

# 2017

## ANNUAL REPORT 2017

SERBIA AND MONTENEGRO AIR TRAFFIC SERVICES  
SMATSA IIc BELGRADE



smatsa





# **ANNUAL REPORT 2017**

# CONTENTS

1.	Foreword by the CEO	4
2.	About SMATSA	7
2.1.	Organization Profile	7
2.2.	Air Navigation Services (ANS)	7
2.3.	Additional Services	8
3.	2017 in Figures	9
3.1.	Traffic Data (SMATSA Ilc's Area of Responsibility)	9
3.2.	Fluctuations and Employee structure in 2017	15
4.	Business Results that Marked 2017	16
4.1.	Improvement of Air Navigation Services Management	16
4.1.1.	Improvements in the field of ATM	16
4.1.2.	Improvement of Equipment, System and Infrastructure	17
4.1.3.	Improvement of AIS Services	18
4.1.4.	Improvement of MET Services	18
4.2.	Development of Competitive Commercial Services	19
4.2.1.	Calibration of GRNS from the Air	19
4.2.2.	ANS Staff Training Center	19
4.2.3.	SMATSA Aviation Academy	21
4.2.4.	Development of Competitive Commercial Services in Air Navigation	22
4.2.5.	Centralized services	22
4.3.	Improvement of Social Responsibility and Environment	24
4.4.	Business Performance	24
4.4.1.	Operation Compliant with SES Objectives	24
4.4.2.	Quality of Provided Services	32
4.4.3.	Additional Performance Indicators	34

5.	Consultation With Users	36
5.1.	Air traffic management – ATM	36
5.2.	Aeronautical Information Services – AIS	36
5.3.	Aeronautical Meteorological Services – MET	37
5.4.	SMATSA Aviation Academy	38
5.5.	Calibration of GRNS from the air	39
6.	Financial Statements	40
6.1.	Income Statement	40
6.2.	Balance Sheet	45
6.3.	Cash Flow Statement	52
6.4.	Notes to the Financial Statements	54
	6.4.1. Basis of preparation of financial statements	54
	6.4.2. Overview of significant accounting policies	56
	6.4.3. Financial risk management	66
7.	Independent Auditor’s Report	71
8.	Marks and abbreviations	74
9.	Table, scheme and figure index	79
9.1.	Table index	79
9.2.	Figure index	80
10.	Appendices	81
10.1.	Appendix 1- Organizational structure of SMATSA IIc	81
10.2.	Appendix 2 - Extract from the Decision of the Enlarged Committee of Eurocontrol No.145 dated 2 December 2016	82

# FOREWORD BY THE CEO

Predrag Jovanovic,  
CEO

For the Serbia and Montenegro Air Traffic Services Agency SMATSA Ilc Belgrade (hereinafter: SMATSA Ilc), 2017 was the year full of challenges. The trend of traffic growth continued; high quality services were provided to customers; projects aimed at improving the quality of the services were realized; the new investment cycle was launched through the implementation of the Modernization Program; cooperation at the domestic and international level was intensified, and development of the company continued in order to meet the demands that will be placed before SMATSA Ilc in the coming years.

In 2017, within SMATSA Ilc's area of responsibility, 643,380 flights were realized, which represents an increase of 5.3% in comparison with the previous year. During the busiest day, August 19th, 2,887 flights were completed. In the conditions of constantly increasing traffic, provision of air traffic control services without generating delay is confirmed by the high level of quality of services provided by SMATSA Ilc.

In 2017, in line with the expected increase in traffic in the area of responsibility of the ACC Belgrade, the reorganization of the TMA Belgrade airspace and the operational concept, as well as subsequent changes of the vertical and horizontal boundaries of TMA Batajnica, TMA Užice, TMA Kraljevo and TMA Niš, were carried out.

In accordance with the reorganization of TMA Belgrade, a completely new set of navigation procedures based on navigational performance of the aircraft (PBN - Performance Based Navigation) for the Belgrade/Nikola Tesla Airport was developed and implemented. In addition, the use of PBN navigation procedures began at the airports in Podgorica and Tivat.

User satisfaction of SMATSA Ilc services in 2017 has been especially expressed through the praise for the implementation of the South East Axis Free Route Airspace (SEAFRA) concept and further activities to expand its borders.



In 2017, there was continuation of activities within the initiative of free route planning in the common airspace of five ANSPs in six South East European countries (SECSI FRA – South East Common Sky Initiative Free Route Airspace), giving the airspace users along the southeast axis significant advantages in terms of choosing the shortest routes, and thus achieving substantial savings.

In accordance with the requirements of the Single European Sky and, above all, operational needs, SMATSA llc strives to keep up with the development of new technologies. Implementation of new technological solutions requires continuous investments in equipment, systems and infrastructure, most often realized through multi-annual projects.

As part of the SUSAN - SMATSA Upgrade of System for Air Navigation, the activities of designing, validating and preparing for the commissioning of software and hardware improvements, which involve the implementation of new

tools and the improvement of the functions of the TopSky-ATC system, were completed. The planned improvement, whose implementation is planned for 2018, should allow for increased interoperability of the system with adjacent flight control and is a prerequisite for the system to adequately support the expected increase in traffic.

At the same time, the activities of design and validation of the ATM Fallback FASOS system, phase II, which provides continuous provision of air traffic control services in case of failure of the main TopSky-ATC system, with a somewhat reduced capacity, were carried out. The start of operational work is planned one month after the beginning of the work of improving the TopSky-ATC system step 1 - phase 1.

In addition to the successful completion of the project - the upgrade of the AMHS system, during 2017, activities on the realization of significant infrastructure projects continued.

In February, a contract was signed for the procurement and implementation of ILS/DME and DVOR devices, which includes implementation of DME devices for the Runway 12 airport Belgrade, ILS/DME system at ATC Niš and DVOR devices in Podgorica.

At the end of March 2017, the Contract for the implementation of SMATSA IP communication network was concluded. During the year, the factory acceptance and delivery of equipment to the locations that are subject to equipping in the first phase of the project was completed.

Works on the reconstruction of RS Koviona were initiated, while works on the reconstruction of substations, power plants and facilities at the locations of Ponikve and Koševac continued in the framework of the project for improvement of telecommunication and electricity infrastructure.

With the aim of strengthening partnership relations and improving cooperation with relevant organizations and users of services, SMATSA Ilc actively participates as an associate member in the Single European Sky ATM Research, which enables the implementation of the technological aspect of the Single European Sky policy. During 2017, the representatives of SMATSA Ilc actively participated in four projects within the SESAR 2020 program.

In addition, in cooperation with air navigation service providers from Slovenia, Bosnia and Herzegovina, Croatia, Hungary, Romania and

Slovakia, in 2017 SMATSA Ilc started work within an international project to develop a new product of forecasts and warnings for general aviation low-altitude flights (eGAFOR).

During 2017, a contract was signed for the development of design and technical documentation for the implementation of the requirements of the EU Regulation on the quality of aircraft data with the company Helios, and having realized this, SMATSA Ilc is taking a step further towards the implementation of the system for the exchange and storage of aeronautical data in accordance with the requirements of European regulations.

Moreover, in order to improve the performance of the system of organization and management of resources, in 2017 work continued on designing the information system of SMATSA Ilc, within which the analysis of the management system and business processes was conducted in SMATSA Ilc.

In order to ensure safe, regular and expeditious air traffic management in the area of its competence, SMATSA Ilc is constantly working to improve the level of service provision. In an effort to retain the trust of its users in the coming period, SMATSA Ilc plans to implement a multi-year project of modernization of the air traffic control system and further realization of large infrastructure projects.



## ABOUT SMATSA

### 2.1 Organization Profile

Serbia and Montenegro Air Traffic Services Agency SMATSA Ilc Belgrade provides air navigation services in the airspace of its responsibility and other activities in the field of air navigation.

The founders of SMATSA Ilc are the governments of the Republic of Serbia and the State of Montenegro.

In 2012, after the conclusion of the Agreement on cooperation in the field of air traffic between the

Republic of Serbia and the State of Montenegro, the agreement signed by both governments confirmed the continuity of the existence of a joint air navigation service provider - SMATSA Ilc.

SMATSA Ilc operates in full compliance with national and international regulations and international agreements. In addition, SMATSA Ilc participates in the work of the most important international aviation organizations and represents the Republic of Serbia and the State of Montenegro in the best possible manner.

### 2.2 Air Navigation Services (ANS)

The main activity of SMATSA Ilc is the provision of air navigation services (ANS), which includes:

1. ATS - Air Traffic Services;
2. CNS - Communication, Navigation and Surveillance Services;
3. AIS - Aeronautical Information Services, and
4. MET - Aeronautical Meteorological Services.

SMATSA Ilc's area of responsibility encompasses the airspace above:

1. The Republic of Serbia;
2. The State of Montenegro;
3. International waters in the Adriatic Sea, and
4. Eastern part of Bosnia and Herzegovina, above flight level 325 (FL325).



Figure 1 – The territory covered by SMATSA IIc air navigation services

## 2.3 Additional Services

In addition to air navigation services, SMATSA doo also provides the following services:

1. ANS personnel and pilot training ;
2. Flight Calibration of Ground Based Radio Navigation Aids, and Aircraft maintenance.

## 3 2017 IN FIGURES

### 3.1 Traffic Data (SMATSA Ilc's Area of Responsibility)

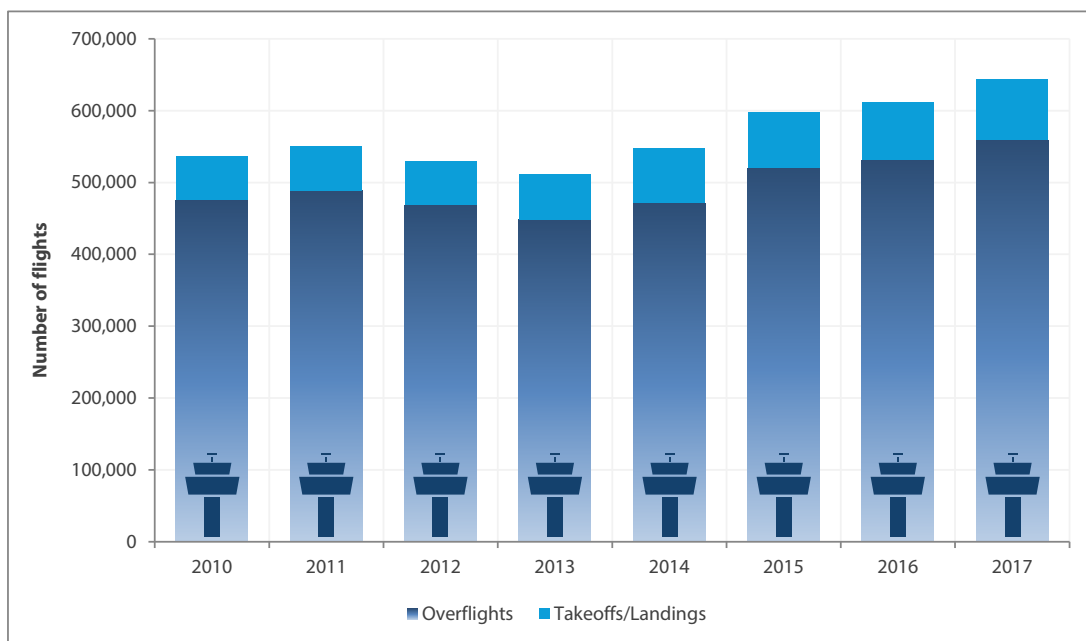


Figure 2 – Number of flights from 2010 to 2017

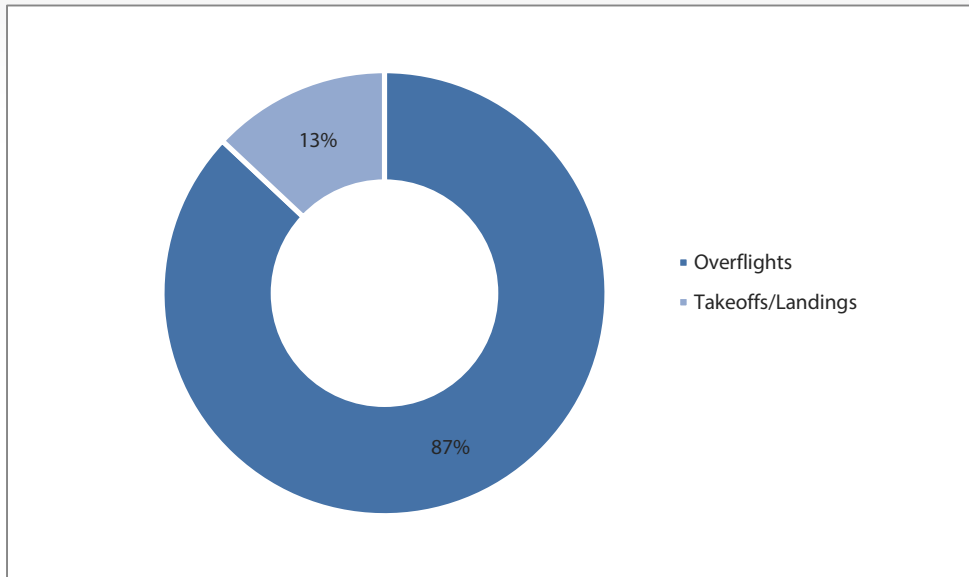


Figure 3 – Flight Distribution in 2017

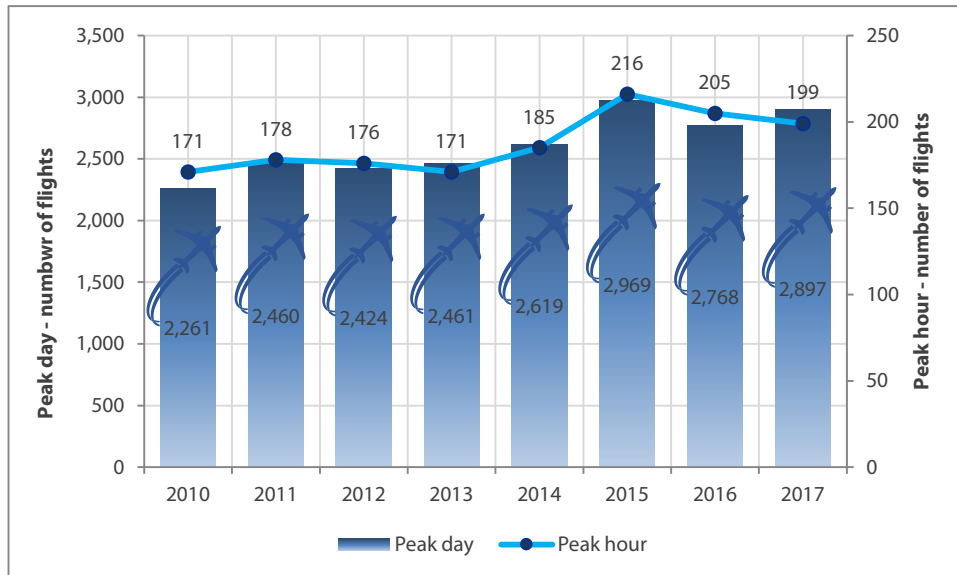


Figure 4 – Peak day and peak hour from 2010 to 2017



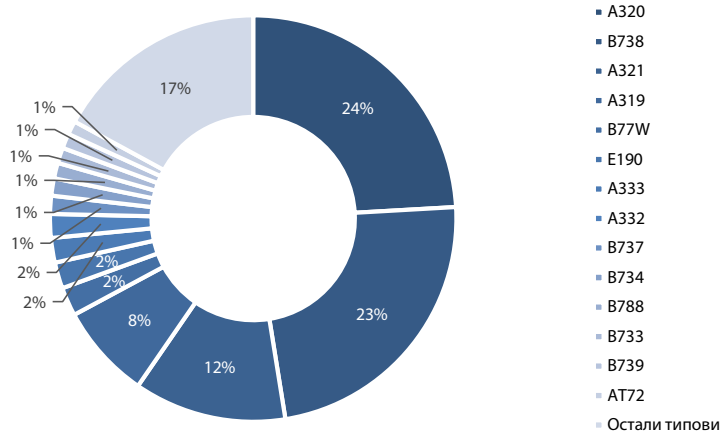


Figure 5 – Share of individual aircraft types in 2017

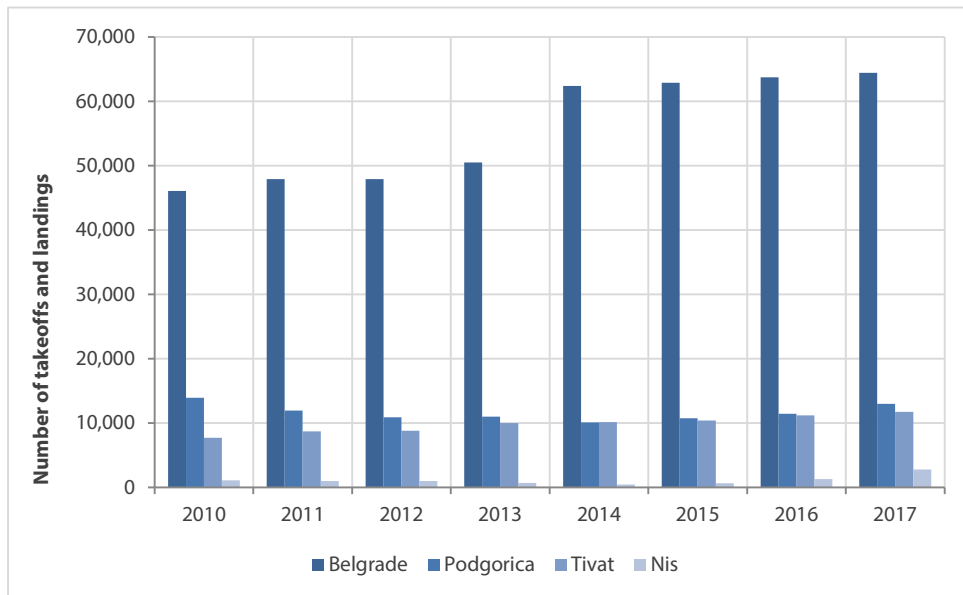


Figure 6 – Number of Takeoffs and Landings by airport from 2010 to 2017

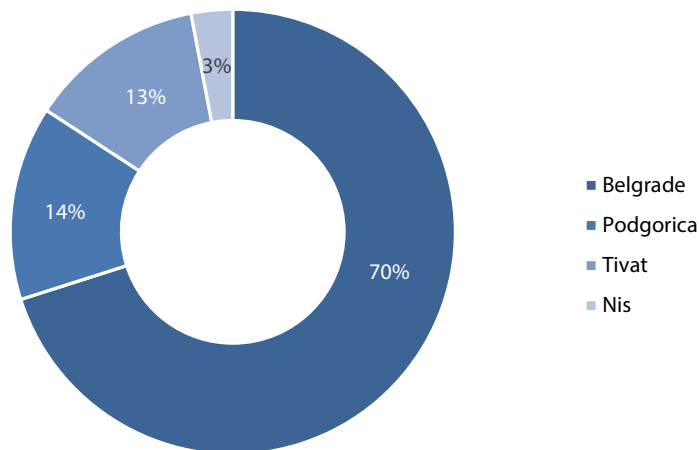


Figure 7 – Traffic distribution at the Airports in 2017

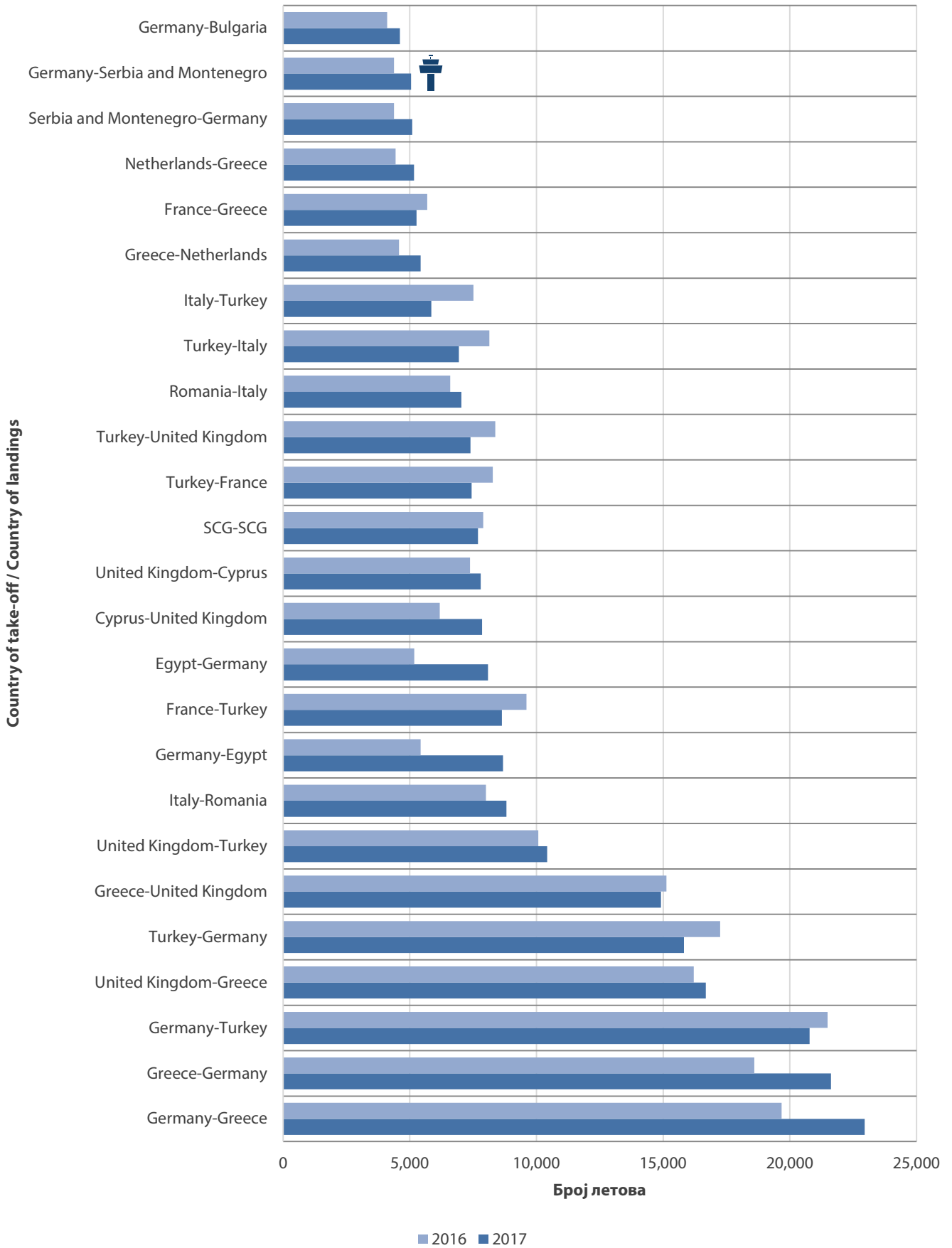


Figure 8 – Number of flights within SMATSA llc’s area of responsibility by country of takeoff/landing in 2016 and 2017<sup>1</sup>

<sup>1</sup> The figure shows the first 25 pairs of countries

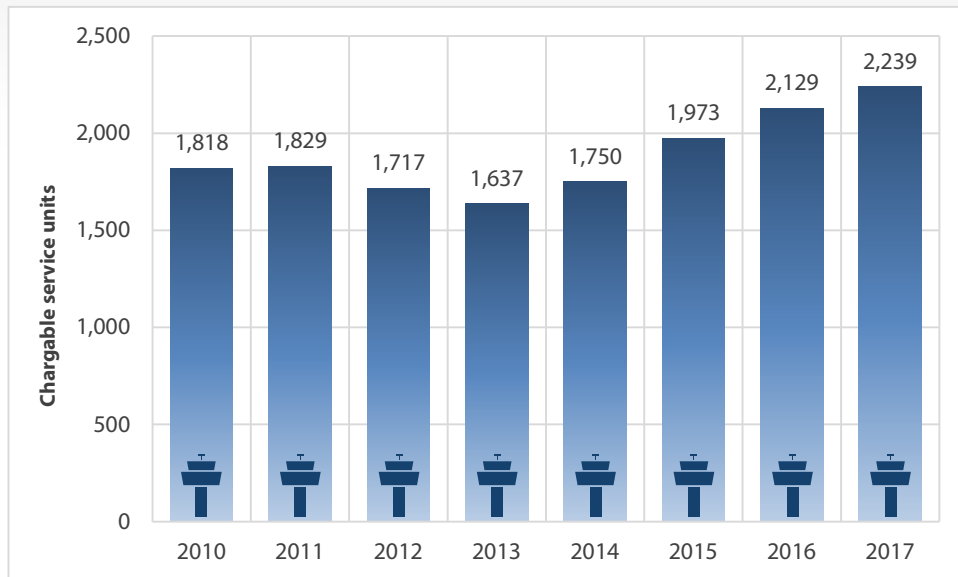


Figure 9 – Number of Service Units from 2010 to 2017

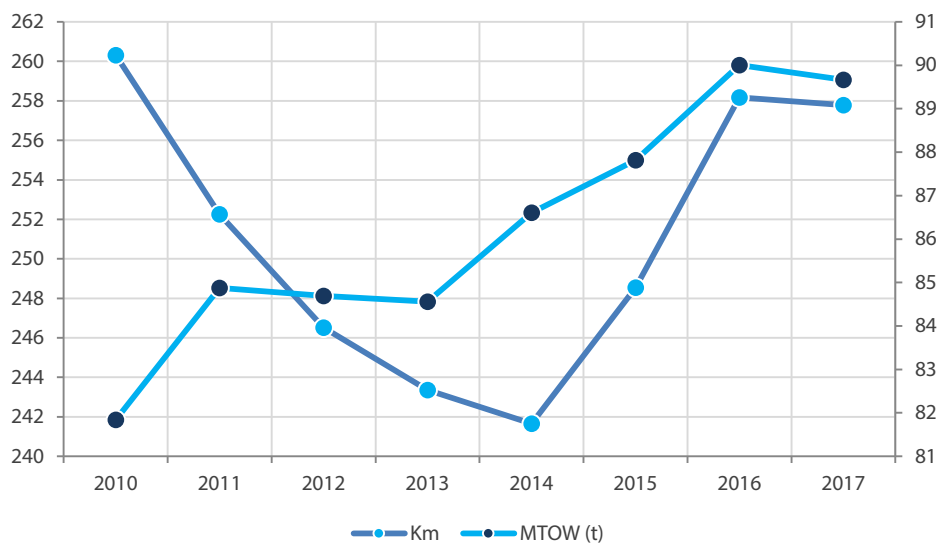


Figure 10 – Average distance per flight and average MTOW from 2010 to 2017



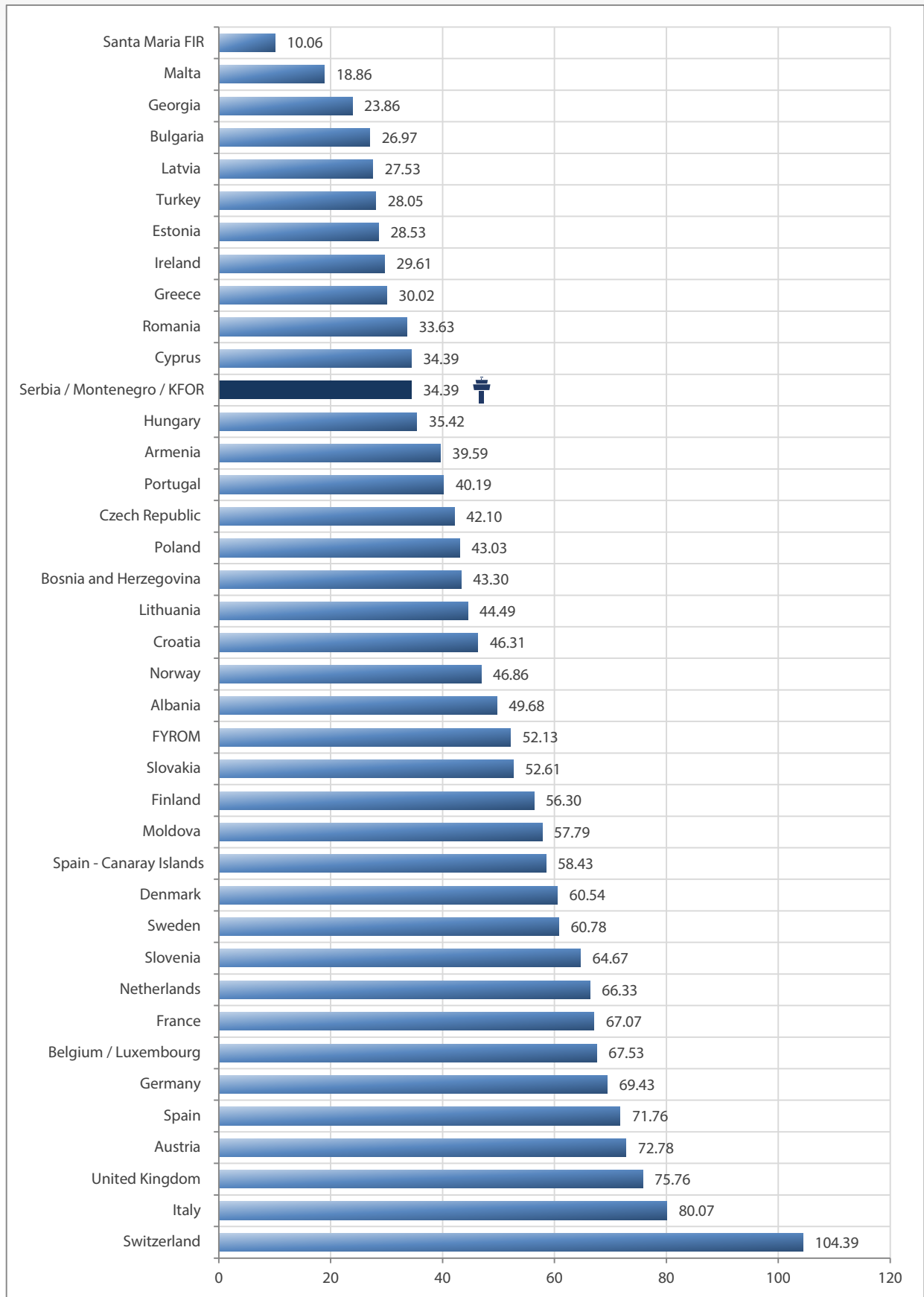


Figure 11 – Unit rates per Countries in 2017



## 3.2 Флуктуације и структура запослених у 2017. години

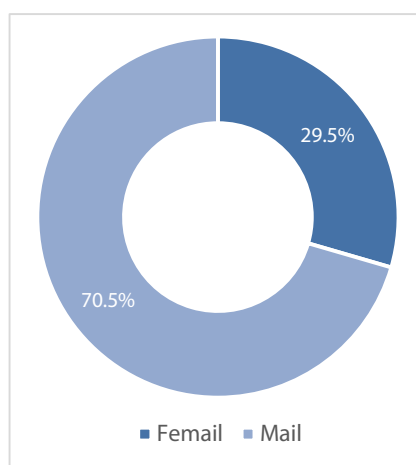
Потребе стручних служби SMATSA доо, као и очекивани одласци запослених у пензију утицали су на ангажовање одговарајућег броја извршилаца у 2017. години.

Fluctuations	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Arrivals (+)	2	1	3	2	1	0	1	1	6	10	3	1	31
Departures (-)	1	0	1	2	1	2	1	1	1	0	0	1	11

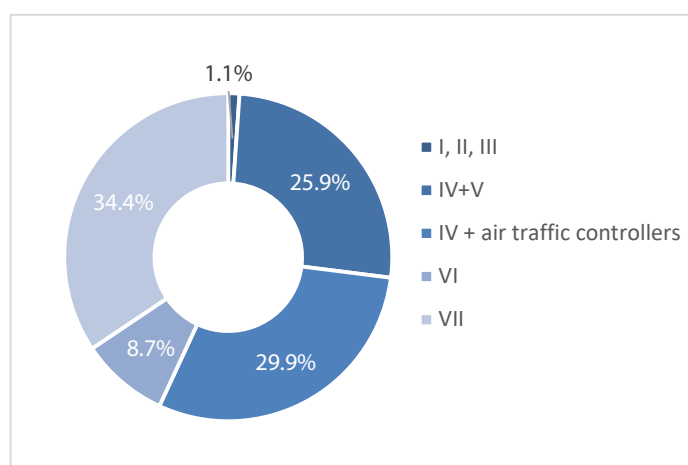
As in the previous years, the share of female employees in the total workforce is about 30%, while the share of male employees is about 70%. When it comes to the qualification structure of employees, about 65% of employees are licensed flight controllers and employees with the seventh degree of education.

The age structure shows that almost 65% of employees in the age group are up to 50 years of age.

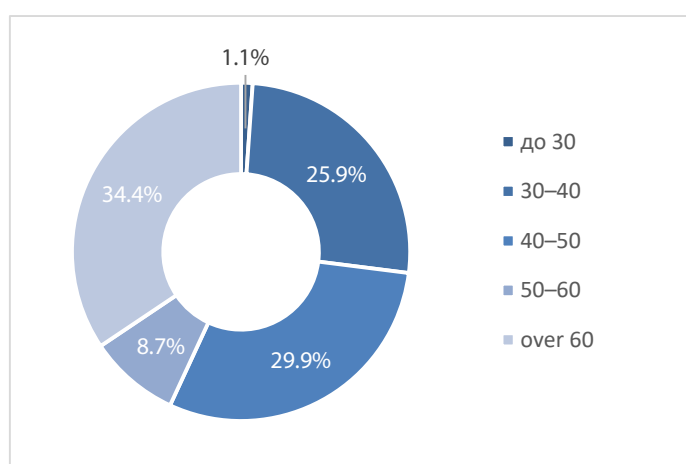
The following figures show the structure of employees at the end of 2017, according to gender, qualification groups and age structure.



Слика 12. – Структура запослених према полу



Слика 13. – Структура запослених према квалификационим групама



Слика 14. – Старосна структура запослених

## BUSINESS RESULTS THAT MARKED 2017

Business results achieved in comparison to the goals defined in the Strategic Business Plan 2017-2021 and the Annual Plan for 2017 are presented below in relation to the strategic areas

### 4.1 Improvement of Air Navigation Services Management

In 2017, SMATSA Ilc realized a number of activities that contributed to the improvement of the quality of services provided in air navigation.

Investing in the improvement of the air navigation service system and the realization of planned activities in the areas of ATM, CNS, MET and AIS contributed significantly to the safety, regularity and efficiency of air traffic flow, optimization of flow management and air traffic capacity.

#### 4.1.1 Improvements in the field of ATM

As part of the SUSAN - SMATSA Upgrade of the Air Navigation System in 2017, the activities of design, validation and preparations for the commissioning of the software and hardware improvement of the TopSky-ATC system step

1-phase 1 were implemented. Improving the functions of the TopSky-ATC system is aimed at increasing the interoperability of the system with adjacent flight controls and is a prerequisite for the system to support the expected increase in traffic. The start of operational work is planned for March 2018. Simultaneously, the activities of design and validation of the ATM Fallback FASOS system, Phase 2, which ensures continuous provision of air traffic control services in the event of failure of the main TopSky-ATC system with a somewhat reduced capacity, were carried out. The start of operational work is planned one month after the beginning of the work of improving the TopSky-ATC system step 1 - phase 1.

During 2017, the activities within the framework of the initiative for free use of routes in the Common Airspace continued with five air navigation service

providers in six SEE countries (SECI FRA), whose implementation is planned for February 1, 2018.

In order to meet the increasing volume of traffic in the area of responsibility of the terminal sectors ACC Belgrade, in particular the increasing number of peak-hour operations, the TMA Belgrade airspace and the concept of operational work were reorganized, as well as the subsequent changes were made in the vertical and horizontal boundaries of the TMA Batajnica, TMA Užice, TMA Kraljevo and TMA Niš. For the needs of the reorganization of TMA Belgrade, a completely new set of navigation procedures based on the navigational performance of aircrafts (PBN – Performance Based Navigation) for the Belgrade/Nikola Tesla Airport was developed and implemented.

In the framework of the improvement of navigation procedures at Podgorica and Tivat airports, and meeting the requirements of Resolution A37-11 of the ICAO Assembly, in Montenegro, navigational procedures for instrument flight based on the navigational performance of the aircraft (PBN) were implemented for the first time. RNP SID/STAR and APCH navigation procedures were introduced at the Podgorica airport, while at the Tivat airport, RNP SID and STAR were introduced into operational work.

#### 4.1.2 Improvement of Equipment, System and Infrastructure

In accordance with the requirements of the Single European Sky, SMATSA Ilc strives to keep up with the development of new technologies. Implementation of new technological solutions requires continuous investments in equipment, systems and infrastructure, most often realized through multi-annual projects. In addition to the successful completion of the project of the upgrade of the AMHS system - (AMC, EDS (DAP) and additional licenses) activities on the implementation of significant infrastructure projects continued during 2017, among which are the following:

1. Acquisition of land necessary for the installation of a terminal radar for the needs of TMA Belgrade;

2. Solving property legal issues for the installation of a radar system for covering the south-western area of responsibility of SMATSA Ilc;
3. Preparation of technical documentation for the construction of a radar station Besna Kobila, technical documentation for the construction of annex of the ACC Belgrade building with ATC Belgrade tower, as well as for the reconstruction of the SMATSA Training Center building;
4. After the conclusion of the contract for procurement and implementation of ILS/DME and DVOR devices and contracts for carrying out preparatory works at the locations in question, the implementation of the first phase of the project, including implementation of DME devices for the Belgrade airport runway 12, ILS/DME system in ATC Niš and DVOR devices in Podgorica;
5. At the end of March 2017, the contract for the implementation of SMATSA IP communications network was concluded. Within the implementation of the first phase of the project in 2017, the factory acceptance test and delivery of equipment to the locations subject to equipping at this stage of the project were completed;
6. Works on the reconstruction of substations, power plants and facilities at the locations of ATC Ponikve and RS Koševac and the reconstruction of the Koviona radar station were initiated.

For several important infrastructural projects, the following property legal issues were solved in 2017:

1. The contract on the purchase of building land in the public property of the Republic of Serbia between the Republic Property Directorate of the Republic of Serbia and SMATSA Ilc, obtained the property basis for obtaining the location/building permit for the construction of the infrastructure facility of the radar station Besna Kobila;

2. The Conclusion of the Government of the Republic of Serbia was obtained, on the basis of which the property legal relations were resolved on the location of the Receiving VHF/UHF radio center Rudnik;
3. The Conclusion of the Government of the Republic of Serbia was obtained, on the basis of which SMATSA Ilc fulfilled the conditions for exercising the investment rights for the reconstruction of SMATSA Training Center.

#### 4.1.3 Improvement of AIS Services

AIS (Aeronautical Information Services) includes the provision of aeronautical information/data necessary for safe, regular and expedited air navigation.

Aeronautical information processes are in line with the international standards and recommended practices contained in the Single European Sky requirements.

During 2017, a contract was concluded with the company Helios, which successfully completed the public procurement of design and technical documentation for the implementation of the requirements of European Commission Regulation (EU) 73/2010 on the quality of aeronautical data (ADQ Regulation - Aeronautical Data Quality Regulation). The aim of this project is to create a roadmap for the full harmonization of the process in SMATSA Ilc with the requirements related to the quality of aeronautical data and the development of a feasibility study for the implementation of aeronautical data storage systems and a direct connection which facilitates electronic data interchange.

In addition, a workshop was held in May 2017 with data sources to support the implementation of the ADQ Regulation. The goal of the workshop was primarily to raise awareness about the future implementation of the ADQ Regulation, which was transposed into the relevant regulations on

the quality of aeronautical data and aeronautical information.

The workshop presented the roadmap for the harmonization of SMATSA Ilc with the requirements of the European Regulation 73/2010 and the options for implementing the system for the exchange and storage of aeronautical data that form the main component of the data exchange chain in line with the ADQ Regulation.

#### 4.1.4 Improvement of MET Services

In order to ensure safer, more orderly and expeditious air navigation, SMATSA Ilc provides aeronautical meteorological services in accordance with national and international standards and regulations.

In 2017 SMATSA Ilc started work on international project for the development a new product of forecasts and warnings for low-altitude general aviation flights (eGAFOR), together with regional air navigation services providers. For the implementation of the eGAFOR project, funds from Innovation & Networks Executive Agency (INEA) were approved, which was established by the European Commission. In addition to SMATSA Ilc, air navigation service providers from Slovenia, Bosnia and Herzegovina, Croatia, Hungary, Romania and Slovakia also participate in the project.

In the framework of modernization and automation of aviation meteorological observations, the following was done during 2017:

- Procurement and installation of laser silometers and visibility meters were realized at all locations except Tivat Airport;
- Completion of the AUTO METER function;
- Procurement and installation of the system for detection of electrical discharge in the atmosphere;
- Upgrade of SAWAS system at locations ABT, ANI, AKR, APG, APO, ATI and AVR. At ATC/ACC Belgrade, there was a delay caused by problems in providing ATIS/VOLMET system support,

which is necessary due to the specificity of the connection between the SAWAS system and the ATIS/VOLMET system.

In order to comply with international standards, a new Rulebook on Aircraft Meteorological Staff Training Certificates (AMS) and Training Centers was adopted, which requires the introduction of an

authorized AMS Expert Assessor («Official Gazette of the Republic of Serbia» No. 43/17). In accordance with the provisions of the Rulebook, a training program for expert assessors was developed, and in accordance with the Program and the special training plan, appropriate training was conducted for 15 candidates.

## 4.2 Development of Competitive Commercial Services

### 4.2.1 Calibration of GRNS from the Air

Thanks to modern equipment and professional personnel, SMATSA Ilc possesses all the necessary resources for providing calibration of ground based radio navigation systems (GRNS), checking the flight procedures, as well as providing a test service related to the selection of the location for setting up a new GRNS. For this purpose, the modern Hawker Beechcraft King Air 350 aircraft with built-in calibration equipment (AD-AFIS-260) is used by SMATSA Ilc for its own needs, but it also provides services to external users.

Service provision is performed in accordance with the requirements and recommendations defined in the documents of the International Civil Aviation Organization (ICAO) - Annex 10, Annex 14 and Doc 8071.

In 2017, regular and extraordinary calibrations and airborne validation procedures were performed on the basis of the concluded contracts. A total of 519 hours of flight time

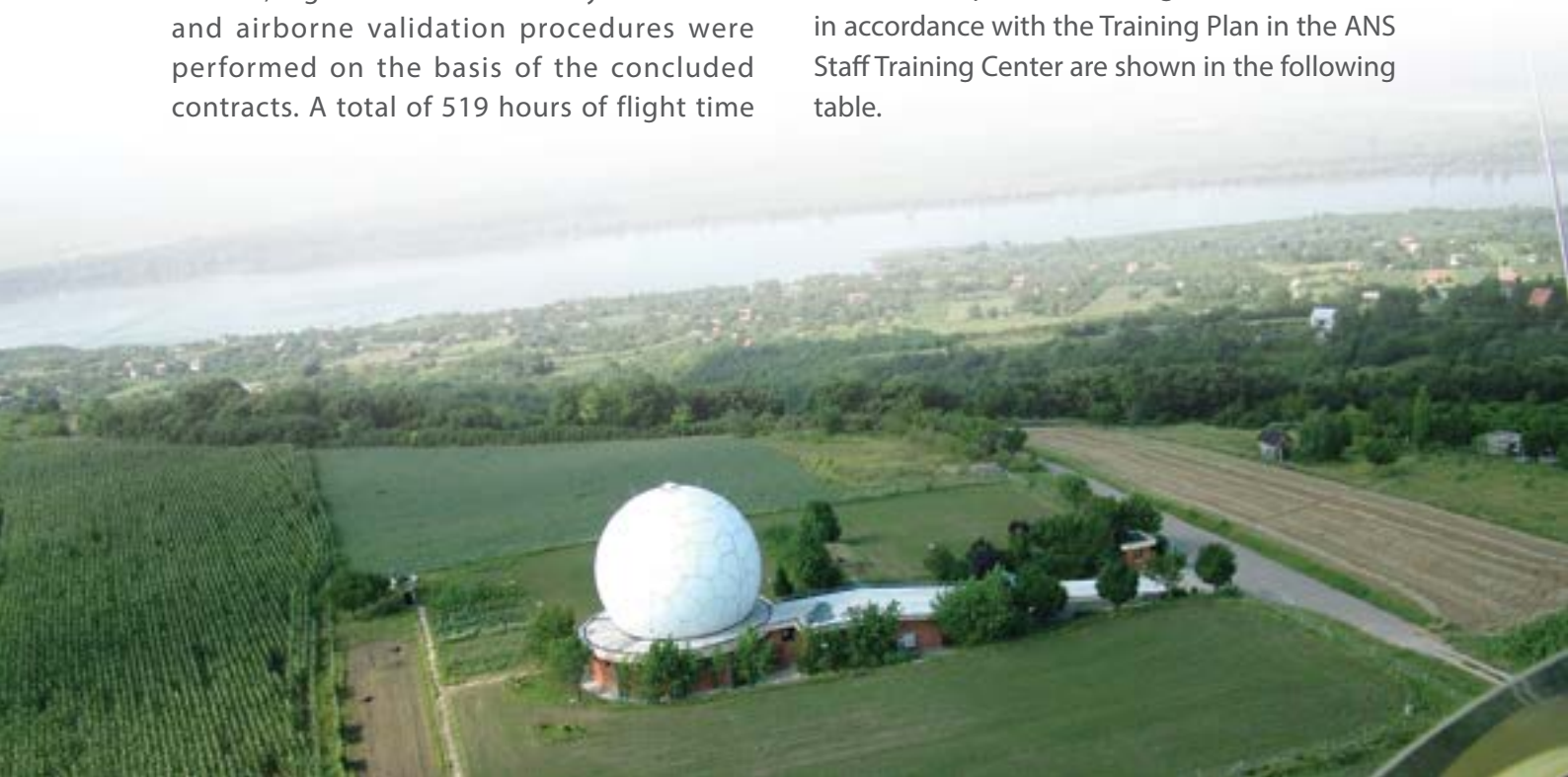
took place, out of which 441 hours were realized abroad, and 78 hours of calibration in Serbia and Montenegro.

### 4.2.2 ANS Staff Training Center

ANS Staff Training Center is an authorized center for training and improvement of flight controllers, aeronautical technical and aviation meteorological staff. Training programs are in line with the requirements of ESARR, national and international regulations, as well as with ICAO standards.

The ANS Staff Training Center provides training for its own needs, provides training services to external users, both to organizations and to individuals.

The most important trainings realized in 2017 in accordance with the Training Plan in the ANS Staff Training Center are shown in the following table.



**Table2 – The degree of realization of training within the ANS Staff Training Center in 2017**

<b>Name of training</b>	<b>Degree of realization and clarification</b>
Training for acquiring competencies Area control -supervisory (ADI in ACS)	Number of planned candidates: 9 Number of realized candidates: 9 Numbers of theoretical classes: 177 Realized: 100%
Training for acquiring competencies Approach control– procedural (APP)	Number of planned candidates: 4 Number of realized candidates: 4 Numbers of theoretical classes: 127 Realized: 100%
Training for acquiring competencies ADI (TWR) III self-financing class KL – I group	Number of planned candidates: 21 Number of realized candidates: 21 Numbers of theoretical classes: 272 Realized: 100%
Basic Training III self-financing classes KL – II group	Number of planned candidates: 16 Number of realized candidates: 16 Numbers of theoretical classes: 384 Realized: 100%
Training for acquiring competencies ADI (TWR) III self-financing class KL – II group	Number of planned candidates: 16 Number of realized candidates: 16 Numbers of theoretical classes: 272 Realized: 100%
Training for acquiring competencies Area Control Supervision - (ACS) - BHANSA	Number of planned candidates: 6 Number of realized candidates: 6 Numbers of theoretical classes: 176 Realized: 100%
Training for acquiring competencies Area control - supervisory (ADI in ACS)	Number of planned candidates: 6 Number of realized candidates: 6 Numbers of theoretical classes: 176 Realized: 100%
Training for acquiring competencies Approach Control - procedural (APP)	Number of planned candidates: 6 Number of realized candidates: 6 Numbers of theoretical classes: 127 Realized: 100%



#### 4.2.2.1 ATCO Trainings in Operational Units

In addition to the trainings that were carried out at the ANS Staff Training Center, during 2017, training was also carried out in the operating units as presented in the table below:

<b>Table 3 – Trainings in Operational Units in 2017</b>	
<b>Name of training</b>	<b>Degree of realization and clarification</b>
Training for acquiring competencies ADI-GMC/AIR (ATC Belgrade)	10 candidates, success rate 100%
Training for acquiring competencies ADI-TWR LYNI (ATC Niš)	1 candidate, success rate 100%
Training for acquiring competencies ADI-TWR LYVR (ATC Vršac)	1 candidate, success rate 100%
Training for acquiring APP competencies for ATC Podgorica (ANS Staff Training Center)	9 candidates, success rate 100%
Training for shift managers (ATC Podgorica)	6 candidates, success rate 100%
Training for acquiring APP competence and special competence for the location (AFC Tivat)	3 candidates, success rate 100%

#### 4.2.3 SMATSA Aviation Academy

Due to the realization of additional courses and training in 2017, SMATSA Aviation Academy realized 3,986 hours of theoretical classes, which is 4% more than the planned number of hours. The estimated flight time in 2017 is 6,705 hours, which is 2% higher than the plan, or 5% lower than the number in the previous year. During the year, the total of 46 candidates were enrolled in the Academy, while 126 candidates were constantly present throughout the period.

At the end of the year, a contract was signed for the creation of the new integrated SMATSA Aviation Academy software. The new integrated software will enable complete digital management of the theoretical training process (electronic logs, attendance management), practical training (digital flight orders, digital flight plans and patterns, etc.) and the financial segment.

A student portal [saaedu.smatsa.rs](http://saaedu.smatsa.rs), as well as a software segment for testing and exams, were created. The student portal allows students to find out from any device with access to the Internet the timetable of theoretical training, daily flight plans and scheduled flight routes, or to monitor their progress in taking the theoretical tests and exams. The new software segment enables the automatic generation of test and final exams progress on computers in a computer classroom, placement of multimedia material on web pages that students can use, the statistical analysis of test results and other options.

In accordance with the business policy of SMATSA Ilc on the provision of aircraft maintenance and hangar services to third parties, the following contracts were signed during the year:

1. aircraft maintenance contract with Hamed-Mohamed-Ahmed Mirghani, Bosnia and Herzegovina, Tuzla;
2. aircraft maintenance contract with GENERAL AVIATION APPLICATIONS-3D S.A., and
3. aircraft hangar contract with NEW AGE INVESTMENTS CO.

Within the framework of the improvement of the runway light marking system, access and PAPI lights were installed for access to the 019 asphalt runway.

#### **4.2.4 Development of Competitive Commercial Services in Air Navigation**

In order to ensure the competitiveness of air navigation services in the area of competence of SMATSA Ilc in 2017, a number of activities were carried out in cooperation with regional providers. On February 1, 2018, the South East Common Sky Initiative Free Route Airspace (SECSIFRA), which provides users of the airspace along the southeast axis with significant advantages in terms of choosing the shortest routes between Central Europe and tourist destinations. The benefits of using SECSI FRA initiatives are significant. By facilitating flight

planning and direct (shortest) flight routes, distances are reduced to 1940 NM (nautical miles) on a daily basis, thus achieving savings estimated at 285 minutes during the flight, reducing fuel consumption by 8,000 kilograms and reducing CO2 emissions (carbon dioxide) by about 25,500 kilograms. Establishing the SECSI meets the European Commission's objectives regarding the implementation of Free Route Airspace (FRA) across Europe, as well as the requirements of airspace users.

SMATSA Ilc actively participates as an associate member in the Single European Sky ATM Research program, which enables the implementation of the technological aspect of the Single European Sky policy. SMATSA Ilc participates in four projects under the SESAR 2020 program covering the period from 2016 to 2020 and beyond.

#### **4.2.5 Centralized services**

Since the moment of the establishment of the Centralized Services project, SMATSA Ilc has participated in tenders for the following 8 CSs:

1. 1. CS1 (Flight Plan and Airport Slot Consistency Service – FAS);
2. CS5 (European ATM Information Management Service – EAIMS);
3. CS6.2 (Management of Common Network Resources Service/Mode S Interrogator Code Allocation – CNR/MICA);
4. CS6.3 (Management of Common Network Resources Service/Radio Frequency Function – CNR/RFF);
5. CS6.5 (Management of Common Network Resources Service/European IPS Repository – CNR/EIPR);
6. CS6.6 (Management of Common Network Resources Service/Security Certificate Service – CNR/SCS);



7. CS6.7 (Management of Common Network Resources Service/Operation and Coordination of Network Security – CNR/OCNS) and
8. CS7.1 (Network Infrastructure Performance monitoring and analysis Service/Performance monitoring of Data-link communication, Surveillance avionics, TCAS and RVSM – NIPS/CNS – PERF).

However, at the sessions of the Provisional Council of Eurocontrol, which took place in 2017, there was a definite break in the implementation of the overall project of centralized services:

1. On June 22, 2017, no approval was granted for the award of a contract for 4 CSs, including CS6.3, for which the consortium SMATSA Ilc participated in was selected as the most favorable one;
2. On November 30/December 1, 2017, no approval was granted for a number of CSs, including as many as 4 CSs, for which consortia SMATSA Ilc participated in were selected as the most favorable (CS6.5, CS6.6, CS6.7 and CS7.1).

Despite the fact that the support of the European Commission was given at the last session and the majority of the Eurocontrol member states voted for the grant of the contract, the majority of votes (75%) was not reached in accordance with the «weighted» method of evaluating the votes of individual member countries.

Thus, the realization of the entire project of centralized services, after many years of intensive work by many European air navigation service providers and even more industrial partners, practically ceased

After active participation in the centralized services project, SMATSA Ilc experts gained extensive experience in business and professional cooperation with other air navigation service providers as well as companies that are world leaders in high technology areas. Within the framework of various consortiums, SMATSA Ilc bids, after intensive negotiations with Eurocontrol, were selected as the best in 5 CSs: CS6.3, CS6.5, CS6.6, CS6.7 and CS7.1. This is certainly a great success for SMATSA Ilc and a significant recognition to our experts.



## 4.3 Improvement of Social Responsibility and Environment

The most important activities in this area in 2017 were related to environmental protection.

In the course of 2017, an application/waste management database was developed that includes flows of electric-electronic and other products being imported and subject to reporting and payment of environmental taxes for specific waste streams.

In order to prevent continuous contamination of the soil on the grassland within the SMATSA Aviation Academy, vessels (tanks) for the collection of waste oil from aircrafts were purchased in the summer of 2017 and given

to JAT Aerial Work Aviation of Belgrade for temporary use.

In the second half of 2017, a building permit was issued for the reconstruction of the wastewater treatment plant at the SMATSA Aviation Academy in order to comply with the legal requirements for waste water discharge.

At the end of 2017, on the basis of public procurement, a Waste Management Plan for the locations of SMATSA Ilc on the territory of Serbia was prepared.

## 4.4 Business Performance

### 4.4.1 Operation Compliant with SES Objectives

#### 4.4.1.1 Safety

Assessment and monitoring of the level of safety in the SMATSA Ilc system is based on monitoring the safety indicators in different parts of the system.

Monitoring the status of the safety management system of the air navigation service provider is based on monitoring the safety indicators (SMS indicators) defined in the Performance Scheme in the second reference period, which is used to evaluate:

1. Efficiency of the safety management system;
2. Level of utilization of RAT methodology, and

3. Level of application of the culture of equity and trust (Just Culture).

Given that the regulation related to the Performance Scheme is not yet binding for the Republic of Serbia and the State of Montenegro, the monitoring of SMS indicators is done voluntarily with the aim of preparing for the implementation of the regulatory legal system that is expected in the following period.

Monitoring these indicators by SMATSA implies an annual analysis of the EASA assessment of the situation based on the information provided by SMATSA through standardized questionnaires. Based on EASA results, SMATSA takes appropriate corrective measures.

**Table 4 – Targeted and Accomplished Values of SMS indicators for 2017 at the request of CAD**

Group of SMS indicators		Acceptable and accomplished safety level
1.1.	<i>Effectiveness of the safety management system SMS Effectiveness</i>	1. Managing safety policy and safety goals: <b>4-D</b> 2. Safety risk management: <b>4-D</b> 3. Safety guarantees: <b>4-D</b> 4. Safety enhancement: <b>4-D</b> 5. Safety culture: <b>3-C</b>
1.2.	<i>Application of RAT Methodology</i>	1. Disturbance of safe separation of aircraft: <b>No reported events</b>
		2. Unauthorized entry to PSS: <b>No reported events</b>
		3. ATM specific events: <ul style="list-style-type: none"> <li>• Ability to provide safe but degraded ATM services:C5x6</li> <li>• Partial inability to provide safe ATM services: B3x1</li> <li>• No effect on ATM services:E4x1</li> </ul>
1.3.	<i>Application of Just Culture</i>	<b>C</b>



**Table 5** – Targeted and Accomplished values of SMS indicators according to the request of CAA for 2017

Ефективност SMS система пружаоца услуга у ваздушној пловидби (Група SMS индикатора)		Прихватљив ниво сигурности	Испуњен/није испуњен прихватљив ниво сигурности
SI.1	<i>Effectiveness of the safety management system SMS Effectiveness</i>	FULFILLED FOR 2016 (or the year 2017, it is done in the course of 2018)  NO PRESCRIBED COMPARATIVE VALUES	1. Managing safety policy and security goals: <b>4-D</b> 2.Managing safety risks: <b>4- D</b> 3. Safety guarantees: <b>4-D</b> 4. Safety enhancement: <b>4-D</b> 5. Safety culture: <b>3-C</b>
SI.2	Application of RAT Methodology	NO PRESCRIBED COMPARATIVE VALUES FOR 2017	1. Disturbance of safe separation of aircraft: <b>C2x1; B3x1; A3x1</b>  <b>2. Unauthorized entry to PSS: There were no reported events</b>  3.Events specific to ATM:  <ul style="list-style-type: none"> <li>• <i>Partial inability to provide safe ATM services:B3x1; B4x1; B5x1;</i></li> <li>• <i>Not determined: D5x40events</i></li> </ul> (100% applied RAT for the events for which the application was submitted)
SI.3	Ниво примењене културе правичности и поверења Application Just Culture	НЕМА ПРОПИСАНИХ УПОРЕДНИХ ВРЕДНОСТИ ЗА 2016. ГОДИНУ	Completed questionnaire submitted to the CAA

In addition, the assessment of the effectiveness of the safety management system is done on the basis of the safety indicators prescribed by the aviation authorities (CAD and CAA) at the national level. The analysis of safety indicators is done annually, and the results for 2017 are presented in the table below.



**Table 6** – Target and Accomplished values of safety indicators for 2017 at the request of CAD

Group of ATM indicators (events with direct ATM participation)		Acceptable level of safety	Accomplished values
I.4.	ATM caused Accidents	0,0037	0
I.5.	ATM caused Serious Incidents	4	0
I.6.	ATM caused Major Incidents	37	1
Group of CNS indicators (ATM specific/special emergency events)		Acceptable Safety level	Accomplished values
I.7.	Number of DPS outages	<8 events (outages) per year	1 outage per year on average
I.8.	Total duration of SSR radar stations shutdown	<500 minutes per year	62minutes
I.9.	Total duration of shutdown of PSR radar stations	<2000 minutes per year	135,2minutes
I.10.	MTBO- Mean Time Between Outages LOC ILS12 (CAT III)	>4.500 hours per year	No outages - MTBO[h]=/
I.11.	MTBO- Mean Time Between Outages LOC ILS 30 (CAT I)	>1.500 hours per year	MTBO[h]= 8.739
I.12.	Number of losses or degradation of one or more operating frequencies	<50 events per year	on average 11,33interruptions of services on an annual basis
Group of targeted indicators		Acceptable level of safety	Accomplished values
I.15.	<b>Collisions related</b> (MID-AIR, on the ground between acf/ vehicle/ person/obstruction)	Trends in relation to last year's value are monitored	Three-year average:0
I.16.	<b>Separation related</b> (Separation minima infringement, Inadequate separation)		Three-year average:1,67
I.17.	<b>Runway related</b> (Runway excursion, Runway Incursion where avoiding action was necessary/ not necessary)		Three-year average:0

I.18.	<b>Aircraft deviations related</b> (Acf deviation from ATC clearance, Acf deviation from applicable ATM regulation, Acf deviations from applicable published ATM procedures, Deviations from aircraft ATM-related equipment carriage and operations, as mandated in applicable regulation(s))	Trends in relation to last year's value are monitored	Three-year average:14
I.19.	<b>Altitude related</b> (Level Bust LB, Controlled Flights Into Terrain/CFIT, Near Controlled Flight Into Terrain/CFIT)		Three-year average 0,33
I.20.	<b>Unauthorised penetration of airspace related</b>		Three-year average 10
I.21.	<b>Communication related</b> (Prolonged Loss of Communication/PLOC, inadequate usage of phraseology, language issues)		Three-year average 7
I.22.	<b>Loss of control in flight related</b> (MET conditions, Wake turbulence...)		0
I.23.	<b>Other</b> (Other services within ANSP, like AIS, SEC and other)		160,3333333



**Table 6** – Target and Accomplished values of safety indicators for 2017 at the request of CAD

Events with direct ATM participation (Group of ATM indicators)		Acceptable level of safety	Accomplished values safety)
SI.4.	ATM caused Accidents	0,0037	0
SI.5.	ATM caused Serious Incidents	4	0
SI.6.	ATM caused Major Incidents	37	2
ATM specific/special emergency events(Group of CNS indicators)		Acceptable level of safety	Accomplished values safety)
SI.7.	Availability of communication function	< 50 service losses per year	ACCOMPLISHED 12service losses per year
SI.8.	Availability of control function of SSR radar stations operation	<500 minutes per year	ACCOMPLISHED (Koviona:4,66minutes Murtenica: 7,81minutes Koševac: no interruptions Srpska Gora: no interruptions)
SI.9.	Availability of control function of PSR radar stations operation	<2000 minutes per year	ACCOMPLISHED (Koviona:0,33minute Murtenica:36,3minutes Srpska Gora: no interruptions)
SI.10.	Availability of data processing and distribution functions	< 8 outages per year	ACCOMPLISHED 2outages
SI.11.	Availability of navigation function LOC 36 (CAT I) on LYPG	>1.500 hours per year	ACCOMPLISHED no outages - MTBO[h]= /
SI.12.	Availability of navigation function LOCTIV	>1.500 hours per year	ACCOMPLISHED (MTBO[h]= 2.123)
SI.13.	Energy systems availability	>0,9999% per year	ACCOMPLISHED (There was no complete interruption of the power supply of operating devices)
SI.14.	Endangering safety of the ATM system	acceptable values are not determined	No events that endangered the safety of the ATM system

4.4.1.2 Cost Efficiency

The unit rate for the «Serbia - Montenegro - KFOR» charging zone for 2017 was approved and adopted at the November 2016 session of the EUROCONTROL’s Enlarged Committee (Decision No. 145 dated December 2, 2016 in Appendix No. 2, published in the «Official Gazette of the Republic of Serbia» No. 108/16). The above decision determines the unit rate for the charging zone in the amount of EUR 34.32 (National Unit Rate) and EUR 34.39 (Global Unit Rate) including

EUROCONTROL Administrative Unit Rate. The average value of the monthly adjusted unit rate for 2017 is EUR 34.75, which is 1.3% more than the adopted National Unit Rate. The determined unit rate pertaining to SMATSA for 2017 is about EUR 28.45.

The monthly adjustment of the National Unit Rate during 2017 for the «Serbia - Montenegro - KFOR» charging zone is shown graphically in the following figure for SMATSA Ilc:

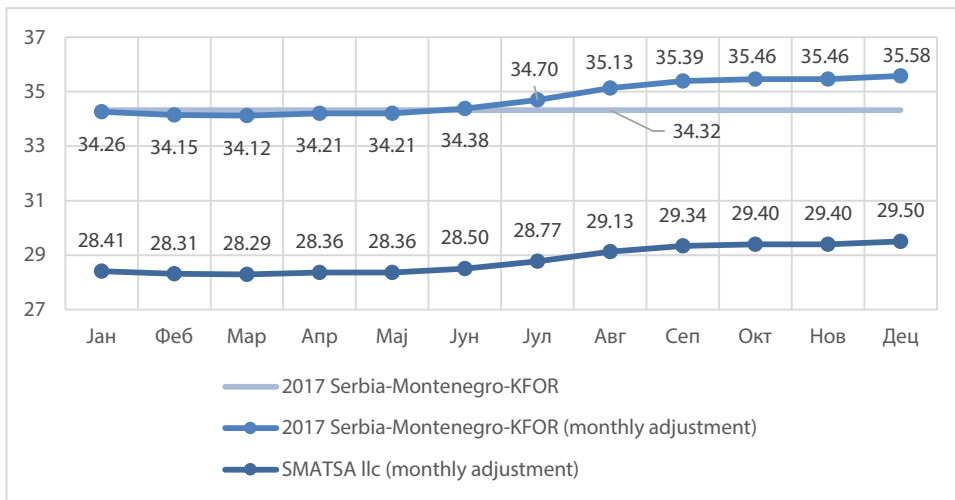


Figure 15 – Unit rate for the “Serbia-Montenegro-KFOR” charging zone and SMATSA Ilc in 2017

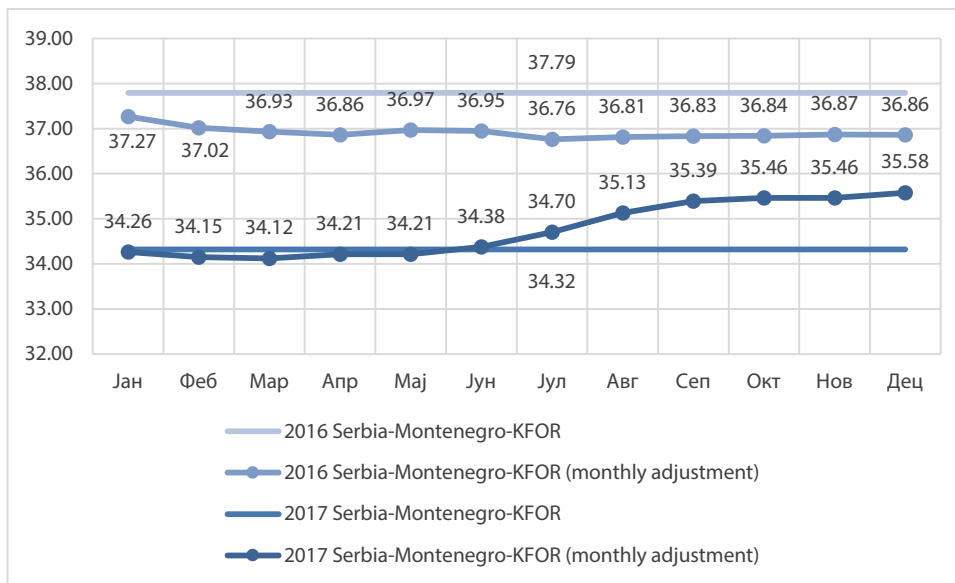


Figure 16 – Unit rate for the “Serbia-Montenegro-KFOR” charging zone in 2016 and 2017



The basic indicator of cost efficiency for the determined cost model in the second reference period, at the level of the European Union, is the average determined unit rate, reduced to the level of EUR=2009. The European Commission's Decision 2014/132/EC defines the cost efficiency objective, which implies reduction of the average determined unit rate of 3.3% for each year in the second reference period (2015-2019). For European countries applying the determined cost model, the average determined unit rate for 2017 is EUR 52.98.

#### 4.4.1.3 Capacity

The capacity indicator assesses the efficiency of service provision in the area of competence of air navigation service providers. Efficiency is assessed on the basis of the average delay time per IFR flight at FIR Belgrade generated by ATM. The document «European Network Operations Plan 2015-2019» defines the delay value for SMATSA IIc, which is less than 0.1 minutes per flight. Capacity indicators and their acceptable values are also defined at the national level by the aviation authorities of the Republic of Serbia.

Acceptable and realized values of the capacity indicators for 2017 are given in the following table.

<b>Table 8 – Capacity indicators in 2017 <sup>2</sup></b>		
<b>Capacity indicator</b>	<b>Acceptable value</b>	<b>Accomplished value</b>
Average delay time per IFR flight in FIR Belgrade generated by ATM	<0.1 minute/ IFR flight	0.03612 minute/ IFR flight

#### 4.4.1.4 Environmental Protection

The assessment of the level of environmental protection is based on the average efficiency of the horizontal flight, indicator recognized in the regulations concerning the Performance Scheme under the Single European Sky regulation. In the second reference period (2015-2019), the target values of the indicators are defined in the following manner:

1. Key performance Environment indicator based on Actual trajectory. The average efficiency of the horizontal flight by 2019 is the deviation of the actual trajectory from 2.6% in relation to the long-circuit route.
2. KEP - Key performance Environment indicator based on last filed flight plan. The average efficiency of the horizontal flight by 2019 is the deviation of the last delivered trajectory of 4.1% in relation to the long-circuit route.

<sup>2</sup> Извор података: NMOС база података.

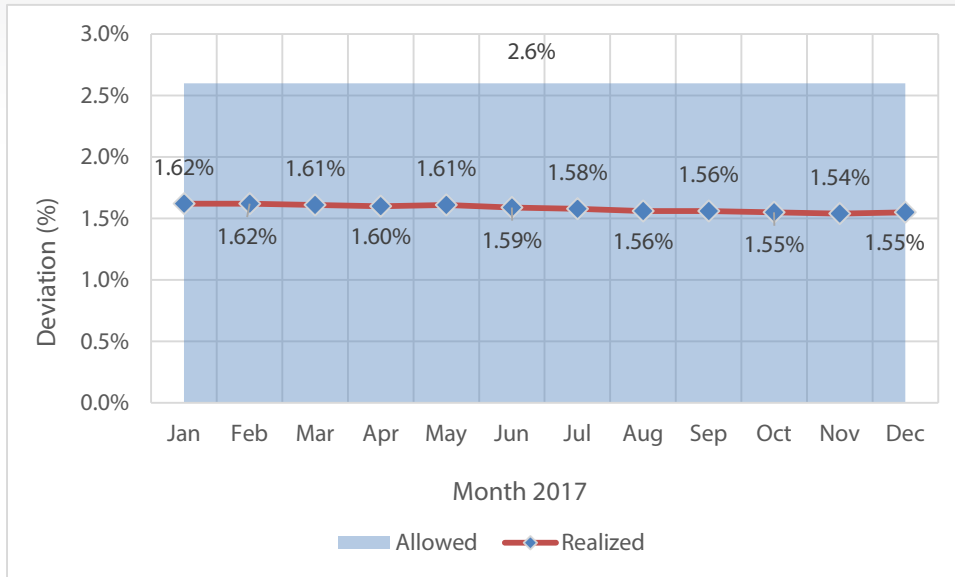


Figure 17 – KEA - Key performance Environment indicator based on Actual trajectory in Serbia and Montenegro in 2017<sup>3</sup>

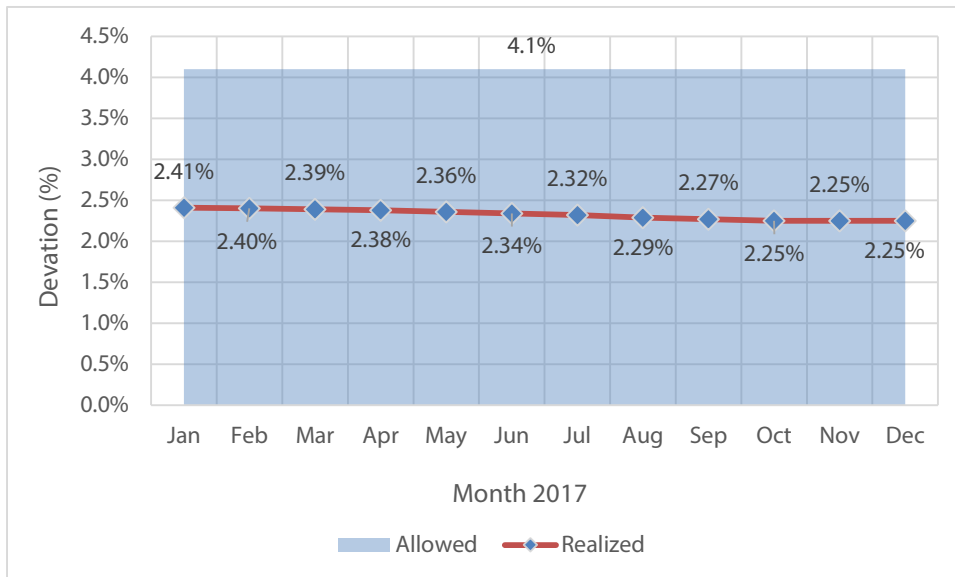


Figure 18 – KEP - Key performance Environment indicator based on last filed flight plan in Serbia and Montenegro in 2017<sup>4</sup>

The values of KEA and KEP indicators for Serbia and Montenegro for 2017 are within the permitted values prescribed by the regulations.

#### 4.4.2 Quality of Provided Services

The analysis of the quality objectives of SMATSA llc is carried out on an annual basis. The results of the analysis of the fulfillment of the quality objectives for 2017, as set out in the regular meeting of the Quality Committee, are presented in the following table:

<sup>3</sup>Source of data: European ANS Performance Data Portal (<http://ansperformance.eu/>).

<sup>4</sup>Source of data: European ANS Performance Data Portal (<http://ansperformance.eu/>)

Table 9 – Analysis of the fulfillment of quality goals for 2017

Service	Target	Planned	Realized	Note
ATM	Average delay per IFR flight generated by SMATSA Ilc at annual level	Less than 0,095 minutes	YES	According to the source of the EUROCONTROL NMOC Database (Traffic and Delay per Country) during 2017, the average delay per one IFR flight generated by SMATSA Ilc amounted to 0.03612 min.
	Percentage of aircrafts taking off from the SMATSA Ilc's area of responsibility within the time tolerance of the issued slot	Higher than 83%	YES	According to the source of the EUROCONTROL NMOC database (Daily Slot Adherence to ATFM Slots per ADEP), in 2017, a value of 90.8% of aircrafts taking of from the SMATSA Ilc's area of responsibility within the time tolerance of the issued slot, annually.
	Number of serious incidents caused by ATM(confirmed by the analyses)	Less than 5	YES	By inspecting the event database, which is kept in SAF.00 for 2017, it was found that a total of 318 events were reported, of which 16 required further analyses by department SAF.00. In the same period, there were 5 aircraft accidents, none with ATM participation. Also, no events of category Serious incident were recorded.
CNS	System availability of technical devices and systems under SMATSA Ilc competence of directly affecting the provision of services	A(t) = 99,9%	YES	Despite the exceptions (individual deviations) from the desired system availability values listed in the Annexes, and due to the application of individual and group redundancy of CNS devices and systems during 2017, it can be considered that the quality goal from the CNS domain has been met for all devices, systems and services that directly affect the provision of services.
MET	Terminal Aerodrome Forecast	According to ICAO Annex 3, Attachment B	YES	Results of the analyses of the Terminal Aerodrome Forecast (TAF): for LYBT 94.8%, for LYBE 95.3%, for LYVR 92.9% for LYKV 96 , LYNI 96.3%, LYUZ 92.1%, LYPG 97.1%, LYTV 95.4%, or average for all airports 95.1%, thus achieving the desired operational accuracy given in ICAO Annex 3, Attachment B.
AIS	Data Quality Assessment (Q)	Higher than 0,77	YES	Quality assessment was performed on a sample of 100 individual data. Average rating for this sample is 0,778.
TRE	Number of theoretical teaching hours per year, for each enrolled group of candidates in the ANS Staff Training Center	100%	YES	Theoretical training hours were realized in accordance with the appropriate Training Decisions.
	Number of practical training hours per year for each enrolled group of candidates in the ANS Staff Training Center	100%	YES	Practical training classes were realized in accordance with the appropriate Training Decisions.

**Table 9 – Analysis of the fulfillment of quality goals for 2017**

Service	Target	Planned	Realized	Note
ATO	Percentage of realized theoretical teaching classes in relation to the planned number of hours per year, for each enrolled group of candidates in the SMATSA Aviation Academy	100%	YES	The target was realized 104%. Planned: 3,844 hours, realized: 3,986 hours. More hours than planned were realized due to unplanned courses: PPL course, MCC course, aviation instruction in English, and additional courses.
	Respecting the planned deadlines for completing theoretical training per year at the SMATSA Aviation Academy	100%	YES	The deadline for all enrolled groups was observed. Theoretical classes were completed by all groups within the deadline: HOTEL 16, INDIA 16, JULIET 17, KILO 17, LIMA 17, PPL, PPL DL and FI
	Percentage of realized flight time in relation to the planned number of flight hours per year, for each enrolled group of candidates in SMATSA Aviation Academy	100%	YES	The target was achieved 102% Scheduled flight time: 6.583,5, realized number of hours of flight: 6.705,33. The difference in the achieved and planned impact was due to the higher number of MSS students, as well as the number of students who regularly attended flight training.
	Respecting the planned completion deadlines per year in SMATSA Aviation Academy	100%	YES	The deadline for all enrolled groups was observed for all candidates who were regular on flight training.
CAL	Realization of annual calibration plan	100%	YES	Annual calibration plan by assets was realized 118%. The total of 376 calibrations were realized, of which 318 are calibrations according to the annual plan and 58 extraordinary calibrations. The number of realized calibrations according to contracts with external users is 255.
MO	Fulfillment of working norms expressed in percentages in relation to the norms prescribed by the aircraft manufacturer	Higher than 99%	YES	The fulfillment of working standards was 99.78%. The goal was achieved due to better organization of accompanying activities that are not covered by labor standards.
	Maximum Down Time due to technical malfunctioning of aircraft used by SMATSA Aviation Academy at annual level	Less than 120 business days	YES	Total Down Time due to technical malfunctioning of aircraft used by SMATSA Aviation Academy was 0 business days. This result was achieved because there were no malfunctions that came out of the scope of periodicals on aircraft.

#### 4.4.3 Additional Performance Indicators

In addition to the performance indicators covered by European and domestic regulations, i.e. quality objectives, SMATSA Ilc monitors the performance of operations of certain areas based on internally determined business indicators. The values of additional indicators in relation to the set goals are shown in the following table.

**Table 10 – Additional indicators/Performance Indicators in 2017**

Indicators	Target value for 2017	Realized
<b>STO 01-Improvement of ANS</b>		
Number of overloads reported by flight controllers	< 20 per year	0
Observance of slots at Belgrade Airport (LYBE)	> 83%	88.9%
Observance of slots at Tivat Airport (LYTV)	> 83%	94.0%
Observance of slots at Podgorica Airport (LYPG)	> 83%	96.4%
Observance of slots at the Airport Nis(LYNI)	> 83%	100.0%
Air quality data score	0.78	0.78
Number of complaints from AIS users	<14	6
<b>STO 03-Development of competitive commercial services</b>		
Number of projects related to SESAR.	> 1	4
Number of meetings held per year with flight control representatives in the environment	> 2	At least 6 meetings with the regional ANSP were held, mostly due to intensive activities in preparation for the implementation of the SECSI FRA project scheduled for February 1, 2018.
Number of projects within centralized services	> 2	8
<b>STO 04-Enhancing social responsibility and environment</b>		
The percentage of waste that is handed over for some form of reuse or recycling in relation to the total amount of waste	35%	86%
Number of socially responsible programs for environmental protection in which SMATSA Ilc participated	>1	01
<b>STO 06-Improving the performance of the organization and resource management system</b>		
Realization of investment plan	>70%	73,68%
<b>STO 07-Improvement and development of human potential</b>		
Average number of days per year per employee spent at conferences or creative workshops	> 1,5	1,59
Average number of days in the year spent on training for operational posts (expressed per person)	> 3	2,97

<sup>5</sup> It was agreed that after the final calculation of the revenue of SMATSA Ilc, the entire amount of revenues generated from the sale of commercial (recycling) waste during 2017 would be allocated for a humanitarian donation.

## CONSULTATION WITH USERS

### 5.1 Air traffic management – ATM

Based on the report of the EUROCONTROL Network Manager (NM), as well as the service users (International Air Transport Association - IATA, Airlines International Representation in Europe - AIRE, Airlines for Europe - A4E) about the summer season 2017 from the meeting of the Working Group for the development of the route network – RNDSEG, it is indicative that carriers are satisfied with the level and quality of services provided by SMATSA Ilc. The EUROCONTROL NM

report stated that SMATSA maintained the level of en-route ATFM delays within the requirements of the European Network. Also, service user reports show praise for the application, way of operation and improvement of flight efficiency in two airspace areas where the cross-border FRA concept (SAXFRA and SEAFRA) is implemented, and at the same time provide support for the planned merger of these FRA initiatives (SECSI)..

### 5.2 Aeronautical Information Services– AIS

Analysis of user satisfaction test is done on the basis of quarterly data quality reports from SDO, PAMS and INO applications of the European database of AIS data, user complaints and on the User Satisfaction Survey.

1. The analysis of published NOTAM, which is made by the EAD quarterly in the period October 2016 - September 2017, covered 329 NOTAMs. Eight errors, or 0.66 errors per month, were found, which is acceptable. The

cause of these errors is human error, and not inadequate procedure. After the analysis, every three months a conversation with the agents of the NOTAM Bureau is conducted and it particularly indicates errors made, in order to avoid repeating such errors.

2. The complaint analysis was completed as of December 31, 2017. During this period, six complaints related to the provision of aeronautical information services were

received. No objection was related to the threat to security due to errors in the provision of aeronautical information services. The analysis did not establish the existence of any systemic problem or objection of a higher frequency.

3. AIS regularly checks customer satisfaction by sending standardized questionnaires. When it comes to 2017, fifteen completed

questionnaires on user satisfaction were received. Out of this, 10 respondents rated our service with the grade - excellent, 5 with the grade - good. The respective users gave a proposal to create new covers for VFR AIP, since the number of pages is constantly increasing.

### 5.3 Aeronautical Meteorological Services – MET

During 2017, completed forms of aviation user impression books for the year 2017 were collected from all the organizational units, and a satisfaction survey of the MET service users was conducted through a questionnaire. By inspecting the completed forms of the impression book and analyzing the completed questionnaires, it was noted that all the comments expressed customer satisfaction with MET services. In addition, the users assessed their cooperation with meteorological staff as excellent. No comments and complaints of users were received on the MET service provision during the year by mail.

In addition, in the framework of the formal consultation with users of MET services, in 2017 the following activities were realized:

1. At the end of the year CAD organized a visit of the Network Operation Center Air Serbia, within which the continuation of the cooperation was agreed;
2. Meetings and User Survey (LLF) in Belgrade and Podgorica, carried out within the planned activities of the eGAFOR Project with the aim to:
  - determine the degree of use of existing MET information;
  - gain insight into the needs of users regarding the content of future eGAFOR, and
  - harmonize the expressed needs of the users with the technical and scientific capabilities of providing MET services.
3. Informal and formal consultations with flight controllers, which form the basis for the development of the MET information improvement plan for CL units.



## 5.4 SMATSA Ваздухопловна академија

User satisfaction testing in 2017 was done through a questionnaire after the completion of the training. The results of a survey of 30 candidates on pilots training are shown in the following table.

**Table 11** – Results of the Pilot Training User Satisfaction Survey within SMATSA Aviation Academy in 2017

Domain	Not satisfied	Neutral	Satisfied	Very satisfied
Knowledge before arriving at the Academy	50%	19%	25%	6%
Knowledge after graduating at the Academy	0%	0%	50%	50%
Theoretical instructors	0%	25%	44%	31%
Teaching and learning resources	0%	19%	50%	31%
Textbooks	6%	25%	44%	25%
Flying skills acquired	0%	0%	50%	50%
Flying instructors	0%	6%	44%	50%
Organization of flight training	13%	25%	31%	31%
Daily organization	6%	31%	44%	19%
Briefing and de-briefing	6%	6%	50%	38%
General assessment of overall training	0%	6%	38%	56%





## 5.5 Calibration of GRNS from the air

The questionnaire on the satisfaction of users of GRNS calibration services from the air included 11 respondents from foreign contracting authorities. The questions were answered by the respondents who are directly in charge of the correctness and quality of work of all GRNS under their responsibility and one respondent from the Zagreb airport control tower from the Croatian Air Traffic Control.

The average grade of the quality of calibration services of GRNS from the air is 5.00.

Two respondents did not give answers to individual questions because they felt they were not in their domain or there were no activities that should be evaluated.

**Table12** – Results of the User Satisfaction Survey of GRNS calibration services from the air in 2017

Question	Average grade
Degree of coordination of activities before, during and after the calibration of GRNS	5,00
Quality of crew communication with the technical staff on the ground during the calibration of GRNS	5,00
Quality, completeness and timeliness of reports on calibration of GRNS	5,00
Co-ordination of planned and realized activities	5,00
Response to additional requirements	5,00

Based on the grades given in the table and the separate comments of two respondents, it can be concluded that the calibration services of GRNS from the air for foreign contracting authority are performed very professionally and with high quality.

## FINANCIAL STATEMENTS

The Financial Statements are as follows on 31 December 2017, comprising the income statement, balance sheet and cash flow statement.

### 6.1 Income Statement

**Table 13** – Income statement for the period from 1 January to 31 December 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	INCOME FROM OPERATIONS				
60 do 65, except 62 and 63	A. OPERATING INCOME (1002 + 1009 + 1016 + 1017)	1001		9,964,261	9,951,913
60	I. SALES OF MERCHANDISE (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002		0	0
600	1. Income from sale of goods to parent and dependent legal entities on the domestic market	1003			
601	2. Income from sale of goods to parent and dependent legal entities on the foreign market	1004			
602	3. Income from sale of goods to other related legal entities on the domestic market	1005			
603	4. Income from sale of goods to other related legal entities on the foreign market	1006			
604	5. Income from the sale of goods on the domestic market	1007			

**Table 13** – Income statement for the period from 1 January to 31 December 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
605	6. Income from the sale of goods on the foreign market	1008			
61	II. SALES OF GOODS AND SERVICES RENDERED (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009		9,578,438	9,607,029
610	1. Sales of finished goods and services rendered to parent companies and subsidiaries - domestic	1010			
611	2. Sales of finished goods and services rendered to parent companies and subsidiaries - foreign	1011			
612	3. Sales of finished goods and services rendered to other associated entities -domestic	1012			
613	4. Sales of finished goods and services rendered to other associated entities -foreign	1013			
614	5. Sales of finished goods and services rendered to domestic customers	1014		382,608	408,421
615	6. Sales of finished goods and services rendered to foreign customers	1015		9,195,830	9,198,608
64	III. INCOME FROM PREMIUMS, SUBSIDIES, DONATIONS, GRANTS, ETC	1016		562	1.413
65	IV. OTHER OPERATING INCOME	1017		385,261	343,471
	EXPENSES FROM OPERATIONS				
50 to 55, 62 and 63	B. OPERATING EXPENSES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		9,199,785	9,396,392
50	I. COST OF GOOD SOLD	1019			
62	II. REVENUES FROM ACTIVATION OF GOODS AND EFFECTS	1020			
630	III. INCREASE OF THE VALUE OF STOCKS OF PRODUCTS IN PROGRESS AND FINISHED PRODUCTS AND SERVICES IN PROGRESS	1021			
631	IV. REDUCING THE VALUE OF STOCKS OF PRODUCTS IN PROGRESS AND FINISHED PRODUCTS AND SERVICES IN PROGRESS	1022			
51 except 513	V. COST OF MATERIAL	1023		74,490	98,922
513	VI. COSTS FUEL AND ENERGY	1024		141,269	142,280
52	VII. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		5,799,412	5,793,303

**Table 13** – Income statement for the period from 1 January to 31 December 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
53	VIII. COST OF PRODUCTION SERVICES	1026		1,059,681	1,157,611
540	IX. DEPRECIATION COSTS	1027		1,227,123	1,194,140
541 to 549	X. COSTS OF LONG-TERM PROVISIONS	1028		87,747	137,465
55	XI. NON-PRODUCTION COSTS	1029		810,063	872,671
	C. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		764,476	555,521
	D. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	E. FINANCIAL INCOME (1033 + 1038 + 1039)	1032		404,961	112,360
66, except 662, 663 and 664	I. FINANCIAL INCOME FROM RELATED PERSONS AND OTHER FINANCIAL INCOME (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial income from parent and dependent legal entities	1034			
661	2. Financial income from other related legal entities	1035			
665	3. Income from participation in the profits of associated legal entities and joint ventures	1036			
669	4. Other financial income	1037			
662	II. INTEREST INCOME (FROM THIRD PARTIES)	1038		219,786	8,422
663 and 664	III. FOREIGN EXCHANGE GAINS AND Income from foreign currency clause effects	1039		185,175	103,938
56	F. FINANCIAL EXPENSES (1041 + 1046 + 1047)	1040		270,138	179,052
56, except 562, 563 and 564	G. FINANCIAL EXPENSES RELATED TO RELATED LEGAL ENTITIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenses from relations with parent and dependent legal entities	1042			
561	2. Financial expenses from relations with other related legal entities	1043			
565	3. Expenses from participation in loss of associated legal entities and joint ventures	1044			
566 and 569	4. Other financial expenses	1045			
562	II. INTEREST EXPENSES (TOWARDS THIRD PARTIES)	1046		59,710	89,745

**Table 13** – Income statement for the period from 1 January to 31 December 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
563 and 564	III. FOREIGN EXCHANGE LOSSES AND Costs of foreign currency clause effects (to third parties)	1047		210,428	89,307
	H. GAIN FROM FINANCING (1032 – 1040)	1048		134,823	
	I. LOSS FROM FINANCING (1040 – 1032)	1049			66,692
683 and 685	J. NCOME FROM ADJUSTING VALUE OF OTHER PROPERTY SHOWN AT FAIR VALUE THROUGH INCOME STATEMENT	1050		258,638	445,403
583 and 585	K. EXPENSES FROM ADJUSTING VALUE OF OTHER PROPERTY SHOWN AT FAIR VALUE THROUGH INCOME STATEMENT	1051		125,356	133,857
67 and 68, except 683 and 685	L. OTHER REVENUES	1052		59,715	11,374
57 and 58, except 583 and 585	M. OTHER EXPENSES	1053		170,623	70,794
	N. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		921,673	740,955
	O. LOSS FROM REGULAR OPERATIONS BEFORE TAX(1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	P. NET PROFIT OF DISCONTINUED OPERATIONS, EFFECTS OF CHANGES OF ACCOUNTING POLICY AND REPAIR OF ERRORS FROM THE PREVIOUS PERIODS	1056			
59-69	Q. NET LOSS OF DISCONTINUED OPERATION, EXPENDITURES OF ACCOUNTING POLICY CHANGE, AND CORRECTION OF ERRORS FROM PREVIOUS PERIODS	1057		22,527	25,162
	R. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058		899,146	715,793
	S. LOSS BEFORE TAX(1055 – 1054 + 1057 – 1056)	1059			
	T. INCOME TAX				
721	I. TAX EXPENDITURE OF THE PERIOD	1060		206,492	187,463
part722	II. DEFERRED TAX EXPENDITURE FOR THE PERIOD	1061			4,343
part 722	III. DEFERRED TAX REVENUES FOR THE PERIOD	1062		2,992	
723	U. PAID PERSONAL INCOME OF EMPLOYEES	1063			

**Table 13** – Income statement for the period from 1 January to 31 December 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	V. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064		695,646	523,987
	W. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I. NET PROFIT BELONGING TO MINORITY INVESTORS	1066			
	II. NET PROFIT BELONGING TO MAJORITY OWNER	1067			
	III. EARNINGS PER SHARE				
	1. Basic earnings per share	1068			
	2. Reduced (diluted) earnings per share	1069			



## 6.2 Balance Sheet

**Table 14** – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
	ASSETS					
0	A. UNPAID SUBSCRIBED CAPITAL	0001				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	0002		<b>14,241,070</b>	<b>12,920,482</b>	<b>0</b>
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	0003		<b>90,120</b>	<b>83,035</b>	<b>0</b>
010 and part 019	1. Development investments	0004				
011, 012 and part 019	2. Concessions, patents, licenses, trade and service marks, software and other rights	0005		66,208	78,833	
013 and part 019	3. Goodwill	0006				
014 and part 019	4. Other intangible assets	0007				
015 and part 019	5. Intangible assets in progress	0008		23,912	4,202	
016 and part 019	6. Advances for intangible assets	0009				
02	II. PROPERTY, PLANT AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	0010		<b>14,149,390</b>	<b>12,835,598</b>	<b>0</b>
020, 021 and part 029	1. Land	0011		779,207	548,536	
022 and part 029	2. Buildings	0012		6,048,624	5,710,597	
023 and part 029	3. Plant and equipment	0013		6,349,762	5,767,770	
024 and part 029	4. Investment property	0014				
025 and part 029	5. Other property, plant and equipment	0015		5,114	5,198	
026 and part 029	6. Property, plant and equipment under construction	0016		932,830	616,275	
027 and part 029	7. Investments in other property, plant and equipment	0017		959	1,064	

**Table 14** – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
028 and part 029	8. Advances for property, plant and equipment	0018		32,894	186,158	
03	III. NATURAL ASSETS (0020 + 0021 + 0022 + 0023)	0019		<b>1,560</b>	<b>1,849</b>	<b>0</b>
030, 031 and part 039	1. Forests and plantations	0020		1,560	1,849	
032 and part 039	2. Livestock	0021				
037 and part 039	3. Natural assets under construction	0022				
038 and part 039	4. Advances for natural assets	0023				
04 except 047	IV. LONG-TERM FINANCIAL INVESTMENTS(0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	0024		<b>0</b>	<b>0</b>	<b>0</b>
040 and part 049	1. Equity participation of dependent legal entities	0025				
041 and part 049	2. Participation in the equity of associated legal entities and joint ventures	0026				
042 and part 049	3. Participation in the equity of other legal entities and other securities available for sale	0027				
part 043, part 044 and part 049	4. Long-term placements to parent and dependent legal entities	0028				
part 043, part 044 and part 049	5. Long-term placements to other related legal entities	0029				
part 045 and part 049	6. Long-term placements in the country	0030				
part 045 and part 049	7. Long-term placements abroad	0031				
046 and part 049	8. Securities held to maturity	0032				
048 and part 049	9. Other long-term financial placements	0033				
05	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	0034		<b>0</b>	<b>0</b>	<b>0</b>
050 and part 059	1. Receivables from parent and dependent legal entities	0035				



Table 14 – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
051 and part 059	2. Receivables from other related parties	0036				
052 and part 059	3. Receivables on the basis of commodity credit sale	0037				
053 and part 059	4. Receivables for sale under financial lease agreements	0038				
054 and part 059	5. Claims on security	0039				
055 and part 059	6. Controversial and doubtful receivables	0040				
056 and part 059	7. Other long-term receivables	0041				
288	V. DEFERRED TAX ASSETS	0042				
	G. CURRENT ASSETS					
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	0043		<b>3,840,375</b>	<b>4,466,488</b>	<b>0</b>
Class 1	I. INVENTORY (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	0044		<b>179,077</b>	<b>163,013</b>	<b>0</b>
10	1. Material, spare parts, tools and small inventory	0045		166,622	162,473	
11	2. Production and services in progress	0046				
12	3. Finished products	0047				
13	4. Goods	0048				
14	5. Fixed assets intended for sale	0049				
15	6. Advances paid for supplies and services	0050		12,455	540	
20	II. RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	0051		<b>1,483,012</b>	<b>1,429,641</b>	<b>0</b>
200 and part 209	1. Trade receivables - domestic - parent and dependent legal entities	52				
201 and part 209	2. Trade receivables – foreign - parent and dependent legal entities	53				
202 and part 209	3. Trade receivables - other associated entities – domestic	54				
203 and part 209	4. Trade receivables - other associated entities - foreign	55				
204 and part 209	5. Trade receivables - domestic	56		49,501	57,401	
205 and part 209	6. Trade receivables - foreign	57		1,433,511	1,372,240	

Table 14 – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
206 and part 209	7. Other sales receivables	58				
21	III. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS	59				
22	IV. OTHER RECEIVABLES	60		20,088	161,758	
236	V. FINANCIAL ASSETS VALIDATED AT FAIR VALUE THROUGH THE INCOME STATEMENT	61				
23 except 236 and 237	VI. SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		0	0	0
230 and part 239	1. Short-term loans and placements - parent and dependent legal entities	63				
231 and part 239	2. Short-term loans and placements - other related legal entities	64				
232 and part 239	3. Short-term loans and borrowings in the country	65				
233 and part 239	4. Short-term loans and borrowings abroad	66				
234, 235, 238 and part 239	5. Other short-term financial placements	67				
24	VII. CASH EQUIVALENTS AND CASH	68		1,969,208	2,629,516	
27	VIII. VALUE ADDED TAX	69		147,005	57,177	
28 except 288	IX. PREPAYMENTS AND ACCRUED INCOME	70		41,985	25,383	
	D. TOTAL ASSETS(0001 + 0002 + 0042 + 0043)	71		<b>18,081,445</b>	<b>17,386,970</b>	<b>0</b>
88	E. OFF-BALANCE SHEET ASSETS	72		885,440	716,454	
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401		<b>14,148,794</b>	<b>12,783,828</b>	<b>0</b>
30	I. ORIGINAL CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		<b>1,873,820</b>	<b>1,873,820</b>	<b>0</b>
300	1. Equity capital	403				
301	2. Shares of limited liability companies	404		355	355	
302	3. Stakes	405				
303	4. State – owned capital	406		1,862,848	1,862,848	
304	5. Socially - owned capital	407				

Table 14 – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
305	6. Cooperative shares	408				
306	7. Share premium	409				
309	8. Other capital	410		10,617	10,617	
31	II. SUBSCRIBED BUT NON-PAID-IN CAPITAL	411				
047 and 237	III. REDEEMED OWN SHARES	412				
32	IV. PROVISIONS	413		507,044	507,044	
330	V. REVALUATION RESERVES BASED ON REVALUATION OF NON-PROPERTY, PROPERTY, PLANT AND EQUIPMENT	414		3,431,245	2,869,560	
33 except 330	VI. NON-REALIZED GAINS BASED ON SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group 33 accounts except 330)	415			18,452	
33 except 330	VII. NON-REALIZED LOSSES BASED ON SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (short balance of group 33 accounts except 330)	416		26,268		
34	VIII. RETAINED PROFIT (0418 + 0419)	417		<b>8,362,953</b>	<b>7,514,952</b>	<b>0</b>
340	1. Retained profit from earlier years	418		7,514,952	6,653,575	
341	2. Retained profit from current year	419		848,001	861,377	
	IX. SHARE WITHOUT CONTROL RIGHT	420				
35	X. LOSS (0422 + 0423)	421		<b>0</b>	<b>0</b>	<b>0</b>
350	1. Loss of previous years	422				
351	2. Loss of the current year	423				
	B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)	424		<b>1,693,535</b>	<b>2,197,094</b>	<b>0</b>
40	I. LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425		<b>818,786</b>	<b>743,857</b>	<b>0</b>
400	1. Provisions for expenses in the warranty period	426				
401	2. Provisions for the costs of renewing natural resources	427				
403	3. Provisions for restructuring costs	428				
404	4. Provision for benefits and other employee benefits	429		780,054	712,592	
405	5. Provisions for litigation costs	430		38,732	31,265	
402 and 409	6. Other long-term provisions	431				

Table 14 – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
41	II. LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		874,749	1,453,237	0
410	1. Liabilities that can be converted into equity	433				
411	2. Liabilities to parent and dependent legal entities	434				
412	3. Liabilities to other related legal entities	435				
413	4. Liabilities for issued securities over a period of more than one year	436				
414	5. Long-term loans and borrowings – domestic	437				
415	6. Long-term loans and borrowings – foreign	438		874,749	1,453,237	
416	7. Financial lease liabilities	439				
419	8. Other long-term liabilities	440				
498	C. DEFERRED TAX LIABILITIES	441		598,471	534,195	
42 to 49 (except 498)	D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		<b>1,640,645</b>	<b>1,871,853</b>	<b>0</b>
42	I. SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		<b>483,653</b>	<b>820,956</b>	<b>0</b>
420	1. Short-term loans from parent and dependent legal entities	444				
421	2. Short-term loans from other related legal entities	445				
422	3. Short-term loans and borrowings in the country	446				
423	4. Short-term loans and borrowings abroad	447				
427	5. Liabilities based on fixed assets and assets of discontinued business for sale	448				
424, 425, 426 and 429	6. Other short-term financial liabilities	449		483,653	820,956	
430	II. RECEIVED ADVANCES, SHORT-TERM DEPOSITS AND CAUTION MONEY	450		210,592	167,954	
43 except 430	III. LIABILITIES FROM BUSINESS OPERATIONS (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		<b>471,995</b>	<b>337,304</b>	<b>0</b>
431	1. Trade payables - parent companies and subsidiaries - domestic	452				
432	2. Trade payables - parent companies and subsidiaries – foreign	453				

**Table 14** – Balance sheet as of December, 31 2017 (in 000 RSD)

Account group, account	POSITION	AOP	Note no.	Amount		
				Current year	Previous year	
					Final balance 31 December 2016	Initial balance 1 January 2016
1	2	3	4	5	6	7
433	3. Trade payables - other associated companies – domestic	454				
434	4. Trade payables - other associated companies – foreign	455				
435	5. Trade payables – domestic	456		156,439	135,564	
436	6. Trade payables – foreign	457		315,467	201,624	
439	7. Other liabilities from business operations	458		89	116	
44, 45 and 46	IV. OTHER SHORT-TERM LIABILITIES	459		430,925	533,444	
47	V. VALUE-ADDED TAX LIABILITIES	460		391		
48	VI. LIABILITIES FOR OTHER TAXES, BENEFITS AND OTHER DUTIES	461		40,036	6,513	
49 except 498	VII. ACCRUALS AND DEFERRED INCOME	462		3,053	5,682	
	E. LOSS ABOVE CAPITAL AMOUNT (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463				
	F. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		<b>18,081,445</b>	<b>17,386,970</b>	<b>0</b>
89	G. OFF BALANCE SHEET LIABILITIES	465		885,440	716,454	



## 6.3 Cash Flow Statement

**Table 15** – Cash Flow Statement in the period from 1 January to 31 December 2017 (in 000 RSD)

Position	AOP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
I. Cash inflows from operating activities (1 do 3)	3001	10,805,199	10,402,309
1. Sales and received advances	3002	9,971,886	9,456,233
2. Interest received from operating activities	3003	28,463	8,422
3. Other inflows from regular operations	3004	804,850	937,654
II. Cash outflows from operating activities (1 to 5)	3005	8,881,468	8,456,527
1. Payments to suppliers and advance payments	3006	2,609,021	2,793,420
2. Wages, wage compensations and other personal expenditures	3007	6,148,997	5,394,955
3. Paid interest	3008	63,462	92,935
4. Income taxes	3009	59,988	175,217
5. Outflows from other public revenues	3010		
III. Net cash inflows from operating activities (I-II)	3011	1,923,731	1,945,782
IV. Net cash outflow from operating activities (II-I)	3012		
<b>B. CASH FLOW FROM INVESTMENT ACTIVITY</b>			
I. Cash inflows from investing activities (1 to 5)	3013	-	-
1. Sale of shares and stakes (net inflows)	3014		
2. Sale of intangible assets, real estate, plant, equipment and biological assets	3015		-
3. Other financial placements (net inflows)	3016		
4. Interest received from investment activities	3017		
5. Dividends received	3018		
II. Cash outflows from investment activities (1 to 3)	3019	1,754,120	1,740,413
1. Purchase of stocks and shares (net outflows)	3020		
2. Purchase of intangible assets, real estate, plant, equipment and biological assets	3021	1,754,120	1,740,413
3. Other financial placements (net outflows)	3022		
III. Net inflow of cash from investment activities (I-II)	3023		
IV. Net outflow of cash from investment activities (II-I)	3024	1,754,120	1,740,413
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
I. Cash inflows from financing activities (1 to 5)	3025	-	-
1. Increase in basic capital	3026		

**Table 15** – Cash Flow Statement in the period from 1 January to 31 December 2017 (in 000 RSD)

Position	AOP	Amount	
		Current year	Previous year
1	2	3	4
2. Long-term loans (net inflows)	3027		
3. Short-term loans (net inflows)	3028		
4. Other long-term liabilities	3029		
5. Other short-term liabilities	3030		
II. Cash outflows from financing activities (1 to 6)	3031	822,830	1,218,789
1. Stock and share repurchase plans	3032		
2. Long-term loans (outflows)	3033	822,830	1,218,789
3. Short-term loans (outflows)	3034		
4. Other liabilities (outflows)	3035		
5. Financial leasing	3036		
6. Dividends paid	3037		
III. Net cash inflow from financing activities (I-II)	3038		
IV. Net cash outflow from financing activities (II-I)	3039	<b>822,830</b>	<b>1,218,789</b>
<b>D. TOTAL CASH INFLOW</b> (3001 + 3013 + 3025)	3040	<b>10,805,199</b>	<b>10,402,309</b>
<b>E. TOTAL CASH OUTFLOW</b> (3005 + 3019 + 3031)	3041	<b>11,458,418</b>	<b>11,415,729</b>
<b>F. NET CASH INFLOW</b> (3040 – 3041)	3042		
<b>G. NET CASH OUTFLOW</b> (3041 – 3040)	3043	653,219	1,013,420
H. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044	2,629,516	3,638,462
I. EXCHANGE RATE GAINS BASED ON CASH CONVERSION	3045		4,474
J. EXCHANGE RATE LOSSES BASED ON CASH CONVERSION	3046	7,089	
<b>K. CASH AT THE END OF THE ACCOUNTING PERIOD</b>	3047		
(3042 – 3043 + 3044 + 3045 – 3046)		1,969,208	2,629,516



## 6.4 Notes to the Financial Statements

### 6.4.1 Basis of preparation of financial statements

The financial statements for 2017 were prepared in a manner and in accordance with the legal regulations.

Legal persons and entrepreneurs in the Republic of Serbia are obliged to perform business bookkeeping, recognizing and assessing assets and liabilities, income and expenses, compilation, displaying, submitting and disclosing financial statements in accordance with the Law on Accounting («Official Gazette of the Republic of Serbia» No. 62/2013), as well as in accordance with other applicable by-laws. The Company, as a large legal entity, is obliged to apply the International Financial Reporting Standards («IFRS»), which within the meaning of the said law include: Framework for preparation and presentation of financial statements («Framework»), International Accounting Standards («IAS»), International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRIC, subsequent amendments to those standards and related interpretations approved by the International Accounting Standards Board (“Board”), whose translation is determined and published by the ministry responsible for finance.

The Decision of the Ministry of March 13, 2014, published in the “Official Gazette of RS” No. 35 of March 27, 2014, (hereinafter referred to as the «Decision on determining the translation»), also determined the published translations of the basic texts of the IAS and MSFI, the Conceptual Framework for Financial Reporting («Conceptual Framework») adopted by the Board, as well as related IFRIC interpretations. The listed translations published in the Decision on determining the translation do not include grounds for concluding, illustrative examples, guidelines, comments, contradictions, elaborated examples or any

other supplementary explanatory material that can be adopted in relation to standards or interpretations, unless it is explicitly stated that this material is an integral part of the standard or interpretation. Pursuant to the Decision on determining the translation, the conceptual framework, IAS, IFRS, IFRIC and related interpretations that have been translated are in use from the financial statements that are compiled on December 31, 2014. The IFRS and standards interpretations revised or issued after this date have not been translated and published, and therefore have not been applied for the preparation of the accompanying financial statements.

However, until the date of drawing up the accompanying financial statements, all amendments to the IAS/IFRS and IFRIC interpretations that were in force since January 1, 2015 were not translated. In addition, certain laws and by-laws regulate accounting procedures, valuations and disclosures that in some cases deviate from the requirements of IAS/IFRS and IFRIC Interpretation.

In addition, the accompanying financial statements deviate from IAS and IFRS in the following items:

1. «Off-balance sheet assets and liabilities» are shown on the balance sheet form. These items, by IFRS definition, do not represent assets or liabilities.
2. The Company compiled these financial statements in a format prescribed by the Ministry of Finance, which is not in accordance with the requirements of IAS 1 - «Presentation of Financial Statements»

In accordance with the foregoing, and taking into account the potential material effects that the derogation of the accounting regulations of the Republic of Serbia from IFRS and IAS may



have on the reality and objectivity of the financial statements of the Company, the accompanying financial statements cannot be considered financial statements that are fully in compliance with IFRS and IAS.

The financial statements are prepared according to the concept of historical costs, modified for the revaluation of real estate, plant and equipment, as well as financial assets and liabilities, the effects of changes in fair value being recorded in the income statement.

In preparing these financial statements, the Company applied the adopted accounting policies.

In accordance with the Law on Accounting, the financial statements of the Company are denominated in thousands of dinars (RSD). Dinar (RSD) represents the official reporting currency in the Republic of Serbia.

The preparation of financial statements for 2017 of Serbia and Montenegro Air Traffic Services SMATSA llc Belgrade for the accounting period ending December 31, 2017, in all material matters, was carried out in accordance with the Law on Accounting (Official Gazette of the Republic of Serbia No. 62/2013), which implies the application of the International Accounting Standards, i.e. the International Financial Reporting Standards (IAS/IFRS) as well as the regulations issued by the Ministry of Finance of the Republic of Serbia.

The Decision of the Minister of Finance of the Republic of Serbia (No. 401-00-380/2010 of October 25, 2010) determined and published the Framework and the translation of the IAS in effect on December 31, 2014 and based on the Law on Accounting. The management of the Company assesses the impact of changes in IAS, new IFRS, and interpretations of standards regarding the preparation of consolidated financial statements. Amendments to existing IAS, new IFRS and standards interpretations, the replacement of the existing IAS with new ones, which entered into force from January 1, 2014, as well as the application of new interpretations that came

into force during 2014, did not result in significant changes in the Company's accounting policies, nor did they have a materially significant impact on the financial statements in the period of initial application. Despite the fact that many of these changes are not applicable to the Company's operations, the Company's management does not express an explicit and unreserved statement of compliance of financial statements with IFRS that apply to the periods presented in the enclosed financial statements.

The audit of the Company's financial statements for 2016 was carried out by the Company for Audit, Accounting and Consulting «Moore Stephens Audit and Accounting» llc, Studentski trg 4/V, Belgrade. According to the independent auditor's report, the financial statements accurately and objectively, on all material issues, show the financial position of the Company as of December 31, 2016, as well as the result of its operations and cash flows for the business year ended on that date, in accordance with the accounting regulations in force in the Republic of Serbia and the accounting policies disclosed in the Notes to the Financial Statements.

In accordance with the provisions of Article 34 of the Law on Accounting, the financial statements for 2016, together with the independent auditor's report «Moore Stephens Audit and Accounting» llc, by the Decision of the Company's General Meeting on the adoption of the Financial Statements for 2016, by the Decision of the Company's General Meeting on distribution of profits on unallocated profits and the Business Report for 2016, were submitted to the Business Registers Agency for publication on the website of the Register of Financial Statements.

The preparation of financial statements in accordance with IFRS requires the application of certain key accounting estimates. It also obliges the Management to use its judgment in the application of the Company's accounting policies.

The errors from the previous years did not reflect on the financial statements for 2017, but were recorded in the accounts of groups 59 and 69 in the financial statements for 2017.

## 6.4.2 Overview of significant accounting policies

### 6.4.2.1 Intangible assets

An intangible asset is a specific non-monetary asset without physical content:

- which is used for the production or delivery of goods or services, for hire to other entities or for administrative purposes;
- which is controlled by the company as a result of past events, and
- which is expected to bring economic benefits in the future.

Intangible assets comprise: investments in development; concessions, patents, licenses and similar rights; other intangible assets; intangible assets in preparation and advances for intangible assets.

Purchase of intangible assets during the year is recorded at purchase value. Purchase value represents the invoice value increased for all the dependent purchase costs and all the costs of bringing it into the state of functional readiness. The cost of intangible assets produced in its own right consists of direct costs and associated indirect costs related to that asset.

Borrowing costs incurred until the moment of placing intangible assets into use are capitalized or included in the cost.

After being recognized as assets, intangible assets are stated at purchase value or at the cost less the total amount of accrued depreciation and the total amount of impairment losses.

Intangible assets are recognized and subject to depreciation of intangible assets that meet the

requirements of the revised IAS 38 Intangible Assets with a useful life exceeding one year.

Subsequent expenditure relating to already recognized intangible assets is attributable to the stated amount of that asset if it is probable that the inflow of future economic benefits will be greater than the originally estimated rate of return of that asset.

The Company recognizes the carrying amount of an intangible asset, the cost of replacing some of these items at the time when those costs arise and when the recognition criteria of IAS 38 «Intangible Assets» are met (Paragraph 21).

Any other subsequent expense is recognized as an expense in the period in which it was incurred.

If there are indications that there has been a decrease in value, the carrying amount of intangible assets is estimated and, if the impairment exists, the value of the assets is reduced to the recoverable amount.

Gains or losses arising from debiting or disposal are determined as the difference between the estimated net proceeds from sale and the amount of the asset presented, and they are recognized as income or expense in the income statement.

The impairment of the value of intangible assets is recognized by the decrease in the value of the investment while simultaneously recognizing the expense in the Income statement in accordance with IAS 36 Impairment of Assets.

The residual value of intangible assets shall be deemed as equal to zero, unless:

- there is a contractual obligation of a third party to repurchase this asset at the end of its remaining life or
- there is an active market for this asset where the residual value can be determined and that this market will last at the end of the life of that asset.

The depreciation of intangible assets that are subject to depreciation is carried out using the proportional method within five years, except for the investments whose time is determined by the contract, when the write-off takes place within the deadlines arising from the contract. The depreciation of intangible assets is calculated from the beginning of the following month in

relation to the month when the non-material investment was put into use. The basis for the depreciation of intangible assets is the cost less the cumulative depreciation and the total impairment losses.

The basic depreciation rates for certain intangible assets are as follows:

Name	Depreciation rate
Licenses	14,28–100
Licensed software	10–33,33
Project documentation	14,28–20

Depreciation rates for intangible assets may be amended only on the basis of a written order issued by an expert service at the request of the Director of Aeronautical Engineering and with the consent of the Director of the Company, as well as on the basis of the approved independent assessor report.

Intangible assets, or the right to their use under a license agreement, are recognized in accordance with IAS 38. The license agreement regulates the subject of the transfer of the licensee and the obligations of the licensee. The fee paid by the licensee represents an intangible asset for the licensee (provided that the right that is the subject of the contract used for more than one year).

Costs directly attributable to software are capitalized as part of a software product. Other development expenditure that cannot meet the criteria is recognized as an expense when incurred.

Intangible assets cease to be disclosed in the balance sheet upon disposal or when the asset is permanently withdrawn from use and when no future economic benefits are expected from its disposal.

#### 6.4.2.2 Property, plant and equipment

Tangible assets meeting the requirements for the recognition of IAS 16 Property, plant and equipment and with the useful life longer than one year are recognized as property, plant and equipment and are subject to depreciation. Initial measurement of property, plant and equipment that meets the requirements for recognition as a permanent asset is carried at purchase value or at cost. Subsequent expenditure relating to already recognized property, plant and equipment is attributed to the amount of that asset, if it is probable that the inflow of future economic benefits will be greater than the originally estimated rate of return of that asset. Any other subsequent expense is recognized as an expense in the period in which it was incurred.

Subsequent expenditures, i.e. investments in fixed assets, the amount of which may be significant, consisting primarily of labour costs, consumables and small spare parts, are recorded as current maintenance costs. Replacement of larger spare parts, whose usage period is less than one year, is recorded as a maintenance cost because such spare parts do not meet the criteria to be recognized as assets.

Given that component parts of buildings may require replacement before the expiration of the durability of the facility as a whole, Paragraph 13 of the revised IAS 16 provides an opportunity for the company to recognize the asset as a separate asset if it meets two of the basic requirements of Paragraph 7 of this standard (a) that it is likely that the future economic benefits associated with that asset will flow into the company, and (b) that the purchase value, or the cost of the asset, can be reliably measured. Recognition is made at the moment when replacement costs occur, with the carrying amount of the parts being replaced being disposed of, regardless of whether the replacement part is depreciated or not. If it is not appropriate to determine the carrying amount of the spare part, in accordance with Paragraph 70 of the revised IAS 16, replacement costs may be used as information on the cost of the spare part at the time of its acquisition or construction.

If the part that is replaced is not recorded in the bookkeeping as a separate asset and has a different lifetime than the asset's lifetime, and if the carrying amount is determined by the



replacement method, the amount of the written-off value (calculated depreciation) is determined using the rate at which the asset is written off it is a part, not at a rate that stems from the lifetime of the part being replaced.

Depreciation of property, plant and equipment is carried out using a proportional method and begins when the asset is available for use.

The last evaluation of property, plant and equipment was made on 1 January 2017.

The basic depreciation rates for certain groups of property, plant and equipment are as follows:

Name	Depreciation rate 2017	Depreciation rate 2016
Buildings	0,24–100%	0,24–50%
Equipment	5,56–50%	2,5–50%
Vehicles	10–50%	10–50%
Computer equipment	14,29–50%	14,28–50%
Furniture	10–50%	10–50%
Other equipment	2,50–50%	2,50–50%
Airplanes	2,86–12,50%	2,86–12,50%
Investment into other equipment	6,66–20%	6,66–20%

Depreciation calculation for tax purposes is performed in accordance with the Law on Corporate Profit Taxes of the Republic of Serbia and the Rulebook on the method of classifying fixed assets by groups and the manner of determining the depreciation for tax purposes, which results in deferred taxes.

Investments in other fixed assets for the purpose of performing activities are recognized and reported on a separate account as fixed assets, provided that their useful life is longer than one year.

Depreciation of investments into other fixed assets is based on the estimated useful life.

Property, plant and equipment shall cease to be stated in the balance sheet after disposal or when the asset is permanently withdrawn from use and when no future economic benefits are expected from its disposal.

Gains or losses arising from the debiting or disposal of property, plant and equipment are determined as the difference between the estimated net inflows from sales and the amount of assets disclosed and recognized as income or expense in the income statement.

When revalued assets are sold, the amount of the revaluation included in the revaluation reserve is transferred to the unallocated profits.

Property, plant and equipment withdrawn from active use and held for disposal are disclosed in the amounts at which they are stated on the day of withdrawal of the asset from active use.

On each balance sheet date, the Company assesses whether there is any indication that the asset may be impaired. If such an indication exists, the Company estimates the amount of recoverable assets. If the recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount and at the same time the previously formed revaluation reserves are reduced on the basis of that asset. If revaluation reserves are not

formed on the basis of the asset whose value is impaired or used for other purposes, the amount of the loss on impairment shall be recognized for the expense of the period.

If there are indications on the balance sheet date that previously recognized impairment loss does not exist or is reduced, an estimate of the recoverable amount of the asset is made. Loss due to impairment recognized in previous years is recognized as income, in case the basic valuation procedure of property, plant and equipment is applied, that is, as an increase in the revaluation reserve if an alternative valuation procedure for property, plant and equipment is applied, and the carrying amount is increased to its recoverable amount.

An estimate of fair value and the rest of the value of assets (as well as residual values) is carried out by an authorized assessor, and in accordance with IAS 16 Property, plant and equipment, recording the results of estimates on income or expenses.

Subsequent expenditure that relates to already recognized real estate, plant and equipment is attributed to the amount of that asset, if it is probable that future economic benefits will be greater than the originally estimated rate of return of that asset and that the purchase value/cost of subsequent expenditure can be reliably determined.

#### 6.4.2.3 Tools and inventory

The tools and inventory assets, whose useful life is less than one year, are necessarily expressed as working capital (as inventory), regardless of how much their purchase value is. For these assets, depreciation is not accounted for, but by putting into use, their total value is transferred to costs.

As a fixed asset, tools and small inventory assets are recognized and are subject to the depreciation of the asset that are written off in writing, the useful life of which is longer than one year.

Tools and inventory assets that do not meet these requirements are accounted for as working capital (inventories).

For the same tools and inventory which are used together, the individual value is determined as the sum of the individual values of all the same tools and inventory.

#### 6.4.2.4 Spare parts

Installed spare parts whose useful life is longer than one year are recognized as fixed assets.

Such spare parts, after installation, increase the carrying amount of the asset in which they are installed.

Spare parts that do not meet the requirements referred to in paragraph 1 of this Article, during installation, shall be stated as operating expenses.

#### 6.4.2.5 Inventories

Inventories are accounted for in accordance with IAS 2 Inventories.

Inventories are assets in the form of materials or aids used in the production process or in the provision of services.

Inventories include basic and auxiliary material that will be used in the production process or during the provision of services.

Inventories of materials purchased from suppliers are measured at purchase value or net sales value, if lower.

Inventory procurement cost or inventory costs price comprises all procurement costs, and other costs incurred by bringing such inventory to its present location and condition.

The costs of purchasing materials include the purchase price, import duties and other taxes (other than those that the company can subsequently recover from tax authorities such as VAT that can be deducted as a prior tax),

transport costs, manipulative costs and other costs directly attributable to the procurement of materials. Discounts, rebates and other similar items are deducted when determining the cost of the purchase.

An estimate of the net sales value of inventory materials is made by a special commission formed by the Company's Director.

Calculation of the output (consumption) of the material inventory is carried out according to the method of average weighted price.

Determination of the weighted average price is made after each new input of the material.

In hyperinflationary business operations, the adjustment of inventory values according to the price growth index is made in accordance with IAS 29.

#### 6.4.2.6 Short-term receivables and placements

Short-term receivables include receivables from customers in the country and abroad based on the sale of goods and services.

Short-term placements include loans, securities and other short-term placements with a maturity date, i.e. a sale of one year from the date of the balance sheet.

Short-term receivables from customers are measured by the value from the original invoice.

If the value in the invoice is denominated in a foreign currency, conversion to the reporting currency is made at the median exchange rate applicable on the transaction date.

Changes in the exchange rate from the date of the transaction to the date of collection of receivables are presented as exchange differences for the benefit of the revenue or at the expense of the expenditure.

Receivables denominated in foreign currencies on the balance sheet date are converted at the

current exchange rate and foreign exchange gains are recognized as income or expense of the period.

The indirect write-off or correction of the value of the receivables from customers at the expense of the period expenditure through the impairment account is carried out with the receivables from customers, in accordance with the law prescribed by the due date of the invoice for collection, with the assessment of the collectability of each individual claim. The Supervisory Board of the Company adopts a decision on indirect write-offs, i.e. changes in the value of the receivables from customers, through the value adjustment account on the proposal of the commission for the list of claims and short-term placements. Direct write-off of trade receivables at the expense of the period expenditure is made if the indebtedness is certain and documented - the company failed to make a payment through the court and the claim was previously included in the company's income. The decision on direct write-off of trade receivables is made by the Supervisory Board of the Company on the proposal of the commission for the list of claims and short-term placements and/or on the basis of EUROCONTROL's annual report. The calculation and collection of air traffic services in the airspace of the Republic of Serbia –Flight Information Region Belgrade (FIR Belgrade)–is performed in accordance with the applicable regulations and the amount of the fee for the use of air traffic services in the area of terminal flight control.

#### 6.4.2.7 Cash and cash equivalents

Cash equivalents and cash constitute part of the current (working) assets of a legal entity, which is estimated at the nominal or fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement and other relevant standards (IAS 32 - Financial Instruments: Disclosure and Presentation and IAS 7 - Cash Flow Statement).

Cash and cash equivalents include: cash in hand, sight deposits with banks, other short-term highly liquid investments with an original maturity of up to three months or shorter (checks and bills accepted for collection, current investments in securities) and overdrafts on the current account. Overdrafts on the current account are included in liabilities under loans under current liabilities, in the balance sheet.

#### 6.4.2.8 Off-balance sheet assets and liabilities

Off-balance sheet assets/liabilities include a record for:

- received guarantees, provided guarantees, counter-guarantees and liabilities on this basis.

#### 6.4.2.9 Basic capital

Basic capital is created when the company is founded on the basis of the founder's stake in the Company. The founders of the Company are the Republic of Serbia (92%) and the Republic of Montenegro (8%).

Initially, basic capital is expressed in the amount of the estimated stake in the Company (i.e. it consists of paid capital and subscribed unpaid capital).

Changes in basic capital are made exclusively in accordance with the rules prescribed by the Law on Business Companies, and all changes in the basic capital are registered with the relevant Register.

Basic capital expressed in dinars is not affected by the changes in the EUR exchange rate, although the value in EUR is entered in the Register.

#### 6.4.2.10 Reserves

The Company has a reserve formed from unallocated profit until the reserve reaches at least 20% of the basic capital, which is regulated by the Agreement on confirmation of the continuity of provision of air navigation services in the territory of Serbia and Montenegro.

#### 6.4.2.11 Revaluation reserves

Revaluation reserves include the positive effects of changes in fair value of property, plant, equipment, intangible assets and other financial instruments. According to IAS 16 and IAS 38, when the carrying amount of an asset increases due to revaluation, the positive effect of revaluation is reflected in the use of equity as a revaluation reserve. The decrease in the revaluation reserve arises from the negative revaluation of the asset for which the revaluation reserve was previously formed. The negative effect of revaluation in the event of realization (debiting and disposal of funds) occurs if the revaluation reserve was presented on the basis of the specific asset.

#### 6.4.2.12 Unallocated profit

Unallocated profit is recorded as the unallocated profit of the previous years and the unallocated profit of the current year. The Unallocated Profit of previous years account shows the cumulative unallocated profit of the previous years, as well as the effect on the change in accounting policy and the correction of a material error in accordance with IAS 8 and adopted accounting policies. The unallocated profit of the current year is created by transferring the results of the current year to the account of the unallocated profit. Realized revaluation reserves are transferred to the Unallocated Profit for the current year through the Balance Sheet.

#### 6.4.2.13 Provisions

Long-term provisions include provisions in the guarantee period, provisions for retained

bails and deposits, provisions for corporate restructuring costs, employee benefit reserves (IAS 19 Employee Benefits) and other long-term provisions for covering the liabilities (legal or actual) arising as a result past events that are likely to cause an outflow of resources that contain economic benefits, for the purpose of their settlement and which can be reliably estimated (for example, disputes in progress), as well as provisions for issued guarantees and other warranties.

Long-term provisions for costs and risks are monitored by type, and their reduction or reversal is done in favor of revenue.

Provisions are not recognized for future business losses.

Reservations differ from other obligations, such as, for example, liabilities to suppliers and accrued liabilities, because they have uncertainty as to the date of creation or the amount of future expenditures that are required for settlement.

Measurement of provisions is made in the amount recognized as a provision and it represents the best estimate of the expenditure required to settle the present obligation on the balance sheet date.

Provisions are reviewed on each balance sheet date and adjusted to reflect the best current estimate. If it is no longer probable that the outflow of resources representing economic benefits will be required to settle the liabilities, the provision is terminated.

Provision is a liability (legal or derivative) that exists on the balance sheet date but has an uncertain maturity and amount.

On the account Provisions for benefits and other employee benefits the Company presents long-term provisions based on benefits (severance pay and jubilee awards) payable in accordance with rights acquired during the life and after termination of employment, in accordance with IAS 19 Employee benefits. According to IAS 19,



payments on retirement benefits and jubilee awards do not charge the period in which the employee is paid, but calculates it from the date of employment until the date when payment is made based on the acquired right. On this basis, the Company reserves the assets according to the assessment of the certified actuary.

#### 6.4.2.14 Liabilities

The following are deemed as liabilities:

- long-term liabilities (liabilities to related legal entities and legal entities with share participation, long-term loans, long-term debt obligations and other long-term liabilities). Long-term liabilities are due within one year from the date of creation or from the balance sheet date and are recognized and valued in accordance with IAS 39 Financial Instruments: Recognition and Measurement and other relevant IAS. The Company has formed a long-term liability based on long-term loans abroad.

When recognizing long-term debt liabilities, the Company observed the guidelines of IAS 23 - Borrowing Costs. Interest expense and other borrowing costs directly attributable to the acquisition, construction or development of a qualifying asset must be capitalized (attributed) to the purchase value (cost) of the asset.

The capitalization period is the period from the beginning of the investment into the qualifying asset (beginning of capitalization) until the moment when all the activities necessary for the asset to be prepared for the planned use or sale (termination of capitalization) are substantially completed. Borrowing costs incurred before and after the capitalization period, irrespective of whether they were incurred on the basis of dedicated or non-dedicated borrowings for the acquisition of a specific asset, are recognized as an expense of the period.

According to Paragraph 23 of IAS 23, the capitalization of borrowing costs is suspended during prolonged periods in which active development is interrupted. Borrowing costs incurred during an extended period in which activities necessary for the preparation of the asset for the intended use or sale were interrupted cannot be capitalized, but are presented as an expense of the period (for example, the temporary withdrawal from the construction of the started building facility).

Given that a loan is recorded in a foreign currency, the obligation is reduced to the median exchange rate on the balance sheet date and on that basis, the positive and negative foreign exchange differences are recorded;

- short-term financial liabilities (liabilities to related legal entities and legal entities with mutual participation, short-term loans and other short-term financial liabilities). The company has credited to income the previously recorded liability to the Civil Aviation Directorate of the Republic of Serbia based on the signed Protocol TOP04 No. 184/9 of August 20, 2007, on the basis of the Agreement on termination of the validity of the Protocol on mutual claims for 2007 between Serbia and Montenegro Air Traffic Services SMATSA Ilc and the Civil Aviation Directorate of the Republic of Serbia 01-580/2 of September 28, 2017;
- short-term operating liabilities (suppliers and other operating liabilities). The Company recorded all obligations to domestic and foreign suppliers;
- other short-term liabilities (liabilities based on salaries and wages, liabilities to members of the Supervisory Board and General Meeting of the Company, liabilities to natural persons for contract fees), and
- liabilities for value added tax.

Short-term liabilities are liabilities that are due within one year from the date of drawing up the financial statements.

The following contractual obligations are deemed as liabilities:

- a) handing over cash or other financial assets to another company or
- b) exchange of financial instruments with another enterprise under potentially unfavorable conditions.

In initial recognition, the Company measures the financial liability at its purchase value which represents the fair value of the compensation received for it. Transaction costs are included in the initial measurement of all financial liabilities.

Liabilities in foreign currency, as well as liabilities with a currency clause, are estimated at the date of compilation of the financial statements at the middle exchange rate of the foreign currency. The differences that are calculated at that time include the expense or income of the period.

The reduction of obligations under the law, extra-judicial settlement, and the like is done by direct write-off.

#### 6.4.2.15 Current and deferred income tax

Tax expense for the period includes current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items that are directly recognized in equity. In this case, the tax is also recognized in equity.

Current income tax is calculated on the balance sheet date on the basis of the applicable legal tax regulations of the Republic of Serbia where the Company operates and generates taxable profit. The management periodically assesses the items contained in the tax return from the point of view of the circumstances in which applicable tax regulations are subject to interpretation, and makes provisions, if appropriate, on the basis of the amount expected to be paid to tax authorities.

Deferred income tax is calculated in full amount, using the liability method, for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax, provided that it is not included in the accounting, arises from the initial recognition of an asset or liability in another transaction other than a business combination that does not affect the accounting or taxable profit at the time of the transaction, then it is not accounted for in terms of accounting. Deferred income tax is measured at the tax rates (and law) that are effective until the balance sheet date and are expected to be applied in the period in which deferred tax assets will be realized or deferred tax liabilities settled.

Deferred tax asset is recognized up to the amount for which future taxable profit is likely to be available and that temporary differences will be settled at the expense of that profit.

#### 6.4.2.16 Revenues and expenses

Revenues include revenues from the Company's usual activities and profits. Revenues from the usual activities are revenues from the provision of air traffic services, calibration, pilots and controller training revenues, revenue from subsidies, grants, compensations and refunds of duties on the sale of services, and other income accounted for in the accounting document, independently from billing times.

Profit represents other items that are in line with the definition of income and can, but do not have to arise out of the usual activities of the Company. Profit represents an increase in economic benefits and as such is by nature not different from revenues. Profits include gains arising from the sale of long-term assets, unrealized gains; for example, those that result from an increase in the value of long-term assets. Profit is recognized on a net basis, after the deduction of the corresponding revenues.

Different types of assets can be received or increased through revenues, examples include

cash, receivables, and goods and services received in exchange for the delivered products and services. Revenues may also arise from the settlement of the liability arising from repayment of the remaining debt.

The Company recognizes income when the amount of revenue can be reliably measured, when it is probable that the Company will benefit economically in the future and when specific criteria for each of the activities are met. The amount of income is not considered reliably measurable until all potential liabilities that may arise in connection with the sale are solved. The Company bases its estimates on the results from the previous business, taking into account the type of customer, the type of transaction and the specifics of each transaction.

Revenue from a fixed-price contract (for the provision of training services for controllers, pilots and calibration services) is recognized by the degree of completion method. Revenues from services are expressed in proportion to the degree of service completion on the balance sheet date.

Interest income is recognized on a time-proportion basis.

Revenue from the effect of a currency clause include a positive effect of contractual revaluation and currency clauses.

The Company in the account 692 records the Revenues based on corrections of errors from previous years that are not material. On the balance sheet date (December 31st), the business events recorded on the account 692 are reclassified to the benefit of the unallocated earnings account if they represent a material error.

Total business expenses include: material costs, wage costs, paid leave benefits and other personal expenses, depreciation and provisions, costs of production services and non-material costs, irrespective of the moment of payment.

Expenditures for advertising, propaganda and representation must be authentic, i.e. documented, incurred and paid. The expenses for representation can be acknowledged as credibly documented costs on the following basis: catering services for business partners for the purpose of concluding and realization of contracts or other forms of business cooperation, giving products to business partners, catering services for the occasion of the jubilee celebrations and the like.

The Company in account 592 records Expenditure based on corrections of errors from previous years that are not material. On the balance sheet date (December 31), the business events recorded in the account 592 are reclassified to the account of unallocated earnings if they represent a material error.

Losses represent other items that meet the definition of expenditures and can, but do not have to, derive from the usual activities of the Company. Losses represent a reduction in economic benefits and as such are not by their nature different from other expenditures.

Losses include, for example, those resulting from disasters, such as fire and floods, but also those arising from the sale of long-term assets. The definition of expenditures also includes unrealized losses, for example, those resulting from the effects of an increase in the foreign exchange rate in relation to borrowing in that currency. When the losses are recognized in the income statement, they are presented separately, because the knowledge about them is useful in making economic decisions. Losses are usually presented on a net basis, after deducting for appropriate income.

#### 6.4.2.17 Interest and other borrowing costs

Interest and other borrowing costs of the Company are included in accordance with IAS 23 Borrowing Costs.

Interest expense and other borrowing costs directly attributable to the acquisition, construction or development of a qualifying asset must be capitalized (attributed) to the purchase value (cost) of the asset.

Borrowing costs incurred during the extended period in which activities necessary for the preparation of the asset for the intended use or sale were interrupted cannot be capitalized, but are presented as a period expenditure (for example, a temporary abandonment from the construction of the commenced construction property).

#### 6.4.2.18 Subsequently established errors

Correction of subsequently established material errors is made through an account of unallocated profit from previous years, or an unallocated loss in previous years in the manner defined in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

A material error is considered to be an error that is in an individual amount or in a cumulative amount with other errors greater than 3% of the total revenue.

Subsequently established non-material errors are corrected at the expense of expenditures, i.e. in favor of the income of the period in which they are identified.

#### 6.4.2.19 Functional currency and presentation currency

The functional currency and presentation currency of the Company in accordance with IAS 21 The effects of changes in foreign exchange rates is dinar.

### **6.4.3 Financial risk management**

#### 6.4.3.1 Financial risk factors

The Company's operations are exposed to different financial risks: market risk (including the risk of changes in foreign exchange rates, the risk, of change of the fair value of the interest rate, cash flow interest rate risk, change of price risk), credit risk, liquidity risk and cash flow risk. Risk management in the Company is focused on the efforts to minimize the potential negative impacts on the financial performance of the Company in the situation of unpredictability of the financial markets. The Company uses derivative financial instruments to protect itself from some forms of risk.

The risks are managed by the management of the Company in accordance with the recommendations of the Supervisory Board. The Company's management identifies and assesses financial risks and defines ways to protect against risks in cooperation with the Company's business units.

The management of the Company timely and precisely makes its business decisions and thus it is protected against credit and market risk.

#### 6.4.3.2 Financial risk management objectives

Financial risks include:

- market risk (foreign exchange and interest rates),
- credit risk, and
- liquidity risk.

Financial risks are reviewed on a timely basis and are primarily avoided by reducing the Company's exposure to these risks. The Company does not use any financial instruments in order to avoid the impact of financial risks on the business, because such instruments are not widely used nor is there an organized market for such instruments in the Republic of Serbia.

#### 6.4.3.2.1 Market risk (foreign exchange and interest rate)

In its business, the Company is exposed to financial risks from changes in foreign exchange rates (the Company operates internationally) and changes in interest rates. The risk arises from future trade transactions, recognized assets and liabilities and net investment in foreign operations. The risk of foreign exchange rate fluctuations occurs when future transactions and recognized assets and liabilities are reported in a

currency other than the functional currency of the Company.

Exposure to market risk is perceived through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, or in the way in which the Company manages or measures that risk.

The Company is obliged to protect its total exposure to the risk of changes in foreign exchange rates by making correct and timely decisions.

#### Categories of financial instruments

	In thousands of dinars	
	December 31, 2017	December 31, 2016
<b>Financial assets</b>		
Trade receivables	1,483,012	1,429,641
Other receivables	20,088	161,758
Given advances	12,455	540
Cash and cash equivalents	1,969,208	2,629,516
	<b>3,484,763</b>	<b>4,221,455</b>
<b>Financial liabilities</b>		
Long-term loans	874,749	1,453,237
Part of long-term loans that matures up to one year	483,653	795,708
Liabilities to suppliers	471,906	337,188
Other liabilities and received advances	210,681	168,070
	<b>2,040,989</b>	<b>2,754,203</b>

The Company's main financial instruments are cash and cash equivalents, receivables, financial placements that arise directly from the Company's operations, as well as long-term and short-term loans, liabilities to suppliers and other liabilities, the main purpose of which is to finance the Company's current operations. Liabilities to suppliers were partially settled during January and February 2017.

The policy of the Company's management regarding risk management is to protect between 90% and 100% of the expected cash flows (mainly revenue from services rendered and costs of equipment and spare parts procurement) in each of the major currencies over the next 12 months.

The percentage of collection of route charges for services rendered to foreign customers amounted to approximately 99.64%.

The percentage of collection for terminal services to foreign clients was approximately 82.96%, and from domestic customers about 99%.

#### 6.4.3.2.1.1 Foreign exchange risk

The Company is exposed to foreign currency risk primarily through cash and cash equivalents, trade receivables, long-term loans and liabilities to suppliers denominated in foreign currency. The Company does not use special financial instruments as risk protection, since such instruments are not common in the Republic of Serbia.

The stability of the economic environment in which the Company operates is largely dependent on the government's measures in the economy, including the establishment of an appropriate legal and legislative framework.

The company is sensitive to the changes in the foreign exchange rate of the euro (EUR) and the US dollar (USD). Financial assets are structurally predominantly comprised of uncollected receivables from customers (mostly

related to debts owed by companies) and from cash and cash equivalents (foreign currency account). Liabilities consist of long-term loans and liabilities to suppliers. Long-term loans are recorded in foreign currency, while liabilities to suppliers for equipment and spare parts are recorded in foreign currency, and liabilities to suppliers for fixed monthly liabilities (electricity, postal services, fuel, etc.) are recorded in domestic currency. These assets and liabilities are scheduled as of 31 December of the current year and on this basis, exchange rates are recorded. The result of a business depends, in part, on financial revenues and expenditures. The percentage of the share of positive exchange differences in total revenues was 1.73% in 2017 (cf. 0.99% in 2016).

The share of negative foreign exchange differences in total expenditures in 2017 amounted to 2.14% (in 2016, 0.91%).

The carrying amount of monetary assets and liabilities denominated in foreign currencies on the reporting date in the Company were as follows:

	Assets in 000 RSD		Liabilities in 000 RSD	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
EUR	4,733,823	5,180,822	1,779,712	2,248,946
CAD				
USD	31	422	346	
GBP	200	410	38	
CHF	161	184		
	4,734,215	5,181,838	1,780,96	2,248,946

#### 6.4.3.2.1.2 Interest rate risk

The Company is exposed to the risk of changing interest rates on liabilities in which the interest rate is variable. This risk depends on the financial market, and the Company has no instruments available to mitigate its impact.

The carrying amount of financial assets and liabilities at the end of the observed period is given in the following overview:

	In 000 RSD	
	December 31, 2017	December 31, 2016
<b>Financial assets</b>		
<i>Non-interest bearing</i>		
Trade receivables	1,483,012	1,429,641
Other receivables	20,088	161,758
Given advances	12,455	540
Cash and cash equivalents	1,969,208	2,629,516
	3,484,763	4,221,455
<b>Financial obligations</b>		
<i>Non-interest bearing</i>		
Liabilities to suppliers	471,906	337,188
Long-term provisions for benefits and other employee benefits	818,786	743,857
Other liabilities and received advances	689,679	708,027
<i>Fixed interest rate (EIB)</i>		
Long-term loans	874,749	1,453,237
A portion of long-term loans that are due up to one year	483,653	485,954
<i>Variable interest rate (EBRD)</i>		
Long-term loans		
A portion of long-term loans that are due up to one year		309,754
	3,338,773	4,038,017

#### 6.4.3.2.2 Loan risk

Loans issued at variable interest rates expose the Company to the interest rate risk of cash flows. Loans issued at fixed interest rates expose the Company to the risk of a change of the fair value of loan rates. During 2016 and 2017, the Company's loans with fixed and variable interest rates were denominated in a foreign currency.

Sensitivity analyzes have shown that changes in interest rates on loans from the EBRD do not lead the Company to interest rate risk. An increase or decrease of 1% represents, by management, an estimate of the real possible change in interest rates. The conclusion is that this change would not significantly affect the financial result of the Company.

#### 6.4.3.2.1 Indebtedness ratio

The Company has a smaller liability for loans than the amount of cash and cash equivalents (1,358,402 and 1,969,208 thousand dinars) and the company has a debt ratio that can be displayed in two ways:

1.  $\text{Borrowed sources/Total sources} \times 100 = 2,519,987/18,081,445 \times 100 = 13,94\%$
2.  $\text{Long-term loans/Equity} + \text{Long-term liabilities} \times 100 = 1,358,402/15,507,196 \times 100 = 8,76\%$

The first one is used to show the participation of borrowed resources in total sources and the contribution of borrowed capital to the financing of assets. Indicator of indebtedness (indebtedness ratio) shows that in every dinar of available sources of the Company there are 0.1394 dinars of foreign sources (absolutely), i.e. the company's indebtedness is 13.94% of the total sources of financing (relative). This means that the creditors are entitled to the available assets of the company to the extent of the indebtedness.

The second ratio is used to show the participation of long-term borrowed capital in total long-term capital (own and borrowed), which is closely related to the degree of profitability and the rate of capital release through write-off (amortization). The share of long-term loans participates with 8.76% in total long-term sources. High share of liabilities in total capital and long-term liabilities in basic capital is acceptable and will not endanger security and liquidity as the level of available cash equivalents is high.

The Company does not have any pledged funds to secure a loan.

In 2005, the Company concluded contracts on financing the purchase of equipment, services and works for the modernization of the air traffic control system with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). For the above agreements, the Government of the Republic of Serbia and the Government of Montenegro

gave the counter-guarantees, and the guarantee was provided by the State Union of Serbia and Montenegro. Also, the authorized representatives of the Republic of Serbia and Montenegro signed (with the indicated banks) the Project Support Agreements, which means that the founders will enable the unhindered performance of the function and performance of the Company as well as the planned realization of the Project.

#### 6.4.3.2.3 Liquidity risk

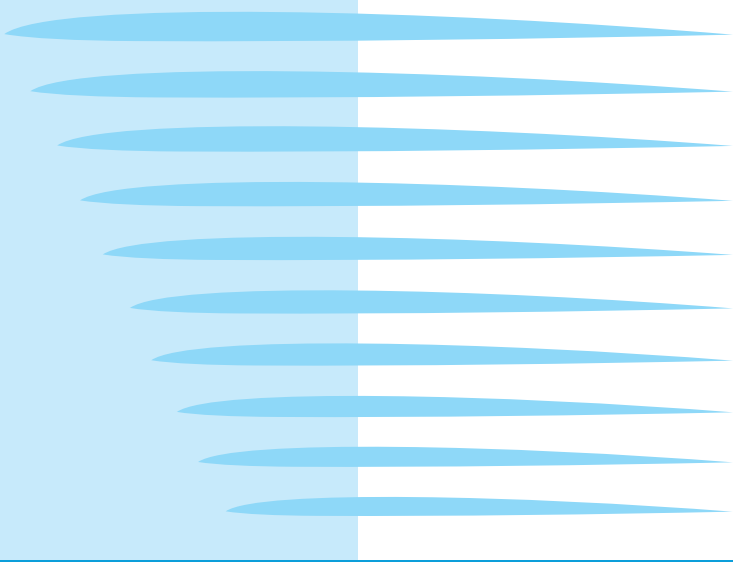
Liquidity is defined as the ability of the company to carry out monetary obligations in full and on time, while preserving the required volume and structure of working capital for performing current business and creditworthiness. Maintaining the solvency (liquidity) is primarily a request imposed on the Company by the creditor (s) or the legal system.

Liquidity is the coverage of short-term liabilities by working capital.

The management of the Company maintained the liquidity of operations by adequately financing the real part of the working capital with long-term capital and taking into account that nominal assets (receivables + cash) were always financed by short-term liabilities under the condition of equal rotational speed, which means that the maturity of short-term liabilities corresponded to the rate of collection of receivables.

Careful liquidity risk management involves maintaining sufficient cash, as well as providing adequate sources of financing through an appropriate amount of loan liabilities and possibility.





# 07

## INDEPENDENT AUDITOR'S REPORT



# MOORE STEPHENS

## REVIZIJA I RAČUNOVODSTVO

Priručnik društva za reviziju računovodstva i konsalting  
 "MOORE STEPHENS Revizija i Računovodstvo" d.o.o.  
 Studentski trg 4/V, 11000 Beograd, Srbija  
 Tel: +381 (0) 11 3180 440, 3181 194, Fax: 3181 072  
 E-mail: office@revizija.rs.rs, www.revizija.rs.rs  
 Matični broj: 18072648, PIB/VAT: 100300788

*This version of our report (the accompanying documents) is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, facts or opinions, the original language version of our report takes precedence over this translation.*

### INDEPENDENT AUDITOR'S REPORT

To the stakeholders of Serbia and Montenegro Air Traffic Services SMATSA LLC

#### Report on the Financial Statements

*We have audited the accompanying annual financial statements of Serbia and Montenegro Air Traffic Services SMATSA LLC (the Company), which comprise the balance sheet as at 31 December 2017, the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.*

#### Management's Responsibility for the Financial Statements

*Management is responsible for the preparation and fair presentation of these financial statements in accordance with the current accounting regulations in effect in the Republic of Serbia 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.*

#### Auditor's Responsibility

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

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

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

## INDEPENDENT AUDITOR'S REPORT

To the stakeholders of Serbia and Montenegro Air Traffic Services SMATSA LLC

Report on the Financial Statements - Continued

### Opinion

*In our opinion, the financial statements, in all material respects, give a true and fair view of the financial position of Serbia and Montenegro Air Traffic Services SMATSA LLC as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the current accounting regulations in effect in the Republic of Serbia and accounting policies disclosed in the notes to the financial statements.*

### Report on Other Legal and Regulatory Requirements

*Pursuant to Article 30 of the Law on Auditing ("Official Gazette" no. 62/2013), we have investigated the compliance of the Annual Report and the Financial Statements. Management is responsible for the preparation of the annual report in accordance with the current regulations in effect. Our responsibility is to express our finding in relation to compliance of the annual report and the financial statements, conducting audit procedures in accordance with the International Standard on Auditing 720 - The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.*

*Based on our audit procedures used, no material inconsistency has been identified which would indicate that the annual report for 2017 is not in compliance with the financial statements for the same financial year.*

Belgrade, 31 May 2018

„MOORE STEPHENS  
Revizija i Računovodstvo" d.o.o. Beograd

Bogoljub Aleksić  
Managing Partner



## MARKS AND ABBREVIATIONS

<b>ACS</b>	Area Control Surveillance
<b>ADI</b>	Aerodrome Control Instrument
<b>ADQ</b>	Aeronautical Data Quality
<b>AFIS</b>	Aerodrome Flight Information Services
<b>AIP</b>	Aeronautical Information Publication
<b>AIR</b>	Air Control
<b>AIRAC</b>	Aeronautical Information Regulation And Control
<b>AIS</b>	Aeronautical Information Services
<b>AMC</b>	ATS Messaging Management Center
<b>AMHS</b>	Aeronautical Message Handling System
<b>ANS</b>	Air Navigation Services
<b>ANSP</b>	Air Navigation Services Provider
<b>APCH</b>	Approach
<b>APP</b>	Approach Control
<b>ARTAS</b>	ATM Surveillance Tracker And Server
<b>ASMT</b>	Automatic safety monitoring tool
<b>ATC</b>	Air Traffic Control
<b>ATFM</b>	Air Traffic Flow Management
<b>ATM</b>	Air Traffic Management

<b>ATS</b>	Air Traffic Services
<b>BHANSNA</b>	Bosnia and Herzegovina Air Navigation Service Agency
<b>BSO</b>	Basic Strategic Objective
<b>C-ATCC</b>	Contingency Air Traffic Control Center
<b>CAT</b>	Category
<b>CCL</b>	Croatia Control
<b>CDA</b>	Continuous Decision Approach
<b>CIMACT</b>	Civil Military ATM Co-ordination Tool
<b>CISM</b>	Critical Incident Stress Management
<b>CNS</b>	Communication , Navigation and Surveillance
<b>COOPANS</b>	An international partnership between the air navigation service providers of Austria, Croatia, Denmark, Ireland and Sweden
<b>CRCO</b>	Central Route Charges Office
<b>CS</b>	Centralised Services
<b>DAP</b>	Directory Access Protocol
<b>DC</b>	Direct Current
<b>DCT</b>	Direct (in relation to flight plan clearances and type of approach)
<b>DEA</b>	Direct Electronic Access
<b>DME</b>	Distance Measuring Equipment
<b>DPS</b>	Data Processing System
<b>DVOR</b>	Doppler VOR
<b>EAD</b>	European AIS Database
<b>EAIMS</b>	European ATM Information Management Service
<b>EASA</b>	European Aviation Safety Agency
<b>EDS</b>	European Directory Service
<b>EGAFOR</b>	Electronic General Aviation Forecast
<b>EMS</b>	Environmental Management System
<b>ENV</b>	Environment
<b>ESARR</b>	Eurocontrol Safety Regulatory Requirements
<b>EUROCONTROL</b>	European Agency for the Safety of Air Navigation)

<b>FAB</b>	Fast Airport Builder
<b>FAMUS</b>	Future ATM Modernisation and Upgrade System
<b>FASOS</b>	Fallback/contingency system for en-route, approach and tower for Belgrade and Podgorica
<b>FHA</b>	Functional Hazard Assessment
<b>FIR</b>	Flight Information Region
<b>FL</b>	Flight level
<b>FRA</b>	Free Route Airspace
<b>GMC</b>	Ground Movement Control
<b>GRNS</b>	Ground Based Radio Navigation Systems
<b>ICAO</b>	International Civil Aviation Organization
<b>IFR</b>	Instrument flight rules
<b>ILS</b>	Instrument Landing System
<b>INEA</b>	Innovation and Networks Executive Agency
<b>INO</b>	International NOTAM Operations
<b>IP</b>	Internet Protocol
<b>ISO</b>	International Organization for Standardization
<b>ITS</b>	Information Technologies Sector
<b>LARA</b>	Local and sub-Regional Airspace Management Support System
<b>LLZ</b>	Localizer
<b>LSSIP</b>	Local Single Sky Implementation
<b>LYBE</b>	Belgrade Airport
<b>LYBT</b>	Batajnica Airport
<b>LYKV</b>	Kraljevo Airport
<b>LYNI</b>	Niš Airport
<b>LYPG</b>	Podgorica Airport
<b>LYTV</b>	Tivat Airport
<b>LYUZ</b>	Užice Airport
<b>LYVR</b>	Vršac Airport
<b>MCC</b>	Multi Crew Coordination

<b>MET</b>	Aeronautical Meteorological Services
<b>MTBO</b>	Mean Time Between Outages
<b>MTOW</b>	Maximum take of weight
<b>NM</b>	Network Manager
<b>NOTAM</b>	A Notice to Airmen
<b>PBN</b>	Performance-based navigation
<b>PENS</b>	Pan-European Network Services
<b>PPL</b>	Private Pilot License
<b>Pre OJT</b>	Pre-On the Job Training
<b>PSR</b>	Primary Surveillance Radar
<b>RAT</b>	Risk Analysis Tool
<b>RMCDDE</b>	Radar Message Conversion and Distribution Equipment
<b>RNAV</b>	Area navigation
<b>RNP</b>	Required navigation performance
<b>SAA</b>	SMATSA Aviation Academy
<b>SAF</b>	Safety
<b>SARP(S)</b>	Standards and recommended practices ICAO
<b>SDDS</b>	Surveillance Data Distribution System
<b>SEAFRA</b>	South East Axis Free Route Airspace
<b>SECSI FRA</b>	South East Common Sky Initiative Free Route Airspace
<b>SES</b>	Single European Sky
<b>SESAR</b>	Single European Sky ATM Research
<b>SID</b>	Standard instrument departure
<b>SMATSA</b>	Serbia and Montenegro Air Traffic Services SMATSA IIc
<b>SMS</b>	Safety Management System
<b>SSR</b>	Secondary Surveillance Radar
<b>STAR</b>	Standard instrument arrival
<b>SUSAN</b>	SMATSA Upgrade of System for Air Navigation
<b>TAF</b>	Aerodrome forecast

<b>TMA</b>	Terminal control area
<b>UHF</b>	Ultra High Frequency
<b>UPS</b>	Uninterruptible power supply
<b>VCS</b>	Voice Communication System
<b>VDF</b>	Variable frequency drive
<b>VHF</b>	Very High Frequency
<b>VOR</b>	Very High Frequency Omni-directional Range



# TABLE, SCHEME AND FIGURE INDEX

## 9.1 Table index

Table 1 Fluctuations of employees in 2017, by months	9
Table 2 The degree of realization of training within the ANS Staff Training Center in 2017	13
Table 3 Trainings in Operational Units in 2017	14
Table 4 Targeted and Accomplished Values of SMS indicators at the request of CAD for 2017	18
Table 5 Targeted and Accomplished values of SMS indicators according to the request of CAA for 2017	19
Table 6 Target and Accomplished values of safety indicators according to the request of CAD for 2017	20
Table 7 Targeted and Accomplished values of safety indicators according to the CAA requirement for 2017	22
Table 8 Capacity indicators in 2017	24
Table 9 Analysis of the fulfillment of quality goals for 2017	26
Table 10 Additional indicators/Performance Indicators in 2017	29
Table 11 Results of the Pilot Training User Satisfaction Survey within SMATSA Aviation Academy in 2017	31
Table 12 Results of the User Satisfaction Survey of GRNS calibration services from the air in 2017	32
Table 13 Income statement for the period from 1 January to 31 December 2017 (in 000 RSD)	33
Table 14 Balance sheet as on 31 December 2017 (at 000 RSD)	37
Table 15 Cash Flow Statement in the period from 1 January to 31 December 2017 (in 000 RSD)	43

## 9.2 Figure index

Figure 1 The territory covered by SMATSA llc air navigation services	4
Figure 2 Number of flights from 2010 to 2017	5
Figure 3 Flight Distribution in 2017	5
Figure 4 Peak day and peak hour from 2010 to 2017	5
Figure 5 Share of individual aircraft types in 2017	6
Figure 6 Number of Takeoffs and Landings per airport from 2010 to 2017	6
Figure 7 Traffic distribution at the Airports in 2017	6
Figure 8 Number of flights within SMATSA llc's area of responsibility by country of take-off/landing in 2016 and 2017	7
Figure 9 Number of Service Units from 2010 to 2017	7
Figure 10 Average distance per flight and average MTOW from 2010 to 2017	8
Figure 11 Unit rates per Countries in 2017	8
Figure 12 Structure of employees according to gender	9
Figure 13 Structure of employees according to qualification groups	9
Figure 14 Age structure of employees	9
Figure 15 Unit rate for the "Serbia-Montenegro-KFOR" charging zone and SMATSA llc in 2017	23
Figure 16 Unit rate for the "Serbia-Montenegro-KFOR" charging zone zone in 2016 and 2017	23
Figure 17 KEA - Key performance Environment indicator based on Actual trajectory in Serbia and Montenegro in 2017	25
Figure 18 KEP - Key performance Environment indicator based on last filed flight plan in Serbia and Montenegro in 2017	25



**EUROPEAN ORGANISATION FOR THE SAFETY OF AIR NAVIGATION****EUROCONTROL**

- Decisions of the enlarged Commission -

**DECISION No. 145**

*relating to the determination of the unit rates for the period of application commencing 1 January 2017*

THE ENLARGED COMMISSION,

Having regard to the EUROCONTROL International Convention relating to Co-operation for the Safety of Air Navigation amended at Brussels on 12 February 1981 and in particular Article 5 thereof,

Having regard to the Multilateral Agreement relating to Route Charges dated 12 February 1981, and in particular Articles 3.2(e) and 6.1(a) thereof;

On the proposal of the enlarged Committee and the Provisional Council,

HEREBY TAKES THE FOLLOWING DECISION:

**Sole Article**

The unit rates annexed to the present decision are approved and shall enter into force on 1 January 2017.

Done at Brussels on 2 December 2016,



Viktor DOVHAN  
President of the Commission

## Unit rates applicable from 1 January 2017

ZONE	Global unit rate euro	Exchange rate applied 1 euro =	
Belgium/Luxembourg *	67,53	-	
Germany *	69,43	-	
France *	67,07	-	
United Kingdom	75,76	0.852695	GBP
Netherlands *	66,33	-	
Ireland *	29,61	-	
Switzerland	104,39	1.09141	CHF
Portugal Lisboa *	40,19	-	
Austria *	72,76	-	
Spain Continental *	71,76	-	
Spain Canary *	58,43	-	
Portugal Santa Maria *	10,06	-	
Greece *	30,02	-	
Turkey	28,05	3.32475	TRL
Malta *	18,86	-	
Italy *	80,07	-	
Cyprus *	34,39	-	
Hungary	35,42	308.329	HUF
Norway	46,86	9.19212	NOK
Denmark	60,54	7.44562	DKK
Slovenia *	64,67	-	
Romania	33,63	4.44615	RON
Czech Republic	42,10	27.0014	CZK
Sweden	60,78	9.56556	SEK
Slovakia *	52,61	-	
Croatia	46,31	7.49808	HRK
Bulgaria	26,97	1.95510	BGN
FYROM	52,13	61.3973	MKD
Moldova	57,79	22.0482	MDL
Finland *	56,30	-	
Albania	49,68	136.820	ALL
Bosnia and Herzegovina	43,30	1.95471	BAM
Serbia/Montenegro/KFOR	34,39	123.121	RSD
Lithuania *	44,49	-	
Poland	43,03	4.31698	PLN
Armenia	39,69	530.351	AMD
Latvia *	27,53	-	
Georgia	23,86	2.57222	GEL
Estonia ***	28,53	-	

\*: State participating in the EMU.

\*\*\*: Estonia will be technically integrated in the Route Charges System as from 1 April 2017.

Company Name:  
Serbia and Montenegro Air Traffic Services  
SMATSA Ilc, Belgrade

Head Office: Nikola Pasic Square 10, 11000 Beograd,  
Republic of Serbia, P.O.Box 640

Registration Number:  
17520407

Tax ID Number:  
103170161

Telephone:  
+381 11 3218 123

Fax:  
+381 11 3240 456

E-mail:  
[kl@smatsa.rs](mailto:kl@smatsa.rs)

Website:  
[www.smatsa.rs](http://www.smatsa.rs)





Nikola Pasic Square, 11000 Belgrade  
Republic of Serbia, P.O.Box 640  
[www.SMATSA.rs](http://www.SMATSA.rs)