over the useful life of assets. The received donations are treated as a separate income in the accompanying financial statements. Revenues from donations are recognized in current profit and losses as other operating revenues.



*Notes to financial statements*

**2.25 Employee benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

*(1) Short-term employee benefits*

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related services. These benefits include items such as: wages, salaries and other non-monetary benefits. All short-term employee benefits are recognized as a liability and expense for the undiscounted amount.

*(2) Post-employment benefits*

The Company calculates and pays pension insurance contributions of its employees according to the domestic legislation. The contributions, based on the employee's salaries are paid in the domestic Government and Private Funds. The Company has no additional liabilities.

Also, the Company is obliged to pay benefit in amount of two months salary to all its employees who are retiring in the moment of retirement. The Company has made no provision for these liabilities as the amount is not significant for the financial statements.

**2.26 Provisions**

Provisions (uncertain liabilities) are recognized when the Company has present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as an asset when, and only when, it is virtually certain that the reimbursement will be received. The expense relating to a provision is presented in the income statement net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation using pre-tax rates reflects current market assessments.

**2.27 Contingent asset and liabilities**

Contingent liabilities are possible obligations arising from past events, the existence of which will be confirmed by occurrence or failure of one or more uncertain future events that are not entirely under the control of the Company. Contingent liabilities are not recognized in the financial statements, but are only disclosed.

Contingent assets are possible assets arising from past events, the existence of which will be confirmed by occurrence or failure of one or more uncertain future events that are not entirely under the control of the Company. Contingent assets are recognized only when the inflow of economic benefits is likely.

Notes to financial statements

**3 Financial Risk Management**

The Company's business activities are exposed to various risk of financial nature. Financial risk management activities include the analysis, assessment, acceptance and management of risks. The Company strives to achieve an appropriate balance between risk and compensation and minimize potential adverse effects on the Company's financial performance.

The Risk Management policies of the Company are aimed at identifying and analyzing these risks, establishing appropriate limits and risk control, as well as monitoring risks and adherence to limits through reliable and up-to-date information systems. The Company regulatory policy and established risk management systems in accordance with market changes, product changes and best practices. The Risk Management policies are carried out by the Company's Management in accordance with the policies of the Board of Directors. The Management identifies and assesses financial risk in close cooperation with the Company's business units.

**3.1 Market risk**

*Foreign exchange risk*

The Company does not enter in transactions denominated in foreign currencies and therefore the Company is not exposed to foreign currency risk, except for the bank deposits in foreign currency.

The balance of foreign currency amounts of the assets and liabilities denominated in Denars as at 31 December 2021 and 2020 by currency is the following:

In thousand Denars	Assets		Liabilities	
	2021	2020	2021	2020
EUR	2,550	2,238	-	-
Others	-	-	-	-
	<b>2,550</b>	<b>2,238</b>	<b>-</b>	<b>-</b>

The following table shows the sensitivity analysis of an increase or decrease of 10% of the Macedonian denar against foreign currencies. The analysis was made on the foreign exchange balance of the assets and liabilities at the balance sheet date. The positive amounts are profits increase, and the negative are profit cuts for the respective period.

In thousand Denars	Increases by 10%		Reductions by 10%	
	2021	2020	2021	2020
EUR	255	223	(255)	(223)
Other	-	-	-	-
<b>Net effect</b>	<b>255</b>	<b>223</b>	<b>(255)</b>	<b>(223)</b>

*Equity price risks*

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of the investments in shares and other instruments that derive their value from particular investments in shares or index of equity prices. The primary exposure to equity prices arise from investments in securities. The Company is not exposed to this kind of risk as it does not own any securities.

Notes to financial statements

3.2 Credit risk

The Company is exposed to credit risk in the event where its customers fail to meet their payment obligations. The Company does not give significant concentration of credit risk exposure as all of the main customers are domestic brokerage houses and shareholders entities in the Republic of North Macedonia. The Company's policy to avoid or reduce this kind of risk is to make advance collection of its receivables and to provide adequate provision for all bad and doubtful receivables in order to present them at their fair and recoverable amount.

As at 31 December 2021 and 2020, the maximum exposure to credit risk is as follows:

In thousand Denars	2021	2020
Classes of financial assets – book value:		
Cash and cash equivalents	3,303	2,671
Deposits in banks	90,276	78,275
Trade receivables	7,531	7,401

Credit risk for cash and cash equivalents and deposit is materialu insignificant because the funds are deposited in renowned banks with a high credit rating.

The structure of trade receivables according to their maturity on 31 December 2021 is as follows:

In thousand Denars	Gross amount	Impairment	Net amount
Not past due receivables	5,757	-	5,757
Past due receivables			
- in 2021	1,364	-	1,364
- in 2020	671	(335)	336
- in 2019	296	(222)	74
- before 2019	11,388	(11,388)	-
	<b>19,476</b>	<b>11,945</b>	<b>7,531</b>

The structure of trade receivables according to their maturity on 31 December 2020 is as follows:

In thousand Denars	Gross amount	Impairment	Net amount
Not past due receivables	5,371	(88)	5,183
Past due receivables			
- in 2020	1,932	-	1,932
- in 2019	494	(311)	183
- in 2018	40	(36)	4
- before 2018	12,042	(12,042)	-
	<b>19,878</b>	<b>12,477</b>	<b>7,401</b>

3.3 Interest rate risk

The Company is exposed to risk of interest rate fluctuation, which relates to the loans, borrowings or bank deposits with variable interest rates. This type of risk depends on movements on financial markets and the Company does not hedge against it. At the statement of financial position date, the Company is not exposed to this kind of risk as it does not give any borrowings.

## **Central Securities Depository AD Skopje**

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### *Notes to financial statements*

#### **3.4 Liquidity risk**

Liquidity risk includes the risk of being unable to fund its liabilities at appropriate maturities with its cash. This kind of risk is managed by maintaining sufficient cash for regular funding of its committed credit facilities. The Company has no such liquidity issues. As of 31 December 2021 and 2020, all financial liabilities of the Company are short-term.

#### **3.5 Taxation risk**

According to local legislation in RNM, the tax authorities may at any time inspect the books and records subsequent to the reported tax year, and may impose additional tax assessments. Up to the date of the Auditors report, inspection for income tax, personnel income tax and contributions on allowances for period 2021 is not yet executed and therefore additional taxes or contributions are possible. Accordingly, additional taxes in the event of future control by tax authorities at this point can not be determined with reasonable certainty.

#### **3.6 Risk of Financing**

The Company finances its operations exclusively with its own funds and therefore does not use short-term or long-term loans from banks and other companies. The Company continuously monitors its indebtedness through an appropriate analysis which as of 31 December 2021 and 2020 is as follows:

In thousand Denars	2021	2020
Cash and cash equivalents	(3,303)	(2,671)
<b>Net liabilities(cash)</b>	<b>(3,303)</b>	<b>(2,671)</b>
<b>Total equity</b>	<b>113,878</b>	<b>102,530</b>
<b>% of gearing ratio</b>	<b>0%</b>	<b>0%</b>

#### **4 Fair value estimation**

The Company has financial assets and liabilities that include the receivables from customers, deposits in banks, liabilities to suppliers, as well as non-financial assets for which a number of accounting policies and disclosures require the determination of their fair value.

The fair value of financial assets and liabilities approximates their carrying amount, given the fact that they have relatively short maturity within a maximum of one year from the date of the statement of financial position.

#### **5 Segment reporting**

According to its size and activities, the Company is not obliged to report under segments, neither as business segments, nor as geographical segments.

## Central Securities Depository AD Skopje

### Notes to financial statements

6	Revenues	2021	2020
	Revenue from compensation for settlement of stock exchange transactions	25,996	16,614
	Revenue from annual fee for keeping records of shareholding companies	13,461	13,862
	Income from fees from legal entities and individuals according to Tariff of CDHV	8,265	7,544
	Revenue from annual fee for the recording of debt securities	2,256	2,209
	Revenues from the entry of new issues of securities	1,424	1,232
	Income from annual membership fee of brokerage companies	815	1,111
	Revenue from initial access of joint stock companies	112	112
		<b>52,345</b>	<b>42,684</b>

7	Other operating income	2021	2020
	Income from donation	-	-
	Income from released impairment due to collected receivables (Note16)	59	12
	Income from collected impaired receivables (Note16)	62	177
	Income from depreciation of donation (Note 20)	559	559
	Income of insurance premiums	226	248
	Revenues from collected bad and doubtful receivables (Note 16)	41	166
	Other income	115	88
		<b>1,062</b>	<b>1,250</b>

During 2021, activities related to the Grant-donation of the European Bank for Reconstruction and Development were realized with the purpose of establishing og a Distribution system of the Company, whereby donations in the amount of 595 thousand of Denars (2020: 595 thousand Denars) were realized and related expenditures for the same amount.

8	Used materials	2021	2020
	Spent materials	113	109
	Used spare parts	45	24
	Small inventory write-off	48	38
	Tires write-off	41	-
		<b>246</b>	<b>171</b>

9	Employees expenses	2021	2020
	Net-wages of employees	10,600	9,808
	Contributions from wages	4,502	4,166
	Wage personal income tax	975	903
	Net rewards of the employees	732	706
	Contributions from rewards of the employees	317	304
	Personal tax from rewards of the employees	81	78
	Net rewards of the management	300	150
	Contributions from rewards of the management	130	64
	Personal tax from rewards of the management	33	17
	Other employees-related expenses	677	313
		<b>18,347</b>	<b>16,509</b>

**Central Securities Depository AD Skopje**

*Notes to financial statements*

10	Other operating expenses	2021	2020
	Charge for Supervision of the CSV Depository	9,422	7,680
	Cost recovery for members of management bodies	1,317	1,334
	Post, telephone and Internet services	1,449	1,274
	Expenses for NBRSM	1,319	1,163
	Public utility expenses	1,159	856
	Cost for marketing, representation and donation	648	608
	Allowance for temporary work	467	450
	Impairment of trade receivables (Note 16)	438	470
	Reward for members of management bodies	439	444
	Insurance expenses	382	382
	Impairment of receivables from companies in bankruptcy and liquidated shareholding companies from the trade register (Note 16)	133	241
	Business services for business activities	174	147
	Allowance for business trips and travel cost	1	1
	Expenses for donations (Note 7)	-	-
	Other expenses	2,365	1,976
		<b>19,713</b>	<b>17,026</b>
11	Finance income	2021	2020
	Foreign exchange gains	14	10
	Interest received on bank deposits	271	428
		<b>285</b>	<b>438</b>
12	Finance expenses	2021	2020
	Foreign exchange expenses	18	5
		<b>18</b>	<b>5</b>
13	Income tax expense	2021	2020
	<b>Profit before taxation</b>	<b>12,737</b>	<b>8,012</b>
	Profit tax incentives	-	-
	<b>Non-recognized expenses:</b>	<b>1,236</b>	<b>1,201</b>
	Impairment of receivables	441	473
	Write-off of receivables	33	22
	Reimbursement of members of governing bodies	-	-
	Representation and sponsorship	150	88
	Other	612	618
	<b>Tax basis</b>	<b>13,973</b>	<b>9,213</b>
	<b>Reducing the tax base</b>	<b>86</b>	<b>136</b>
	Other relief (tax credit)	86	136
	<b>Tax base after reduction</b>	<b>13,887</b>	<b>9,077</b>
	<b>Calculated income tax</b>	<b>1,389</b>	<b>908</b>
	Tax incentives for a given donation	-	-
	<b>Profit before taxation</b>	<b>1,389</b>	<b>908</b>
	<b>Effective tax rate</b>	<b>10,90%</b>	<b>11,33%</b>

## Central Securities Depository AD Skopje

### Notes to financial statements

#### 14 Cash and cash equivalents

	2021	2020
Cash at bank accounts	2,930	2,643
Cash on bank cards	32	(3)
Cash in hand-Denars	9	14
Foreign currency cash at bank accounts	332	17
	<b>3,303</b>	<b>2,671</b>

#### 15 Bank deposits

	2021	2020
<b>Short-term deposits</b>		
Sparkasse Bank AD Skopje	14,219	10,221
Komercijalna Bank AD Skopje	22,000	19,000
Stopanska Bank AD Skopje	12,000	12,000
Ohridska Bank AD Skopje	-	5,000
TTK Bank AD Skopje	17,000	12,000
NLB Bank AD Skopje	12,000	10,000
Halkbank AD Skopje	5,000	5,000
Uni Bank AD Skopje	8,000	5,000
	<b>90,219</b>	<b>78,221</b>
Interest receivables	57	54
	<b>90,276</b>	<b>78,275</b>
<b>Total bank deposits</b>	<b>90,276</b>	<b>78,275</b>

As of 31 December 2021, the deposits with banks in amount of 90,276 thousand Denar (2020: 78,275 thousand Denar) include term deposits for a period of six months to 1 (one) year.

For 2021 deposits with banks include domestic and foreign currency term deposit for a period of six to twelve months with annual interest rate of 0.1% to 1.0% (2020: term deposits for a period of one to twelve months with annual interest rate of 0.1% to 1.5%).

#### 16 Trade receivables

	2021	2020
Broker companies receivables	1,925	1,481
Shareholders companies receivables	14,738	15,568
Receivables from the Government	2,813	2,829
<b>Total gross trade receivables</b>	<b>19,476</b>	<b>19,878</b>
Impairment of shareholders companies receivables	(11,945)	(12,477)
<b>Total net trade receivables</b>	<b>7,531</b>	<b>7,401</b>

#### Changes in impairment for bad and doubtful receivables:

	2021	2020
<b>Balance as of 1 January</b>	<b>12,477</b>	<b>13,933</b>
Impairment of receivables from companies in bankruptcy and liquidated companies from the trade register (Note 10)	100	241
Write-off receivables from deleted companies	(941)	(1,812)
Impairment of past due receivables (Note 10)	438	470
Collected bad and doubtful receivables (Note 7)	(103)	(355)
Released provisions for collected trade receivables (Note 7)	(59)	-
Final write-off of receivables	33	-
<b>Balance as at 31 December</b>	<b>11,945</b>	<b>12,477</b>

## Central Securities Depository AD Skopje

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### Notes to financial statements

#### 16 Trade receivables (continued)

For receivables from joint stock companies that were deleted during the year from the Central Registry of the RNM, a final write-off of claims in the amount of 33 thousand Denar was carried out. For the year 2021, total impairment of receivables in amount of 68 thousand Denars are recorded in the records of the depositary.

#### 17 Other receivables

	2021	2020
Prepaid expenses	384	699
Assets taken from bankruptcy	110	110
Other receivables	2	3
Income tax refund receivables	-	187
VAT refund receivables	14	21
	<b>510</b>	<b>1,020</b>

#### 18 Investment available for sale

Income from investments presented in the Income statement and Statement of cash flows arising from sale of investments in shares in open cash funds in 2021, in amount of 296 thousand Denard (2020: 254 thousand Denar). As at 31 December 2021, the Company has no investments in shares in open cash funds (2019: none).

Also, the Company has investments in amount of 76 thousand Denar in ANNA (European Association of Numerical Agencies), The investment is recognized at its cost.



Notes to financial statements

19 Property and equipment

	Construction buildings	Equipment	Investments in progress - equipment	Total
<b>Cost or valuation</b>				
At 1 January 2020	26,630	48,111	0	74,741
Additions during the year	0	676	0	676
Disposals and write-off	0	0	0	0
Investments in progress	0	0	0	0
Correction of the opening balance	0	0	0	0
<b>At 31 December 2020/ 1 January 2021</b>	<b>26,630</b>	<b>48,787</b>	<b>0</b>	<b>75,417</b>
Additions during the year	285	1,795	0	2,080
Disposals and write-off	0	-7,715	0	-7,715
Transfer from investments in progress	0	0	0	0
<b>At 31 December 2021</b>	<b>26,915</b>	<b>42,867</b>	<b>0</b>	<b>69,782</b>
<b>Accumulated depreciation/amortization</b>				
At 1 January 2020	12,041	44,855	0	56,896
Depreciation/amortization for the year	666	1,489	0	2,155
Disposals and write-off	0	0	0	0
<b>At 31 December 2020/ 1 January 2021</b>	<b>12,707</b>	<b>46,344</b>	<b>0</b>	<b>59,051</b>
Depreciation/amortization for the year	668	1,488	0	2,156
Disposals and write-off	0	-7,715	0	-7,715
<b>At 31 December 2021</b>	<b>13,375</b>	<b>40,117</b>	<b>0</b>	<b>53,492</b>
<b>Net carrying value</b>				
As of 1 January 2020	14,589	3,256	0	17,845
As of 31 December 2020	13,923	2,443	0	16,366
At 31 December 2021	13,540	2,750	0	16,290

The property is used for the regular business activities of the Depository. The Company is in procedure of obtaining property deed for its properties. The company has no pledge over its own real estate, plant and equipment.

**Central Securities Depository AD Skopje**

*Notes to financial statements*

**20 Intangible assets**

	Intangible assets	Investments in progress - intangible assets	Total
<b>Cost or valuation</b>			
<b>At 1 January 2020</b>	<b>65,242</b>	<b>0</b>	<b>65,242</b>
Additions during the year	61	0	61
Disposals and write-off	0	0	0
Transfer from investments in progress	0	0	0
<b>At 31 December 2020/ 1 January 2021</b>	<b>65,303</b>	<b>0</b>	<b>65,303</b>
Additions during the year	142	0	142
Disposals and write-off	0	0	0
Transfer from investments in progress	0	0	0
<b>At 31 December 2021</b>	<b>65,445</b>	<b>0</b>	<b>65,445</b>
<b>Accumulated depreciation/amortization</b>			
<b>At 1 January 2020</b>	<b>62,717</b>	<b>0</b>	<b>62,717</b>
Depreciation/amortization for the year	748	0	748
Disposals and write-off	0	0	0
<b>At 31 December 2020/ 1 January 2021</b>	<b>63,465</b>	<b>0</b>	<b>63,465</b>
Depreciation/amortization for the year	771	0	771
Disposals and write-off	0	0	0
<b>At 31 December 2021</b>	<b>64,236</b>	<b>0</b>	<b>64,236</b>
<b>Net carrying value</b>			
<b>As of 1 January 2020</b>	<b>2,524</b>	<b>0</b>	<b>2,524</b>
<b>As of 31 December 2020</b>	<b>1,838</b>	<b>0</b>	<b>1,838</b>
<b>At 31 December 2021</b>	<b>1,209</b>	<b>0</b>	<b>1,209</b>

Intangible assets consist entirely of computer software used for the performance of the Depository activities.

**21 Donations**

As of 31 December 2021, the Company has deferred donations consisting of equipment and intangible assets in total amount of 1,251 thousand Denar (2020: 1,810 thousand Denar).

The changes to the deferred donations during 2021 and 2020 are as follows:

	2021	2020
As at 1 January	1,251	1,810
Increases	-	-
Depreciation of equipment and intangible assets (Note 7)	(559)	(559)
<b>As of 31 December</b>	<b>692</b>	<b>1,251</b>

## Central Securities Depository AD Skopje

### Notes to financial statements

#### 22 Trade payables

	2021	2020
Other domestic trade payables	1,406	1,266
	<b>1,406</b>	<b>1,266</b>

#### 23 Other liabilities

	2021	2020
Payables for value added tax (VAT)	631	698
Payables for income tax	519	93
Payables for awards of the employees	1,130	1,088
Payables for awards of the executive director	463	231
Payables for awards of the members of governing bodies	439	444
Received advances	12	9
Other payables	24	45
	<b>3,218</b>	<b>2,599</b>

#### 24 Shareholders capital

##### Shareholders capital

The Company's share capital in amount of 48,306 thousand Denar consisted of 6,000 common shares with par value of 131.67 EUR for one share.

The following shareholders have more than 5% of the voting common shares:

	2021	2020
Sparkasse Bank AD Skopje	23.98%	19.98%
Komercijalna Bank AD Skopje	15.00%	15.00%
Eurostandard Bank AD Skopje in bankruptcy	14.83%	14.83%
TTK Bank AD Skopje	9.98%	9.98%
NLB Bank AD Skopje	9.03%	9.03%
Stopanska Bank AD Skopje	7.03%	7.03%
Halkbank AD Skopje	5.03%	5.03%

The common shares are authorized, issued and fully paid. The owners of the shares have right to dividend when declared and right to vote in the Shareholders Assembly.

As of 31 December 2021, the shares of the Company are owned by 17 shareholders (2020: 17 shareholders).

##### Reserves

As of 31 December 2021 and 2020, the reserves consist of:

	2021	2020
Statutory reserves	13,882	13,882
Other reserves	666	666
Revaluation reserves	2,710	2,710
Reserves for reinvested earning	1,507	1,507
	<b>18,765</b>	<b>18,765</b>

## Central Securities Depository AD Skopje

### Notes to financial statements

#### 25 Earning per share

	2021	2020
Net profit attributable to shareholders of ordinary shares	11,348	7,104
Dividend of priority shares	-	-
<b>Corrected net profit</b>	<b>11,348</b>	<b>7,104</b>
<i>Number of shares</i>		
<i>Weighted average number of ordinary shares</i>		
Ordinary shares issued on 1 January	6,000	6,000
Converted priority shares in ordinary shares	-	-
<b>Weighted average number of ordinary share at December 31</b>	<b>6,000</b>	<b>6,000</b>
<b>Basic earning per share (in Denar)</b>	<b>1,891</b>	<b>1,184</b>

#### 26 Related party transactions nad compensation to management

None of the shareholders of the Company has the status of a related entity, since none of them has significant influence over the activities of the Company.

Compensation for key management is as follows:

	2021	2020
Executive Directors		
Gross wages	3,051	3,040
Gross awards	463	231
	<b>3,514</b>	<b>3,271</b>

#### 27 Cash and cash equivalents for the purpose of the Cash Flow Statement

For the purposes of the Cash Flow Statement, the cash and cash equivalents of the Company for 2021 and 2020 are as follows:

In thousand Denar	Note	2021	2020
Cash and cash equivalents	14	3,303	2,671
Term deposits in Denar for up to one month	15	-	-
		<b>3,303</b>	<b>2,671</b>

#### 28 Commitments and contingencies

The Company is involved in several lawsuits against Central Depository arising from its ordinary operations. The amount of claims against the Company as of 31 December 2021 amounts to 99,734 thousand Denar (2020: 101,488 thousand Denar). These amounts do not include the penalty interest. The management believes that there are no significant future obligations arising from these lawsuits.

**29 Events after the reporting date**

The global pandemic caused by the new coronavirus (COVID 19), which was declared by the WHO in March 2020, developed rapidly during 2021, with a significant number of cases. Measures taken by the government to prevent the spread of the virus have greatly affected economic activity.

Management has taken measures to monitor and mitigate the effects of COVID 19, including measures for safety and health protection of employees and considers that the pandemic does not have a significant impact on the operation and the results of the Company.

Given the fact that the pandemic is not over yet, the impact of the health crisis at this time is not practical to assess, given that the course of events is extremely unpredictable, the health and economic measures taken by the authorities to mitigate the effects of the pandemic cannot be foreseen.

Based on the experience so far, the management believes that in the future the pandemic will not have a significant impact on the operation, achieved results and the liquidity of the Company.

After 31 December 2021, until the reporting date and the date of approval of these financial statements, there are no events that would cause the financial statements to be corrected, nor events that are materially significant for the publication in the financial statements.