

**ANNUAL SEPARATE FINANCIAL
STATEMENTS WITH
INDEPENDENT AUDITOR'S OPINION

FOR THE YEAR ENDED
AS OF DECEMBER 31 2024**

Foundation Mozaik

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Pursuant to the Accounting and Audit Law of the Federation of Bosnia and Herzegovina, ("Official Gazette of the Federation of Bosnia and Herzegovina" 15/21), the Management Board is responsible for ensuring that Financial Statements are prepared for each financial year in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) which give a true and fair view of the state of affairs and results of the Foundation for that period.

After making enquiries, the Board has a reasonable expectation that the Foundation has adequate resources to continue its operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the unconsolidated financial statements.


In preparing those unconsolidated financial statements, the responsibilities of the Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the unconsolidated financial statements; and
- the unconsolidated Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation and must also ensure that the unconsolidated Financial Statements comply with the actual Accounting and Audit Law of Bosnia and Herzegovina. The Board is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These Financial Statements were authorized for issuing by the Management Board on **05 June 2025** and were signed on its behalf by:

Zoran Puljić, Director


Foundation MOZAIK
Splitska 14
71000 Sarajevo, BiH



INDEPENDENT AUDITOR'S REPORT to the owners and management of Foundation MOZAIK

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Foundation MOZAIK, which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation MOZAIK as of December 31, 2024, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit under 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 Foundation in accordance with the Code of Professional Conduct for Registered Auditors issued by the International Board for Ethical Standards of Accountants (IESBA Code). We have fulfilled our ethical responsibilities following the requirements of the International Ethics Standards Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Foundation for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on April 26, 2024.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial report, the Management is responsible for assessing the Foundation'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 the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
to the owners and management of Foundation MOZAIK (continue)

Auditor's Responsibilities for the Audit of the Financial Statements

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 report 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Sarajevo, 05 June, 2025

For the audit firm:

Azra Krajšek
Licensed auditor and Procurator

MERFI d.o.o. Sarajevo

Registered auditors
Porodice Ribar 37
71000 Sarajevo
Bosnia and Herzegovina



Licensed auditor:

Adnan Mataradžija
License number: 3090614235

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STATEMENT ON COMPREHENSIVE INCOME
for the year ended December 31, 2024

	Note	2024 BAM	2023 BAM
Income from donations	5	4.733.224	6.201.958
Other income	6	490.106	92.888
Total income		5.223.330	6.294.846
Cost of material	7	(53.894)	(54.108)
Costs related to employees	8	(1.634.044)	(1.597.645)
Costs of services	9	(2.800.862)	(4.034.972)
Depreciation	13	(256.034)	(335.481)
Administrative costs	10	(17.661)	(177.794)
Total costs		(4.762.495)	(6.200.000)
Gains (losses) on disposals of asset	11	3.268	60.351
Net financing income/(costs)	12	(7.846)	(34.353)
		(4.578)	25.998
TOTAL COMPREHENSIVE SURPLUS OF INCOME/(LOSS) FOR THE YEAR		456.257	120.844

The notes set out on pages from 9 to 48 form part of these financial statements.

STATEMENT ON FINANCIAL POSITION
as of December 31, 2024

	Note	31 December 2024 BAM	31 December 2023 BAM
ASSETS			
Noncurrent assets			
Intangible asset	13	67.751	172.636
Property, plant and equipment	13	292.637	252.350
Investment in subsidiaries	14	42.571	42.571
Investment in associates	15	46.188	46.538
Paid deposits	16	78.350	51.450
Long-term accruals	17	294	943
		527.790	566.487
Current assets			
Inventories	18	3.647	10.038
Trade receivables	19	6.251	18.712
Other receivables	20	454.325	315.836
Accruals	21	4.760	6.593
Cash and cash equivalents	22	4.136.352	2.842.452
		4.605.335	3.193.631
TOTAL ASSETS		5.133.126	3.760.118
SOURCES AND LIABILITIES			
Sources and reserves			
Source of funding	23	948.145	948.145
Surplus income / (losses)	23	212.758	91.914
Results of the year	23	456.257	120.844
		1.617.160	1.160.903
Long-term liabilities			
Provisions for severance payments	24	44.120	28.225
Long-term lease liabilities-IFRS 16	25	99.791	-
Long-term liabilities for guarantees	26	81.214	90.014
		225.125	118.239
Current liabilities			
Short-term lease liabilities-IFRS 16	25	7.586	4.818
Trade payables	27	33.379	90.295
Other liabilities	28	229.638	242.970
Deferred income	29	3.020.238	2.142.893
		3.290.841	2.480.976
TOTAL SOURCES AND LIABILITIES		5.133.126	3.760.118

The notes set out on pages from 9 to 48 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2024

	Source of funding BAM	Surplus income / (losses) BAM	Net profit/(loss) of the year BAM	Total BAM
Balance at 31 December 2023	948.145	91.914	120.844	1.160.903
Transfer	-	120.844	(120.844)	-
Results of the year	-	-	456.257	456.257
Balance at 31 December 2024	948.145	212.758	456.257	1.617.160

The notes set out on pages from 9 to 48 form part of these financial statements.

STATEMENT OF CASH FLOW
for the year ended on December 31, 2024

	Note	2024 BAM	2023 BAM
Operating activities			
Profit / (Loss) for the year		456.257	120.844
<i>Adjustments for:</i>			
Depreciation		256.034	335.481
Interests recognized in profit and loss statement – IFRS 16		8.637	1.795
<i>Operating cash flow before working capital movements</i>		<u>720.928</u>	<u>458.120</u>
(Increase)/ decrease in inventories		6.391	(7.318)
(Increase)/ decrease in trade receivables		12.461	(18.712)
(Increase)/ decrease in other assets		(123.960)	250.209
(Increase)/ decrease of accruals		2.482	(1.017)
(Decrease)/ increase of trade payables		(56.916)	59.255
(Decrease)/ increase of calculated liabilities		877.345	(617.715)
(Decrease)/ increase in other payables		(6.237)	6.207
Net cash used in operating activities		1.432.493	129.029
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(203.525)	(176.468)
Saled of fixed asset		12.089	35.479
(Decrease)/ increase of given loans		(14.529)	(99.565)
Purchase / sales of shares		350	114.780
Deposits		(26.900)	(19.750)
Net cash used in investing activities		(232.515)	(145.524)
Financing activities			
New lease liabilities- IFRS 16		143.760	-
Payments of lease liabilities- IFRS 16		(49.838)	(51.161)
Net cash used in financing activities		93.922	(51.161)
Net increase/ (decrease) in cash and cash equivalents		1.293.900	(67.656)
Cash and cash equivalents at the beginning of the year	22	2.842.452	2.910.108
Cash and cash equivalents at the end of the year	22	4.136.352	2.842.452

The notes set out on pages from 9 to 48 form part of these financial statements

1. GENERAL INFORMATION

a) History and incorporation

The Community Development Foundation "Mozaik" is registered in the Register of Foundations at the Ministry of Justice of Bosnia and Herzegovina, in accordance with Article 43 of the Law on Associations and Foundations of Bosnia and Herzegovina ("Official Gazette of BiH", No. 32/01 and 42/03). Pursuant to Decision No. 01/6-106-7-MP/02 dated October 14, 2004, the name was changed to Mozaik Foundation.

The registered address of the Foundation is Splitska 14, Sarajevo, Bosnia and Herzegovina.

The number of employees on 31 December 2024 is 24 (31 December 2023: 32).

b) Activity

Foundation Mozaik is a social enterprise with a ten-year strategy aimed at improving the social and economic development of Bosnia and Herzegovina.

This statement became the cornerstone of Mozaik Foundation's strategic direction: "Between 2016 and 2026 Mozaik Foundation will lead the development of a new generation of entrepreneurial and innovative youth in Bosnia and Herzegovina – a value-driven force that creates new social and economic value, creates new jobs and serves as role model to other youth."

c) Management and key personnel

- Zoran Puljić, Director;
- Vesna Balta, Director of Internal Control and Audit.

Members of the Board of Directors:

- Azra Sarić, President
- Marko Oroz, Member
- Larisa Halilović, Member
- Jasminko Halilović, Member
- Ljiljan Sulejmanović, Member

2. Adoption of new and revised Standards

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Foundation has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The nature and the impact of each new standard and amendment is described below.

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

Lease liability in sale and leaseback – Amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk. The new disclosures will provide information about:

1. The terms and conditions of SFAs.
2. The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
3. The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
4. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
5. Non-cash changes in the carrying amounts of financial liabilities in (2).
6. Access to SFA facilities and concentration of liquidity risk with the finance providers. Entities will be required to aggregate the information that they provide about SFAs.

However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

IFRS Interpretations Committee agenda decisions issued in the last 12 months are considered for the purpose of annual reporting for the year ended on December 31st, 2024. The 'date issued' refers to the date of approval by the IASB.

- Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9) issued on October 2023
- Homes and Home Loans Provided to Employees, issued on October 2023
- Guarantee over a Derivative Contract (IFRS 9), issued on January 2024
- Merger between Parent and Its Subsidiary in Separate Financial Statements (IAS 27), issued on April 2024
- Payments Contingent on Continued Employment during Handover Periods (IFRS 3), issued on April 2024 and
- Climate-related Commitments (IAS 37), issued on April 2024.

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Entity's accounting policies and there were no effects to the financial statements of the Entity for the year ended as at December 31st 2024 as result of application of these new standards and interpretations.

2.2 The new and amended standards and interpretations that are issued, but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Foundation's financial statements are disclosed below. The Foundation intends to adopt these standards, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.

Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.

These amendments:

- a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted subject to any endorsement process.

The Entity has decided not to adopt these standards, revisions and interpretations in advance of their effective dates. The Entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the Financial Statements of the Entity in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effects until a detailed review has been completed in the year of initial application.

2.3 Recent developments in IASB guidance and other relevant assumptions in preparing financial statements

Climate Change Requirements

The current and potential future effect of, and exposure to, climate-related impacts, risks and opportunities continues to be a focus for preparers, investors and regulators. Users of financial statements increasingly expect entities to discuss the climate risks and opportunities affecting their operations as a fundamental aspect of their business activities. An entity that does not have direct exposure to items such as carbon credits or emissions taxes will nevertheless need to watch for ways in which the transition to a low-carbon or carbon-neutral world could affect its financial statements. Investors and regulators are increasingly looking for evidence that the entity has incorporated sustainability matters and, in particular, climate-related risk factors when making estimates and judgements in the preparation of the financial statements. Climate change is having significant effects on companies. There are physical risks – for example, those resulting from extreme weather events such as damage to assets as a result of fires or flooding and there are transitional risks and opportunities resulting from regulations, such as additional costs incurred by the entity as a result of transitioning to a low-carbon economy, or costs or benefits from changes in the market or technological innovations. Accounting standards have an overarching requirement to disclose information that users need for them to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance. Therefore, in light of the current focus on climate change, entities should ensure that they have assessed the effect of climate change, and that they provide adequate disclosures to comply with IFRS Accounting Standards. The IASB has an ongoing project to improve application of the requirements in IFRS Accounting Standards related to reporting on the effects of climate-related and other uncertainties in the financial statements, and entities should continue to monitor the discussions as they evolve. At its April 2024 board meeting, the IASB discussed and did not object to an IFRIC agenda decision for Climate-related Commitments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets). The IFRS Interpretations Committee was asked specifically how recognising a provision under IAS 37 applies to net zero commitments. The agenda decision clarifies that, at the time when the entity makes a net zero commitment statement, that judgement will need to be applied to the specific facts and circumstances to determine if a constructive obligation exists. If there is a constructive obligation, and each of the recognition criteria in IAS 37 is met, an entity might need to recognise a provision for net zero commitments. In July 2024, the Committee received a follow-up submission requesting further clarification for situations in which a provision for a net-zero commitment is recognised, specifically whether the corresponding amount is recognised as an expense or as an asset. Entities should continue to monitor developments as this submission is discussed by the Committee. In July 2024, the IASB published an Exposure Draft (ED) on Climate-related and Other Uncertainties in the Financial Statements to propose illustrative examples of how an entity might apply the requirements in IFRS Accounting Standards to disclose the effects of climate-related and other uncertainties in the financial statements. The ED includes examples

for materiality judgements, disclosure of assumptions, disclosures about credit risk, disaggregated information and decommissioning and restoration provisions. The comment period is open until 28 November 2024. In an effort to lower emissions and achieve carbon neutrality, many entities are entering into more complex transactions and arrangements for which the accounting continues to evolve. Examples of these include emissions trading schemes and virtual power purchase arrangements. In some cases, these transactions and arrangements are clearly within the scope of an IFRS Accounting Standard while in other cases it is less clear.

In the absence of an IFRS Accounting Standard that specifically applies to a transaction, other event or condition, management should use its judgement in developing and applying an accounting policy that results in relevant and reliable information. Entities should disclose accounting policy information if it is material. Information is material if, when considered together with other information included in the financial statements, it can reasonably be expected to influence user's decisions made on the basis of the financial statements.

IAS 1 also notes that an accounting policy might be material because of the nature of the entity's operations even if amounts for current and prior periods are not material. Furthermore, accounting policies developed in accordance with IAS 8 are an example of policies that would likely be considered material. Entities should therefore not underestimate the importance of disclosing climate-related accounting policies in the notes to the financial statements. There is no specific accounting standard that deals with accounting for emissions trading schemes. IFRIC 3 Emission Rights was intended to address the accounting in this area, but it was withdrawn in 2005. The withdrawal of IFRIC 3 means that there are a number of accounting models that entities can use under IAS 8 for accounting for the participation in these schemes. Entities should disclose the accounting policies adopted for:

- (a) recognition,
- (b) initial measurement,
- (c) subsequent measurement, and
- (d) presentation of the balances.

Emissions credits granted by a government entity are generally accounted for under IAS 20 as the receipt of a non-monetary asset. However, IAS 20 allows for different accounting policy choices with respect to measurement on initial recognition and the presentation in both the statement of financial position and the statement of profit or loss and other comprehensive income. Disclosure of the accounting policy for these programs is key to understanding the effect of these programs on the financial statements. To the extent that entities determine that aspects of their emissions trading schemes meet the definition of financial assets and qualify for derivative or hedge accounting they should further consider the disclosure requirements of IFRS 7 and IFRS 13.

In addition to the new accounting approaches considered by the IASB, entities should take into account recent pronouncements from their local financial supervisory authorities. These may include findings from recent reviews or statements highlighting key areas of focus for the 2024 reporting periods. Regulators continue to emphasize topics such as impairment, liquidity/going concern, and climate-related uncertainties, while advocating for greater transparency in related disclosures.

In the case of Bosnia and Herzegovina, there is currently no effective legislation or specific requirements regarding carbon emissions.

Global implementation of OECD Pillar Two model rules

In December 2022, the Organisation for Economic Co-operation and Development ('OECD') published 'Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS', hereafter referred to as the 'OECD Pillar Two model rules' or 'the rules'.

The rules are designed to ensure that large multinational enterprises within the scope of the rules pay a minimum level of tax on the income arising in a specific period in each jurisdiction where they operate. In general, the rules apply a system of top-up taxes that brings the total amount of taxes paid on an entity's excess profit in a jurisdiction up to the minimum rate of 15%.

The rules must be incorporated into national legislation based on each country's approach. Following the OECD's recommendation, several jurisdictions have already enacted the necessary legislation.

Applying the OECD Pillar Two model rules and determining their impact on the financial statements is complex and poses a number of practical challenges.

In May 2023, the IASB made narrow-scope amendments to IAS 12 *Income Taxes* to:

- (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD Pillar Two model rules, and
- (b) introduce additional disclosure requirements.

The amendments related to deferred tax must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Entities must further disclose the fact that they have applied the exception. If the OECD Pillar Two model rules have been enacted or substantively enacted but are not yet effective for the current financial year, entities should provide disclosures about the known or reasonably estimable exposure to Pillar

Two income taxes. If the rules are already effective, entities should separately disclose any current tax expense related to Pillar Two income taxes.

However, as of December 31, 2024, Bosnia and Herzegovina has not disclosed any intention to implement this legislation, and there are no requirements for local companies in this regard. Nevertheless, foreign parent companies may face significant impacts in their respective jurisdictions, as the effective tax rate in Bosnia and Herzegovina is likely to remain below 15%.

Macroeconomic considerations

Inflation and high interest rates may introduce significant estimation uncertainty and materially impact the carrying amounts of assets and liabilities. In several jurisdictions, recent spikes in inflation and interest rates appear to be stabilizing or even decreasing, which may necessitate updates to disclosures reflecting reduced volatility. Some entities may still need to revise judgments and estimates, as well as related disclosures, to account for the ongoing economic uncertainty. Additionally, entities might need to update sensitivity analyses to reflect a broader reasonable range of potential interest rate changes and assess the impact of inflation and high interest rates on their financial performance and position.

Rising inflation and interest rates influence fair value measurements, expected future cash flow estimates, discount rates used in present value calculations, impairment indicators, and impairment tests. These factors may also introduce significant estimation uncertainty concerning the measurement of both short- and long-term assets and liabilities. As a result, entities may need to consider new or expanded disclosures in this area.

However, Bosnia and Herzegovina is not classified as a hyperinflationary economy.

3. MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

b) Consolidation

These presented financial statements are separate financial statements of the Foundation MOZAIK. These financial statements are consolidated by the Foundation MOZAIK with Studio Fin d.o.o. Sarajevo and Mašta d.o.o. Sarajevo and are available at Financial Information Agency (FIA) in Bosnia and Herzegovina. For the better understanding of these financial statements and information disclosed, please read them together with those consolidated by the Foundation

c) Basis of presentation

The Financial Statements are presented in the Bosnian convertible mark (BAM), rounded to the nearest thousand, unless stated otherwise. The Financial Statements for the year ended 31st December 2024 have been prepared under the historical cost convention except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Foundation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. The accounting policies have been consistently applied, except where disclosed otherwise as stated below. The Financial Statements have been prepared under the assumption that the Foundation will continue to operate as a going concern.

d) Revenue recognition

IFRS 15 Revenue from Contracts with Customers applies to all contracts with customers except for: leases within the scope of IAS 17 Leases; financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures; insurance contracts within the scope of IFRS 4 Insurance Contracts; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. A contract with a customer may be partially within the scope of IFRS 15 and partially within the scope of another standard. In that scenario:

- if other standards specify how to separate and/or initially measure one or more parts of the contract, then those separation and measurement requirements are applied first. The transaction price is then reduced by the amounts that are initially measured under other standards;
- if no other standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 will be applied.

Entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Identify the contract with the customer

A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and

- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

If a contract with a customer does not yet meet all of the above criteria, the entity will continue to re-assess the contract going forward to determine whether it subsequently meets the above criteria. From that point, the entity is applying IFRS 15 to the contract.

Identify the performance obligations in the contract

At the inception of the contract, the entity should assess the goods or services that have been promised to the customer, and identify as a performance obligation:

- a good or service (or bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A series of distinct goods or services is transferred to the customer in the same pattern if both of the following criteria are met:

- each distinct good or service in the series that the entity promises to transfer consecutively to the customer would be a performance obligation that is satisfied over time; and
- a single method of measuring progress would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

A good or service is distinct if both of the following criteria are met:

- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
- the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Factors for consideration as to whether a promise to transfer goods or services to the customer is not separately identifiable include, but are not limited to:

- the entity does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
- the goods or services significantly modify or customise other goods or services promised in the contract; the goods or services are highly interrelated or highly interdependent.

Determine the transaction price

The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services. Where a contract contains elements of variable consideration, the entity will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. Variable consideration is also present if an entity's right to consideration is contingent on the occurrence of a future event.

Specifically, variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, an entity will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the entity will need to estimate it.

Any overall discount compared to the aggregate of standalone selling prices is allocated between performance obligations on a relative standalone selling price basis. In certain circumstances, it may be appropriate to allocate such a discount to some but not all of the performance obligations. Where consideration is paid in advance or in arrears, the entity will need to consider whether the contract includes a significant financing arrangement and, if so, adjust for the time value of money.

Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to:

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan; and
- holding the asset.

An entity recognises revenue over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If an entity does not satisfy its performance obligation over time, it satisfies it at a point in time. Revenue will therefore be recognised when control is passed at a certain point in time. Factors that may indicate the point in time at which control passes include, but are not limited to:

- the entity has a present right to payment for the asset;
- the customer has legal title to the asset;
- the entity has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset; and
- the customer has accepted the asset.

Contract costs

The incremental costs of obtaining a contract must be recognised as an asset if the entity expects to recover those costs. However, those incremental costs are limited to the costs that the entity would not have incurred if the contract had not been successfully obtained (e.g. 'success fees' paid to agents). Costs incurred to fulfil a contract are recognised as an asset if and only if all of the following criteria are met:

- the costs relate directly to a contract (or a specific anticipated contract);
- the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

These include costs such as direct labour, direct materials, and the allocation of overheads that relate directly to the contract. The asset recognised in respect of the costs to obtain or fulfil a contract is amortised on a systematic basis that is consistent with the pattern of transfer of the goods or services to which the asset relates.

e) Foreign currency transaction

Transactions in foreign currencies are translated into BAM at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to BAM at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The main year-end exchange rates were as follows:

31 December 2024	EUR 1 = BAM 1,955830	USD 1 = BAM 1,872683
31 December 2023	EUR 1 = BAM 1,955830	USD 1 = BAM 1,833705

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

g) Taxation

The Foundation provides for taxation liabilities in accordance with Law of Federation of Bosnia and Herzegovina. Corporate income tax has to be computed on the basis of taxable profit, calculated by adjusting the statutory result for certain income and expenditure items as required by Federation of Bosnia and Herzegovina law. Income tax expense represents the sum of the tax currently payable and deferred tax:

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Foundation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Foundation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Foundation expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Foundation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

h) Retirement benefits costs

The Foundation does not have pension arrangements separate from the state pension system of the Federation of Bosnia and Herzegovina. This system requires that current contributions by the employer be calculated as a percentage of current gross salary payments; these expenses are charged to the income statement in the period the related compensation is earned by the employee. No liabilities arise to the Foundation from the payment of pensions to employees in the future.

i) Property, plant and equipment

Property, plant and equipment are started at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalized. Gains or losses on the retirement or disposal of property, plant and equipment are included in the statement of income in the period they occur.

At each statement of financial position date, the Foundation reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Freehold land and assets under construction are not depreciated. The average estimated useful lives are as follows:

Buildings	4-10 years
Plant and equipment	3-15 years

Depreciation commences from the first day in the month following the month in which an asset has been put in use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

j) Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life of intangible assets is as follows:

Software and licenses	3- 5 years
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Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred regular maintenance expenditure is directly charged against operating profit. Maintenance expenditure is capitalized in exceptional cases where maintenance results in an enlargement or substantial improvement of the respective assets.

k) Financial instruments

Financial assets and financial liabilities are recognised in the Foundation's statement of financial position when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Foundation may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Foundation may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Foundation may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the Foundation recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "finance income – interest income".

(ii) Debt instruments classified as at FVTOCI (fair value to other comprehensive income)

The corporate bonds held by the Foundation are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Foundation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Foundation manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' in profit or loss. The Foundation has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Foundation designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Foundation has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses'.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item (Note 11);
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses';
- Other exchange differences are recognised in other comprehensive income in the investment's revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses'; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment's revaluation reserve.

Impairment of financial assets

The Foundation recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Foundation always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Foundation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Foundation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Foundation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Foundation compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Foundation's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Foundation's core operations. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Foundation presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Foundation has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Foundation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Foundation considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts. For financial guarantee contracts, the date that the Foundation becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Foundation considers the changes in the risk that the specified debtor will default on the contract. The Foundation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Foundation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Foundation, in full (without taking into account any collateral held by the Foundation).

Irrespective of the above analysis, the Foundation considers that default has occurred when a financial asset is more than 90 days past due unless the Foundation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Foundation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Foundation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Foundation's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Foundation in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Foundation is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Foundation expects to receive from the holder, the debtor or any other party. If the Foundation has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Foundation measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used. The Foundation recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Foundation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foundation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Foundation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Foundation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Foundation has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Foundation are recognised at the proceeds received, net of direct issue costs. Repurchase of the Foundation's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Foundation's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Foundation, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Foundation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Foundation of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Foundation's documented risk management or investment strategy, and information about the Foundationing is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (Note 11) in profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Foundation that are designated by the Foundation as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss (Note 11) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Foundation derecognises financial liabilities when, and only when, the Foundation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Foundation exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Foundation accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

- i. the carrying amount of the liability before the modification; and
- ii. the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Miscellaneous inventory is written off when put in use.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at the bank. The carrying amount of these assets approximates to their fair value. Cash and cash equivalents for cash flow purposes, include demand accounts and short-term deposits with an original maturity of three months or less.

n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating lease.

The Foundation as lessee – finance lease contracts

Assets held under finance lease are recognized as assets of the Foundation at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss, unless they are directly attributable to qualifying asset, in which case they are capitalized in accordance with the Foundation's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

The Foundation as lessee – operating lease contracts out of IFRS 16 scope

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Foundation as lessee – operating lease contracts within the scope of IFRS 16

The Foundation assesses whether a contract is or contains a lease, at inception of the contract.

The Foundation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Foundation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Foundation uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Foundation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Foundation did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Foundation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Foundation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Foundation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss. As a practical

expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Foundation has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Foundation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Foundation as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Foundation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Foundation's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

o) Investment property

Investment property is property held by the owner to earn economic benefits from rentals and / or increases of their market value. An investment property shall be measured initially at its cost including start-up costs incurred in acquiring investment property. After initial recognition of investment property, the Foundation applies the fair value method for measurement. Gains and losses that arise from changes in fair value are recognized in profit or loss for the period in which they occur.

p) Non-current assets held for sale

Non-current assets (and disposal Foundations) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal Foundations are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal Foundation) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

q) Comparatives and restatements

Necessary comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures, where is applicable. Net result and total assets and liabilities were not impacted by these changes.

4. ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Foundation's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the Foundation's management has made in the process of applying the Foundation's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Income and judgements in determining the timing of satisfaction of performance obligations

In making its judgment, the Foundation's management considered detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15 Contracts with customers and, in particular, whether the Foundation had transferred to the buyer the significant risks and rewards of ownership of the goods. The Foundation's management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate. The Management reviews on ordinary basis contracted warranty periods estimating possible risks associated with deliveries and repairs within warranty periods in accordance with IAS 37, Provisions, potential asset and liabilities. Provisions are valued on the basis of experience gained on Foundation level and overall extent of deliveries made within contracts with agreed warranty period. Note "Revenue" describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Foundation's major customers. These goods were delivered to the customer in the during the end of the year, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of reparations was agreed, which will involve expenditure by the Foundation until end of contract. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions in the current year, in line with the Foundation's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete. In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Foundation had transferred control of the goods to the customer. Following the detailed quantification of the Foundation's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Foundation determines the business model at a level that reflects how Foundations of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Foundation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Foundation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

As explained in Note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Foundation takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Calculation of loss allowance

When measuring expected credit losses, the Foundation uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions

Provision for legal suit

At each date of the statement of financial position, the Foundation determines amount of legal suits, which have arisen in the course of the Foundation's regular business. On 31 December 2024, the Foundation has no pending legal suit as sued party.

Treatment for valuation of net carrying amount of property, plant and equipment

At each statement of financial position date, the Foundation reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

Fair value assessments

The Foundation applies additions of IFRS 7 for financial instruments measured at fair value which requires disclosures regarding to the fair value determination in accordance the following hierarchy:

- Quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Inputs which are not quoted prices, but visible indicators, directly calculated from on the basis of current prices, or indirectly extracted from current market prices.
- Inputs for assets or liabilities which are not supported by visible market indicators.

Fair value of financial assets traded on the active markets is determinate using quoted prices on the balance sheet date. Active markets are those where prices are available on stock exchange, Brokerage Foundation, industrial Foundation or regulatory agency if such a prices reflects regular trading transactions. Fair value of financial instruments which are not traded on active markets (etc, OTC derivates) is determinate by assessment techniques. Assessment techniques require maximum use of visible market indicators, as much as it is possible, and count on a minimum level of assessments attributable to specific entity. Specific assessment techniques used for measurement of financial instruments include:

- Quoted prices available for similar instruments.

Other techniques, as discounted cash flow analyses performed for determination of fair value of all other financial instruments. Fair value of derivative financial instruments and financial instruments available for sale is identified using other specific techniques.

5. Grant revenue

The Foundation primarily generates revenue from donations by implementation project activities as follows.

	2024 BAM	2023 BAM
Grants received and implemented	4.532.713	5.916.622
Donated equipment- depreciation	200.511	285.336
	4.733.224	6.201.958

Disaggregation of Revenue

In the following tables, revenue from the contract with Contracting authority is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Primary geographical market

	2024 BAM	2023 BAM
Domestic market	4.733.224	6.201.958
	4.733.224	6.201.958

Activities type

	2024 BAM	2023 BAM
Grants implemented	4.532.713	5.916.622
Donated equipment- depreciation	200.511	285.336
	4.733.224	6.201.958

The Foundation recognizes revenue in accordance with IFRS 15, Revenue from Contracts with Customers, when the services are provided, together with a transfer of the benefits from those services to the final beneficiaries and only when it is certain that all risks associated with the services have been transferred to the beneficiaries, and when it was expected that economic benefits would flow to the Foundation on that basis. Invoices are usually payable within within due date contracted in the Grant agreements.

Time schedule for income recognition:

	2024 BAM	2023 BAM
Income recognized upon rendering services	4.532.713	5.916.622
Income recognized during te time	200.511	285.336
	4.733.224	6.201.958

In accordance to the price allocation, income can be shown as follows:

	2024 BAM	2023 BAM
Performed obligations	4.733.224	6.201.958
Deferred income	3.010.597	2.137.041
	7.743.821	8.338.999

Overview of income from grants are as follows:

	2024	2023
	BAM	BAM
Project RBF-KVART	11.239	70.880
Project EU CARITAS	15.675	18.694
Project UNFPA/DM	148.000	100.000
Project Game4Change EU	33.380	-
Project TechSoup	499	58.347
Youth Program	2.525.740	3.897.716
Project Interreg	139.307	-
Project USAID	845.937	897.328
Project with municipalities	780.016	873.657
Project with City of Bihać	32.923	-
	4.532.713	5.916.622

6. Other operating income

	2024	2023
	BAM	BAM
Income from Fee Tech Soup	2.661	-
Fees and memberships	8.671	56.644
Income from Acquisition of Share	-	6.935
Income from insurance	-	1.041
Income from sick leave reimbursements	3.720	14.165
Income from dividends	468.765	12.170
Other income	6.289	1.933
	490.106	92.888

7. Material costs

	2024	2023
	BAM	BAM
Office supplies	26.205	26.998
Small inventory	5.682	5.039
Electricity, gas and fuel	22.007	22.071
	53.894	54.108

8. Employees

	2024	2023
	BAM	BAM
Gross salaries	1.380.076	1.446.581
Meal and Transportation Allowance	77.291	76.950
Allowances and other benefits	85.235	11.510
Severance payments	28.301	6.901
Business travel expenses	63.141	55.703
	1.634.044	1.597.645

On December 31st 2024 the number of staffs employed is 24 (2023: 32).

9. Cost of services used

	2024 BAM	2023 BAM
Service contracts	-	8.840
Project costs	1.798.574	2.892.638
Maintenance costs	71.637	114.614
Lease costs	4.878	5.016
Professional costs	50.476	96.968
Training and conference costs	315.836	308.460
IT services	114.377	179.429
Costs of HUB	6.451	7.423
Advertising costs	303.736	285.604
Programme costs	59.435	52.956
Insurance expenses	11.735	15.877
Bank fees	7.973	10.021
Utilities	52.007	53.234
Other costs	3.746	3.892
	2.800.862	4.034.972

10. Administrative fees

	2024 BAM	2023 BAM
Administrative charges and other taxes	5.410	15.407
Membership fees	10.859	18.784
Costs of previous period	774	1.693
Costs pursuant to the Decision of the tax audit control performed by the Tax Authority of FBiH	-	121.490
Costs of impairment value of asset	-	14.620
Other non-material costs	618	5.800
	17.661	177.794

11. Profit/(loss) on disposal of asset

	2024 BAM	2023 BAM
Income on sale of assets	3.268	60.351
Expenses from write-off of fixed assets	-	-
	3.268	60.351

12. Net financial income / (costs)

	2024 BAM	2023 BAM
Income earned on currency differences	777	1430
Interest income	24	47
	801	1.477
Interest expenditures	(10)	(34.035)
Interest expenditure- IFRS 16	(8.637)	(1.795)
	(8.647)	(35.830)
Net financial income / (expense)	(7.846)	(34.353)

13. Property, plant and equipment and intangible asset

Property, plant and equipment is recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are capitalized only if they meet the recognition criteria and increase the future economic benefits of the specific asset to which they relate. For the subsequent measurement, the Foundation uses cost model. Revaluation of property, plant and equipment is not applied. Depreciation is recognized on a straight-line basis over the estimated useful lives of each component. The useful lives and residual values are reviewed at least at each financial year-end. An impairment review is performed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Property, plant and equipment is derecognized when it is disposed of or no future economic benefits are expected from its use or disposal. Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Please see material accounting policy disclosed in Note 3h and Note 3i. Movement for the year ended as at December 31st 2024 as follows:

Description	Land building- IFRS 16 BAM	Equipment BAM	Office equipment BAM	Transportation vehicles BAM	Intangible asset BAM	Total BAM
Cost						
At 1 January 2024	90.585	331.940	45.622	198.089	933.297	1.599.533
Additions	143.760	24.827	1.200	-	33.738	203.525
Adjustments	-	-	-	-	-	-
Disposals	(90.585)	(19.903)	-	(37.275)	-	(147.763)
At 31 December 2024	143.760	336.864	46.822	160.814	967.035	1.655.295
Accumulated depreciation						
At 1 January 2024	83.036	270.448	26.327	34.075	760.661	1.174.547
Charge for the year	47.482	37.793	5.241	26.895	138.623	256.034
Disposals	(90.585)	(17.622)	-	(27.467)	-	(135.674)
At 31 December 2024	39.933	290.619	31.568	33.503	899.284	1.294.907
Net carrying amount						
At 1 January 2024	7.549	61.492	19.295	164.014	172.636	424.986
At 31 December 2024	103.827	46.245	15.254	127.311	67.751	360.388

14. Investment in subsidiaries

	% of ownership	31 December 2024 BAM	31 December 2023 BAM
Studio Fin d.o.o. Sarajevo	100%	40.571	40.571
Mašta d.o.o. Sarajevo	100%	2.000	2.000
		42.571	42.571

15. Investment in associates

	31 December 2024 BAM	31 December 2023 BAM
Investment in associates	46.188	46.538
	46.188	46.538

On 31 December 2024 and 31 December 2023, overview of investment in associates were as follows:

	% of ownership	31 December 2024 BAM	31 December 2023 BAM
Teta Pričalica d.o.o. Vogošća	42%	9.618	9.618
Holomedia d.o.o. Čapljina	49%	9.310	9.310
Quantum Helath Care d.o.o.	25%	6.800	6.800
Bubamarin Svijet d.o.o. Vlasenica	49%	5.365	5.365
Igraj uči rasti d.o.o. Jelah	26%	3.809	3.809
Greens d.o.o. Sarajevo	20%	2.830	2.830
Edutech d.o.o. Sarajevo	18%	2.151	2.151
Zaza d.o.o. Sarajevo	20%	2.000	2.000
Kapak d.o.o. Sarajevo	35%	360	360
Repro Centar d.o.o. Prijedor	35%	350	350
Telemedia d.o.o. Zenica	35%	-	350
Golden DS d.o.o. Sarajevo	35%	350	350
Agromanija d.o.o. Cazin	30%	300	300
Quantum Medicom d.o.o. Banja Luka	30%	300	300
D.E.A. Line d.o.o.	15%	300	300
JoWood d.o.o. Banja Luka	28%	280	280
Le Petit d.o.o.	13%	260	260
Wolfen d.o.o. Cazin	25%	250	250
Tamy d.o.o. Banja Luka	24%	250	250
Sgugar On Top d.o.o.	24%	240	240
MT Port d.o.o. Sarajevo	20%	200	200
TITAN Create Inspire d.o.o. Banja Luka	20%	200	200
SA Card d.o.o.	20%	200	200
Gemex d.o.o. Sarajevo	8%	160	160
Manoxo d.o.o. Usora	3%	105	105
Penelope Tours d.o.o.	5%	100	100
Interprodukt d.o.o. Mostar	10%	100	100
		46.188	46.538

16. Long-term deposits

	31 December 2024 BAM	31 December 2023 BAM
Long-term deposits	78.350	51.450
	78.350	51.450

During 2024, Foundation Mozaik signed eight agreements with Sparkasse bank d.d. Sarajevo for interest-free term deposits as means of insurance within the Project „Step by Step“ implemented by Foundation Mozaik and Sparkasse bank d.d. Sarajevo, for the purpose of realization short-term credit for small businesses.

On December 31st 2024 and December 31st 2023, overview of the long-term deposits were as follows:

	Due date	31 December 2024 BAM	31 December 2023 BAM
Sparkasse Bank d.d. Sarajevo	9.12.2026	-	7.500
Sparkasse Bank d.d. Sarajevo	19.12.2026	2.000	2.000
Sparkasse Bank d.d. Sarajevo	23.2.2026	5.000	5.000
Sparkasse Bank d.d. Sarajevo	25.6.2029	-	1.300
Sparkasse Bank d.d. Sarajevo	9.9.2027	2.500	2.500
Sparkasse Bank d.d. Sarajevo	19.9.2027	2.400	2.400
Sparkasse Bank d.d. Sarajevo	22.9.2027	3.000	3.000
Sparkasse Bank d.d. Sarajevo	29.1.2028	8.000	8.000
Sparkasse Bank d.d. Sarajevo	27.4.2028	1.000	1.000
Sparkasse Bank d.d. Sarajevo	5.5.2025	-	1.200
Sparkasse Bank d.d. Sarajevo	6.5.2026	550	550
Sparkasse Bank d.d. Sarajevo	24.5.2033	3.000	3.000
Sparkasse Bank d.d. Sarajevo	25.7.2028	3.500	3.500
Sparkasse Bank d.d. Sarajevo	27.7.2026	3.400	3.400
Sparkasse Bank d.d. Sarajevo	13.1.2027	2.100	2.100
Sparkasse Bank d.d. Sarajevo	22.1.2027	5.000	5.000
Sparkasse Bank d.d. Sarajevo	19.07.2029.	10.000	-
Sparkasse Bank d.d. Sarajevo	10.07.2027.	2.400	-
Sparkasse Bank d.d. Sarajevo	10.07.2025.	600	-
Sparkasse Bank d.d. Sarajevo	22.06.2031.	8.400	-
Sparkasse Bank d.d. Sarajevo	09.03.2027.	1.400	-
Sparkasse Bank d.d. Sarajevo	12.04.2029.	6.900	-
Sparkasse Bank d.d. Sarajevo	12.04.2025.	1.200	-
Sparkasse Bank d.d. Sarajevo	10.06.2027.	2.400	-
Sparkasse Bank d.d. Sarajevo	10.06.2025.	600	-
Sparkasse Bank d.d. Sarajevo	10.07.2027.	2.400	-
Sparkasse Bank d.d. Sarajevo	10.07.2025.	600	-
		78.350	51.450

17. Long-term accruals

	31 December 2024 BAM	31 December 2023 BAM
Long-term accruals	294	943
	294	943

18. Inventories

	31 December 2024 BAM	31 December 2023 BAM
Small inventories	11.769	13.098
Impairment of small inventories	(8.122)	(3.060)
	3.647	10.038

19. Trade receivables

	31 December 2024 BAM	31 December 2023 BAM
Trade receivables	6.251	18.712
	6.251	18.712

On December 31st 2024 and December 31st 2023, ageing structure was as follows:

Ageing structure (in days)	31 December 2024 BAM	31 December 2023 BAM
Due to 365 days	6.251	18.712
Due over 365 days	-	-
	6.251	18.712

20. Receivables from donors and other receivables

	31 December 2024 BAM	31 December 2023 BAM
Receivables from donors	366.563	233.166
Receivables from loans granted	31.716	46.246
Receivables from Intermediary Bank – Russia	14.620	14.620
Impairment value of Receivables from Intermediary Bank – Russia	(14.620)	(14.620)
Receivables from employees	1.481	4.665
VAT receivables	24.290	16.541
Given advances	589	1.360
Other receivables	29.686	13.858
	454.325	315.836

On December 31st 2024 and December 31st 2023, overview of receivables from donors were as follows:

	31 December 2024 BAM	31 December 2023 BAM
Interreg	77.563	-
USAID	278.326	218.796
Caritas EU	10.674	14.369
	366.563	233.165

Based on Contract signed with Finance in Motion – European Fund for Southeast Europe, the Foundation signed a loan agreements for a specific purpose with small businesses. On 31 December 2024, overview of receivables for given loans were as follows:

	31 December 2024 BAM	31 December 2023 BAM
Super žena – Contract no. 1810-10/20 22.10.2020.	2.250	2.550
Lahor – Contract no. 1833-10/20 29.10.2020.	-	1.167
Solheat – Contract no. 2108-12/20 22.12.20.	2.000	2.000
Tamy d.o.o. Banja Luka – Contract no. 21/10-2220	6.000	6.000
Igraj uči rasti – Contract no. 21/10-2263	3.800	3.800
Zemlja čuda Sarajevo – Contract no. 22/02-164	-	229
ZAHA d.o.o. Sarajevo – Contract no. 22/07-2516	-	2.000
Gemex d.o.o. – Contract no. 22/09-2730	-	4.444
Zabubox d.o.o. Travnik – Contract no. 22/09-2732	6.000	6.000
MT PORT Kakanj – Contract no. 22/09-2734	9.166	9.166
Quantum Medicom d.o.o. – Contract no. 22/09-2736	-	2.571
Studio Atrij d.o.o. – Contract no. 22/10-2988	-	3.818
DaVinci Guitares	2.500	2.500
	31.716	46.246

21. Accruals

	31 December 2024 BAM	31 December 2023 BAM
Prepaid insurance costs	4.760	6.593
	4.760	6.593

22. Cash and cash equivalents

	31 December 2024 BAM	31 December 2023 BAM
BAM cash accounts	3.022.664	2.728.818
Foreign currency accounts	1.113.621	113.567
Cash in hand	67	67
	4.136.352	2.842.452

The Foundation has opened bank accounts at Raiffeisen Bank d.d. Sarajevo, Sparkasse bank d.d. and UniCredit Bank d.d. Mostar in BAM, EURO and USD currency.

23. Source of funding

On December 31st 2024 and December 31st 2023, source of funding was as follows:

	31 December 2024 BAM	31 December 2023 BAM
Source of funding	948.145	948.145
Surplus of income/(loss) for the year	669.015	212.758
	1.617.160	1.160.903

24. Provision for severance payments

The Foundation calculates retirement costs annually in accordance with IAS 19, Employee Benefits and Article 50 of the Employment Rulebook. For the purpose of determining the amount of provisions, the Foundation uses a discount rate of 8%

	31 December 2024 BAM	31 December 2023 BAM
Provision for severance payments	44.120	28.225
	44.120	28.225

On December 31st 2024 and December 31st 2023, movement in provision for severance payments was as follows:

	31 December 2024 BAM	31 December 2023 BAM
Balance on January, 1	28.225	27.746
Provisions	15.895	6.901
Reversal of provisions	-	(6.422)
Balance on December, 31	44.120	28.225

25. Lease liabilities- IFRS 16

Please see Note 3m. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Foundation's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Foundation if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Foundation is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Foundation revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

	31 December 2024 BAM	31 December 2023 BAM
Non-current lease liabilities- IFRS 16		
Lease of premises - Splitska 14, Sarajevo	99.791	-
	99.791	-
Current lease liabilities- IFRS 16		
Lease of premises - Splitska 14, Sarajevo	7.586	4.818
	7.586	4.818
	107.377	4.818

On 16 February 2017, the Foundation signed a lease agreement for office premises no. 228-02/17 with Osman Halebić. On 19 February 2024, the Foundation signed Annex III of the lease agreement no. 24/02-171 for the period from 01 March 2024 to 29 February 2027. Based to the assumption performed by the Management, the subject of the lease will be used for the period of 3 years. On each balance sheet date, the Management will perform assumptions regarding to the possibility to exercise termination option. Monthly lease payment is BAM 4.500. Discount rate is calculated in the amount of 7,00% and this rate reflects interest for similar loan if the Foundation entered in purchase of same property considering the Foundation's rating and quality of collateral. Depreciation rate of right on use of the asset is 33,33% as the Foundation estimated that the lease will be terminated after 3 years.

For additional information about right on use of the asset and depreciation, please check note 13. Movement of the present value of future lease payments are as follows:

	2024 BAM	2023 BAM
At January 1	4.818	54.184
Additions	143.760	-
Interest payable	8.637	1.795
Payments	(49.838)	(51.161)
At 31 December	107.377	4.818
Within 1 year	7.586	4.818
After 1 year	99.791	-

Figures charged in profit and loss statement could be shown as follows:

	31 December 2024	31 December 2023
	BAM	BAM
Depreciation of right on use of asset	47.482	45.292
Discount rate (7%)	8.637	1.795
Operating lease expenses – short term lease agreements	4.878	5.016
Operating lease expenses for the leases of low value	-	-
Floated rents	-	-
	60.997	52.103

Nature of paid rent is shown as follows:

	31 December 2024	31 December 2023
	BAM	BAM
Floated rents paid with fixed portion	-	-
Payments for the fixed rents	60.997	52.103
Solely payments of floated rents	-	-
	60.997	52.103

All lease agreements in portfolio contains option of earlier termination. The Management performs extensive assumptions to evaluate will option will be exercised in next period at each balance sheet date. Undiscounted amount of future lease payments considering options of termination or extension is as follows:

	Future payment within five years	Future payments over five years
	BAM	BAM
Lease agreements with extension option	107.377	-
Lease agreements with a termination option	4.878	-
	112.255	-

26. Long-term liabilities

	31 December 2024	31 December 2023
	BAM	BAM
ERSTE Foundation	2.000	2.000
Steiermärkische Gratz	40.098	48.898
EFSE	39.117	39.117
	81.214	90.014

Long-term liabilities relate to funds received from ERSTE Foundation and Steiermärkische Gratz for the purpose of providing guarantees to businesses participating in the 'Step by Step' program. The program is implemented through approving loans to the businesses issued by Sparkasse Bank d.d. Sarajevo in cooperation with Foundation Mozaik. On 08 February 2022, the Foundation Mozaik signed Consultancy Services Agreement with European Fund for Southeast Europe (EFSE) for providing comprehensive support for access to finance and entrepreneurial ecosystem building for young and starting entrepreneurs in cooperation with the Foundation. Total contract value amounts of EUR 61.232. Collateral Deposit facility costs amounts up to EUR 40.000. The specific objective of the Project are:

- A establish a collateral deposit facility and to provide access to the loans for up to 30 young starting entrepreneurs and
- To provide monitoring support to these businesses.

27. Account payables

	31 December 2024 BAM	31 December 2023 BAM
Domestic trade payables	17.996	78.267
Foreign trade payables	15.383	12.028
	33.379	90.295

28. Other liabilities

	31 December 2024 BAM	31 December 2023 BAM
Liabilities to employees	76.853	69.376
Liabilities for taxes and remunerations	47.778	59.438
Liabilities for services contracts	-	1.150
Liabilities to small bussineses	99.674	99.674
Other liabilities	5.333	13.332
	229.638	242.970

On 29 September 2021, the Foundation Mozaik signed Consultancy Services Agreement with European Fund for Southeast Europe (EFSE), amounts of BAM 99.674 related to the:

- To expand the recoverable grants facility to additional 10 scalable social businesses and
- To increase diaspora involvement in the ecosystem of support for (social) entrepreneurs.

29. Deferred income

	31 December 2024 BAM	31 December 2023 BAM
Deferred income – Programme for Youth	2.744.671	1.726.691
Deferred income- Depreciation	213.677	366.511
Deferred income - Tech Soup	-	3.159
Deferred income - Game4Change	22.807	-
Deferred income - RBF	29.442	40.680
Other short-term accruals	9.641	5.852
	3.020.238	2.142.893

30. Financial instruments and capital risk management

Capital risk management

The Foundation manages its equity to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The equity structure of the Foundation consists of debt, which includes: lease liabilities in Note 25, financial liabilities in Note 26, trade payables disclosed in Note 27, other payables disclosed in Note 28, cash and cash equivalents disclosed in Note 22, and equity attributable to equity holders comprising subscribed capital, reserves and retained earnings. The Foundation's Management reviews the capital structure on a regular basis. Consistent with others in the industry, the Foundation monitors its capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (including „current and non-current liabilities „as shown in the statement of financial position) less cash and cash equivalents. The gearing ratio was as follows:

	31 December 2024 BAM	31 December 2023 BAM
Debt (I)	451.608	428.097
Less: cash and cash equivalents (Note 22)	(4.136.352)	(2.842.452)
Net Debt	(3.684.744)	(2.414.355)
Source of funding (II)	1.617.160	1.160.903
Net debt to equity ratio	(2,28)	(2,08)

(I) Debt is defined long and short-term borrowings

(II) Equity includes all capital and reserves of the Foundation that are managed as capital

Categories of financial instruments

	31 December 2024 BAM	31 December 2023 BAM
FINANCIAL ASSETS		
Receivables (including cash and cash equivalents)	4.764.037	3.317.559
	4.764.037	3.317.559
FINANCIAL LIABILITIES		
At amortized cost	451.608	428.097
	451.608	428.097

Financial risk management objectives

The Foundation's Management monitors and manages the financial risks relating to the operations of the Foundation through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk

Market risk

The Foundation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Foundation does not enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

Foreign currency risk

The Foundation undertakes certain transactions denominated in foreign currencies; hence, exposure to exchange rate fluctuations arise. The carrying amount of the Foundation's foreign currency denominated financial assets and financial liabilities as of 31 December 2024 and 2023 are as follows:

	ASSETS		LIABILITIES	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
	BAM	BAM	BAM	BAM
EUR	1.233.640	132.880	196.271	201.716
USD	302.616	235.338	-	-
	1.536.256	368.218	196.271	201.716

In management's opinion, inherent foreign exchange risk doesn't exist since the Foundation make business transactions in local currency, also in EUR and the Convertible mark (BAM) is officially tied to the Euro (1 EUR = 1.95583 BAM) based on Currency Board. Change in the exchange rate would require the amendments of the law and approval by Parliamentary Assembly of Bosnia and Herzegovina.

Interest rate risk

The Foundation is exposed to interest rate risk as the Foundation borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. These exposures are not currently hedged.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Foundation does not have any significant credit risk exposure to any single counterparty or any Foundation of counterparties having similar characteristics.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long-term funding and liquidity management requirements. The Foundation manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table details the Foundation's expected maturity for its assets. The tables below have been drawn up based on the undiscounted contractual maturities of the assets.

	Weighted average interest rate	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
	%	BAM	BAM	BAM	BAM	BAM	BAM
2024							
Non – interest bearing	-	462.753	4.353	19.588	52.233	88.759	627.685
Floated interest rate instruments	-	-	-	-	-	-	-
Fixed interest rate instruments	0.5%-10% p.a.	4.136.352	-	-	-	-	4.136.352
	-	4.599.105	4.353	19.588	52.233	88.759	4.764.037
2023							
Non – interest bearing	-	335.977	2.858	12.863	34.300	89.109	475.107
Floated interest rate instruments	-	-	-	-	-	-	-
Fixed interest rate instruments	0.5% - 10% p.a.	2.842.452	-	-	-	-	2.842.452
	-	3.178.429	2.858	12.863	34.300	89.109	3.317.559

The following table details the Foundation's remaining maturity for its liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the Foundation can be required to pay.

	Weighted average interest rate	Less than 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
	%	BAM	BAM	BAM	BAM	BAM	BAM
2024							
Non – interest bearing	-	264.371	2.707	12.182	64.971		344.231
Variable interest rate instruments	3M EURIBOR + 1,75%- 4,15% p.a.	-	-	-	-	-	-
Fixed interest rate instruments	-	107.377	-	-	-	-	107.377
	-	264.371	2.707	12.182	64.971		451.608
2023							
Non – interest bearing	-	334.765	3.000	13.502	72.011	-	423.279
Variable interest rate instruments	3M EURIBOR + 1,75%- 4,15% p.a.	-	-	-	-	-	-
Fixed interest rate instruments	-	4.818	-	-	-	-	4.818
	-	339.583	3.000	13.502	72.011		428.097

Fair values

Fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on date of measurement. When measuring its fair value, the Management accepts its crucial attributes:

- Fair value is redemption fee received for asset or paid for liability settlement on measurement date;
 - Fair value is criterion of asset or liability value on the date of measurement taking into the account its specific attributes;
 - Fair value is price of hypothetic transaction which imply normal market conditions and normal marketing activities at a date of measurement; and
 - Fair value is specific value on the measurement date, versatile within certain timeframe.

Fair value of financial assets traded on the active markets is determinate using quoted market prices, where available on the balance sheet date. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other pricing techniques as appropriate. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect the estimates. Therefore, the calculated fair market estimates may not be realized in a current sale of the financial instrument.

As at 31 December 2024 and 2023 the carrying amounts of cash, receivables and liabilities, approximate their fair values.

Foundation MOZAIK
Notes to the financial statements

	31.12.2024.		31.12.2023.		Hierarchy of fair value	Available market prices BAM
	Carrying amount	Fair value	Carrying amount	Fair value		
	BAM	BAM	BAM	BAM	Level	31.12.2024.
<i>Financial assets</i>						
Trade and other receivables	460.576	460.576	334.548	334.548	2	-
Deposits	78.350	78.350	51.450	51.450	-	-
Shares	88.759	88.759	89.109	89.109	-	-
Cash	4.136.352	4.136.352	2.842.452	2.842.452	1	-
Financial assets	4.764.037	4.764.037	3.317.559	3.317.559		-
Lease liabilities and long-term liabilities	188.591	188.591	94.832	94.832	2	-
Creditors and other liabilities	263.017	263.017	333.265	333.265	2	-
Financial liabilities	451.608	451.608	428.097	428.097		-
<i>Non-financial asset</i>						
Property, Plants and equipment	292.637	292.637	252.350	252.350	3	-
Rights and intangibles	67.751	67.751	172.636	172.636	3	-
Inventories	3.647	3.647	10.038	10.038	-	-
Other	5.054	5.054	7.536		3	-
Non-financial asset	369.088	369.088	442.559	435.024		-
Non-financial liabilities						
Other	3.020.237	3.020.237	2.142.893	2.142.893	3	
Non-financial liabilities	3.020.237	3.020.237	2.142.893	2.142.893		
Level 1	Fair value determinate on the basis of market inputs					
Level 2	Fair value determinate on the basis of discounted cash flow					
Level 3	Fair value determinate on the basis of non-marketable inputs and estimates					

31. Related party transaction

Trading transactions

	31 December 2024 BAM	31 December 2023 BAM
<u>Receivables</u>		
Mašta d.o.o.	-	39
	-	39
<u>Income</u>		
Studio Fin d.o.o. Sarajevo	460.000	-
	460.000	-
<u>Expenditures</u>		
Mašta d.o.o.	185.747	205.149
Studio Fin d.o.o. Sarajevo	-	23.728
	185.747	228.877

Directors' and executives' remuneration

The remuneration of directors and other members of key management during the year were as follows:

	31 December 2024 BAM	31 December 2023 BAM
Gross salaries and other remunerations	192.118	267.817
	192.118	267.817

32. Contingencies

Tax aspects

In 2023, the Foundation was subject to a tax audit by the Tax Administration of the Federation of Bosnia and Herzegovina (FBiH) for the period from January 1, 2017 to November 14, 2022. As a result of the audit, additional tax liabilities in the amount of BAM 147,314 were identified. All obligations under the Decision of the FBiH Tax Administration were fully settled during 2023, and the Foundation has no further liabilities in this regard.

For the year ended 31st December 2024, the Foundation was not subject to an audit by the Indirect Taxation Authority of BiH and there are no potential liabilities on this basis.

Litigation

On 31st December 2024 the Foundation has no a legal suit and it is not sued party.

Potential financial liabilities

During 2024, Foundation Mozaik signed eight agreements with Sparkasse bank d.d. Sarajevo for interest-free term deposits as means of insurance within the Project „Step by Step“ implemented by Foundation Mozaik and Sparkasse bank d.d. Sarajevo, for the purpose of realization short-term credit for small businesses.

33. Commitments

Commitments are liabilities which are not stated in financial reports at balance sheet date, as there are no conditions in accordance to IAS and IFRS for recognition of those transactions within financial reports.

Commitments are liabilities expected to be incurred up on future events with significant certainty according to present contracts that the Foundation has already signed at balance sheet date.

On 31st December 2024, the Foundation has commitments based to the contracts on lease premises. At balance sheet date total commitments for the next year amount BAM 4.878.

34. After balance sheet events

There were no events incurred on after balance sheet date which would require any disclosures or corrections in Financial Statements as it is prescribed by IAS 10 Events after the reporting period.

35. Authorization of financial statements

These Financial Statements were authorized and signed by the Management of **Foundation MOZAIK** on June 05, 2025.

Zoran Puljić, Director

