



Republic of Montenegro
BROADCASTING AGENCY
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Podgorica, 22 February 2008

FINANCIAL REPORT
for 2007

Podgorica, February 2008

TABLE OF CONTENTS

INTRODUCTION	2
FINANCIAL INDICATORS	3
I INCOME STATEMENT FOR THE PERIOD FROM 1 JAN TO 31 DEC 2007	3
INCOME OF THE AGENCY	4
EXPENDITURE OF THE AGENCY	6
II BALANCE SHEET ON 31 DECEMBER 2007	12
BROADCASTING FEE	13
TAX ON RADIO RECEIVERS IN MOTOR VEHICLES	15
FUND FOR SUPPORT OF LOCAL PUBLIC BROADCASTING SERVICES	15
FUND FOR SUPPORT OF COMMERCIAL BROADCASTING SERVICES	16
III CASH FLOW BALANCE FROM 1 JANUARY TO 31 DECEMBER 2007	18
CONCLUSION	19

Provisions of the Broadcasting Law prescribe the financial activities directed to and designed as a support to the independent operation of the Broadcasting Agency. It is prescribed that the Agency acquires the funds necessary for its activities from:

- ✧ fees for registration of broadcasters;
- ✧ fees for registration of legal entities that have been granted licence for development and use of distribution systems;
- ✧ fees for licences for the transmission and broadcasting of radio and TV signals (hereinafter referred to as: frequency fee/income);
- ✧ fees for licences for the development and use of distribution systems;
- ✧ a part of broadcasting fee;
- ✧ a part of tax on radio receivers in motor vehicles;
- ✧ a part of income of the company for transmission and broadcasting of radio and TV signals, in compliance with the decision of the Council;
- ✧ other sources in compliance with the Broadcasting Law.

Financial activities are public and completed through a single bank account. Funds acquired by the collection of broadcasting fee and tax on radio receivers are part of the same bank account. In compliance with the Law, these funds are distributed to the Republican public broadcasting services (75%), Agency's fund for the support of local public broadcasting services (10%), Agency's fund for the support of commercial broadcasting services (10%), and Agency (5%). The Agency Council distributes the funds periodically on the basis of public tender in compliance with a separate document.

The Agency is obliged to present the overall financial activities in the final balance sheet, together with the quarterly and biannual financial results. All accounts of income and expenditure are subject to the annual audit of an independent authorised auditor hired by the Council. The surplus of income over expenditure can be used only for the fulfilment of Agency's legal obligations. The Agency Council commissioned audit company "MV Konsult" d.o.o. to audit the accounts for the year 2007.

Accounting records and financial reports are kept in compliance with the Accounting and Audit Law of the Republic of Montenegro and pursuant to the Decision on Direct Implementation of Accounting Standards. In compliance with the Statute, the Agency prepares the reports, to be considered and adopted by the Agency Council and made available to all interested broadcasters and citizens. Making use of this opportunity, and wishing to promote the transparency of its operation, the Agency makes this report available to a wide scope of interested parties.

The objective of the financial report for 2007 is to present the business conditions and environment, completed business activities, as well as their effects. The financial report for 2007 is based on the accounting data and accurate accounting documentation and drafted adhering to clearly defined procedures for administrative, accounting and financial activities.

FINANCIAL INDICATORS

I Income statement for the period from 1 January to 31 December 2007

In 2007, the Agency had the total income of €1,405,045.57, while the expenditure amounted to €759,379.57, meaning that there was a profit of €645.666,00.

In compliance with the financial plan, during 2007, in addition to its regular activities, the Agency has allocated significant funds to funding of the participation of the Broadcasting Agency representatives in:

- ✧ Mobile Television and IPTV conference organised by the Cullen International, held in Brussels, Belgium (18-19 January 2007);
- ✧ study trip of the Technical Sector staff related to the Technical Aspects of Digital Switchover, Ljubljana i Gornja Radgona, Slovenia (21 January - 4 February 2007);
- ✧ preparatory meeting (CPM-07) for the ITU World Radiocommunication Conference (WRC-07), held in Geneva, Switzerland (19 February - 2 March 2007);
- ✧ following of the activities within the working group TG4 CEPT (post-conference activities within CEPT - Digital Dividend) and participation in conferences held in Copenhagen, Denmark (9 - 11 May 2007) and Antalya, Turkey (11 - 14 June 2007);
- ✧ seminar organised by the Crony company, held in Lepenski Vir, Serbia (9 - 11 May 2007);
- ✧ seminar "Radiocommunications 2007" organised by the Telecommunications Institute of Slovenia, Ljubljana, Slovenia (30 May - 1 June 2007)
- ✧ Conference "Media Convergence - Convergent Regulators" organised by the Council of Europe and OSCE Mission to Skopje, Macedonia (1-2 October 2007)

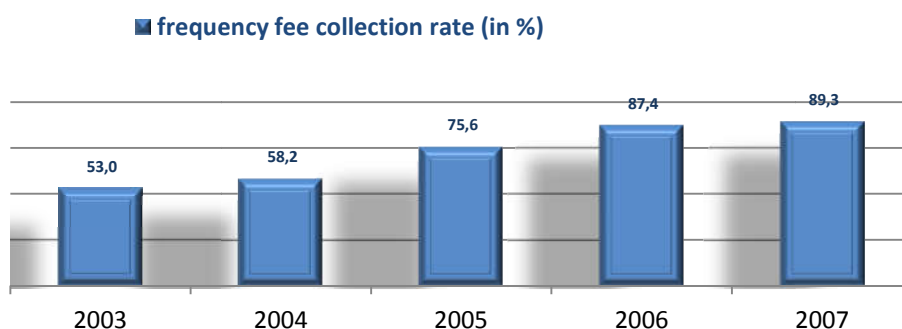
- ❖ 26th meeting of the European Platform of Regulatory Authorities - EPRA, Sofia, Bulgaria (3-5 October 2007);
- ❖ meeting of the representatives of the European Regulators Group (ERG) and European Platform of Regulatory Authorities (EPRA) with the topic “Convergence of Media and Telecommunications Sector: Regulatory Impact”, Capri, Italy (18 - 19 October 2007);
- ❖ World Radiocommunication Conference - WRC 07, Geneva, Switzerland (22 October - 16 November 2007);
- ❖ EBU seminar ROADSHOW 2007, organised by the European Broadcasting Union; azgreb, Croatia (6-7 December 2007);

Income of the Agency

Income of the Agency in the reporting period is realised on the basis of monthly fees for licences for transmission and broadcasting of radio and TV signals, a part of broadcasting fee, monthly licence fees for development and use of cable distribution systems (CDS, MMDS, IPTV, DTH), a part of tax on radio receivers, regular interest, rental of the equipment for simultaneous translation, as well as of other business income.

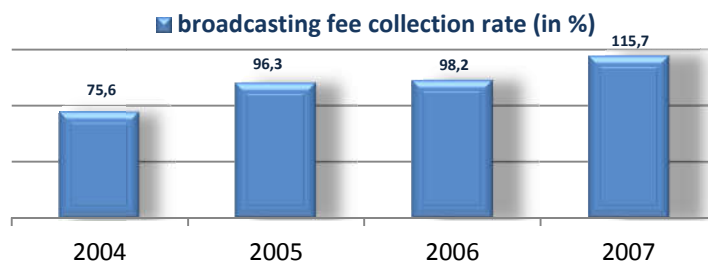
❖ Income from fees for licences for transmission and broadcasting of radio and TV signals is given according to the invoiced value and recorded monthly regardless of the use of frequency up to the moment of expiry of the licence for transmission and broadcasting of radio and TV signals.

❖ Income from the registration fee for frequencies is determined according to expenses related to the awarding of licences for the transmission and broadcasting of radio and TV signals, technical inspections, and entry into the Agency’s register. The registration fee is paid to the Agency, without the possibility of reimbursement, when collecting the licence for the transmission and broadcasting of radio and TV signals and amounts to 10% of the annual licence fee and 5% of the annual licence extension fee.



❖ Income from the tax on use of radio receivers in motor vehicles is registered after the collection and accounts for 5% of the total funds paid by the owners of motor vehicles during the registration to the bank account of the Agency.

❖ Income from the broadcasting fee includes the income invoiced to the households and legal entities that have radio or TV receiver by the Telecom of Montenegro on behalf of the Agency. The aforesaid income is registered after the collection and accounts for 5% of the total collected funds.



❖ Income from the rental of equipment for simultaneous translation is registered at the moment of providing the service according to the invoice.

❖ Income from the licence fees for the development and use of CDS/MMDS distribution systems are given according to the invoiced amounts and calculated on the basis of the proposed percentage of income realised on the basis of distribution of radio and TV programmes. The fee for CDS operators, for the period from the expiry of grace period until the end of the calendar year when the payment of the annual fee has began, shall be determined on the basis of the number of CDS connections projected for the first year, while the fee for MMDS operators for the same period shall be determined on the basis of the Book of Rules on the Level, Manner of Determination and Payment of Fees for Licences for the Transmission and Broadcasting of Radio and TV Signals (“Official Gazette of the Republic of Montenegro”, No. 87/06).

❖ Income from the licence fees for the distribution of radio and TV programmes to the end users by means of public fixed telecommunication networks and satellite distribution systems shall be determined by the Agency for the current year, at the level of 5% of the total annual income of the operators on the basis of provision of these services during the previous calendar year.

❖ Income from the fees for the registration of CDS/MMDS/IPTV/DTH operators shall be paid, without the possibility of refunding, when awarding the licence. The fee for the registration of CDS operators shall depend on the number of municipalities for which it is developed, while the fee for the registration of MMDS operators shall be determined at the level of 5% of the annual fee. The registration fee for IPTV/DTH operators shall be paid, without the possibility of refunding, when collecting the licence and it shall amount to €75,000.

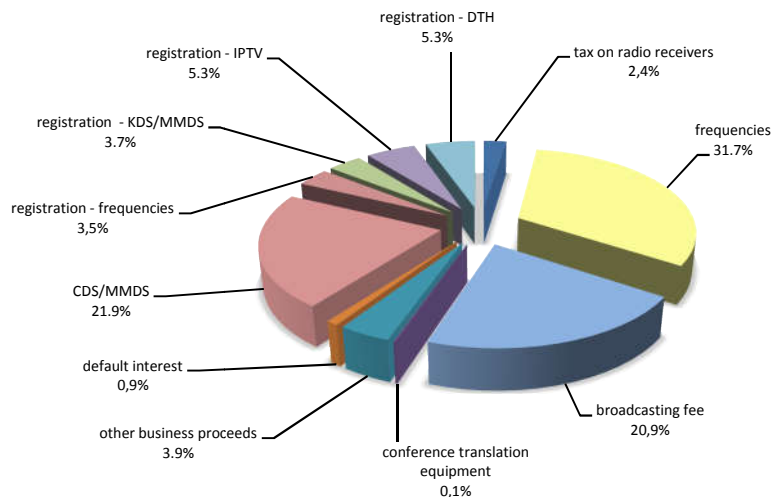
❖ Other business proceeds include the income from donations, commissions, processing of tender applications and other documentation. The said income is registered in the period when it took place.

Table 1: Income in 2007

account	I – XII 2007	amount (€)	%
611020	Income from the tax on radio receivers	34,307.32	2.4
611021	Income from frequencies	447,632.01	31.7
611022	Income from broadcasting fee	293,670.34	20.9
611023	Income from translation equipment	2,000.00	0.1
611024	Income from CDS/MMDS	307,891.48	21.9
611025	Income from registration - frequencies	49,580.87	3.5
613010	Other business proceeds	55,556.21	3.9
613011	Income from registration - CDS/MMDS	51,564.78	3.7
613012	Income from registration - IPTV	75,000.00	5.3
613013	Income from registration - DTH	75,000.00	5.3
776070	Default interest	12,842.56	0.9
	total	1,405,045.57	100,0

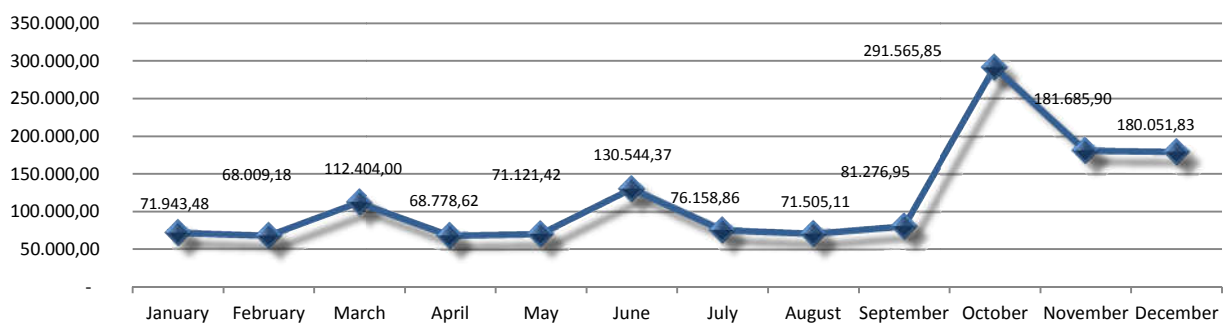
The highest share in the income structure is the income from the frequencies (31.7%) followed by the income from CDS/MMDS operators (21.9%), income from broadcasting fee (20.9%), Income from registration - IPTV (5.3%), income from registration - DTH (5.3%), other business proceeds 3.9%, income from registration - CDS/MMDS (3.7%), income from the registration of broadcasters (3.5%), income from tax on radio receivers (2.4%), default interest income (0.9%), and income from equipment for conference translation (0,1%).

Feature 1: Income structure in 2007



Out of the total income, amounting to €1,405,045.57 in 2007, €71,943.48 accounts for January, €68,009.18 for February, €112,404.00 for March, €68,778.62 for April, €71,121.42 for May, and €130,544.37 for June, €76,158.86 for July, €71,505.11 for August, €81,276.95 for September, €291,565.85 for October, €181,685.90 for November, €180,051.83 for December.

Graph: monthly overview of income in 2007



Expenditure of the Agency

In the reporting period, the expenditure of the Agency amounted to **€759,379.57**. The highest share in the expenditure structure are expenses for salaries and other personnel expenditures (59.7%), followed by expenses for materials and services (12.6%), business trips and membership in international organisations (6.6%), depreciation (5.4%), Agency Council fees (5.0%), and other business expenses (3.7%), humanitarian assistance and sponsorship (3.1%), expenses for the fixed assets maintenance (5.4%).

Table 2: Income in 2007

account	January – December 2007	amount (€)	%
Expenses for salaries and other personnel expenditures			
741010	Net salaries of employees	221,820.28	29.2
742510	Tax on gross salaries	51,001.10	6.7
743010	Contributions for Pension Insurance Fund – employees	41,554.42	5.5
743011	Healthcare contributions – employees	26,621.54	3.5
743012	Unemployment contributions – employees	1,731.44	0.2
743521	Winter bonus	8,640.00	1.1
743522	Summer holiday bonus	7,590.00	1.0
743552	Assistance in case of death	1,500.00	0.2
743554	Assistance for medical treatment and medications	500.00	0.1
744060	Transport of employees	3,270.00	0.4
744070	Meal expenses for employees	15,930.00	2.1
744090	Other remunerations for employees	5,888.10	0.8
762022	Surtax - salaries	7,650.15	1.0
762110	Contributions for Pension Insurance Fund - employer	35,114.80	4.6
762111	Healthcare contributions – employer	21,297.24	2.8
762112	Unemployment contributions – employer	1,774.76	0.2
762180	Contributions for the chamber of commerce and trade union	1,800.52	0.2
	total	453,684.35	59.7
Agency Council fees			
744011	Council fees	33,789.65	4.4
762081	Taxes	3,852.63	0.5
762021	Surtax	577.84	0.1
	total	38,220.12	5.0
Business trips and membership in int. org.			
744030	Business trip per diems	13,176.01	1.7
744050	Business trip fares	9,757.72	1.3
744051	Business trip accommodation	15,765.54	2.1
762020	Membership fees for international organisations	11,360.44	1.5
	total	50,059.71	6.6
Expenses for maintenance of fixed assets			
761310	Maintenance of fixed assets	4,468.52	0.6
735230	Material for maintenance of fixed assets	1,403.92	0.2
761311	Car maintenance	5,866.50	0.8
761261	Insurance and registration of vehicles	1,682.06	0.2
735510	Fuel expenses	7,706.10	1.0
	total	21,127.10	2.8
Expenses for material and services			
735221	Stationery	12,652.11	1.7
735222	Advertising material	2,609.10	0.3
735330	Office supplies	9,847.95	1.3
745010	Expense account	7,004.21	0.9
761270	Insurance	1,477.04	0.2
761750	Other non-production services	8,620.45	1.1
761810	Telecom and payment operation commissions	25,382.20	3.3

762080	Other taxes and levies	1,862.80	0.2
762020	Surtax	314.55	0.0
761262	Telephone	7,837.06	1.0
761260	Postal services	1,180.45	0.2
744010	Contracts and honorariums	13,945.00	1.8
762210	Training of employees	2,598.00	0.3
	total	95,330.92	12.6

	Humanitarian assistance and sponsorship		
762250	Sponsorship	14,970.00	2.0
762253	Humanitarian and solidarity support – donations	8,635.81	1.1
	total	25,187.48	3.1

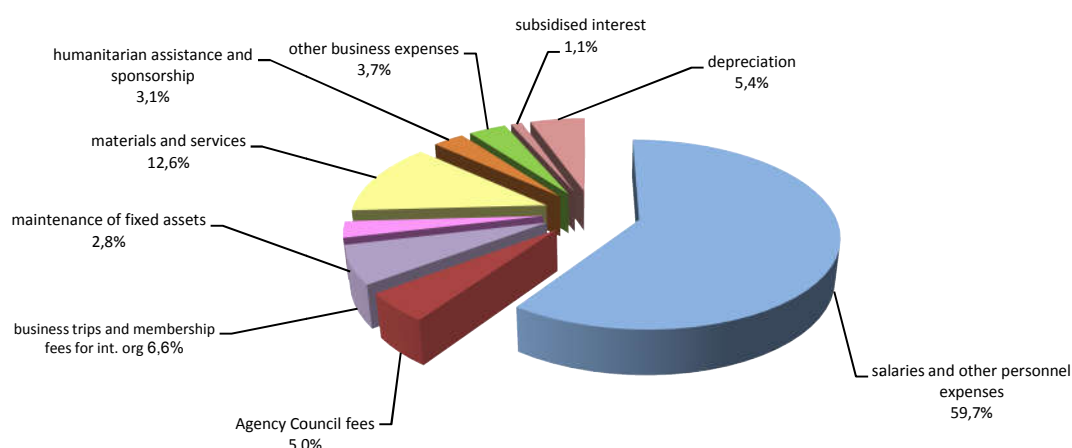
	Other business expenses		
762230	Advertising in the press	13,036.38	1.7
762240	Administrative taxes	903.00	0.1
762251	Subscriptions for magazines, newspapers	4,032.03	0.5
762252	Premium hosting subscription	195.00	0.0
761710	Audit	4,095.00	0.5
762254	Other non-material expenses	3,865.03	0.5
765220	Fixed assets deficit	207.77	0.0
761510	Seminar registration fees	1,581.67	0.2
	total	34,933.57	3.7

	Housing issues of the employees		
772031	Subsidized interest	8,599.36	1.1
	total	8,599.36	1.1

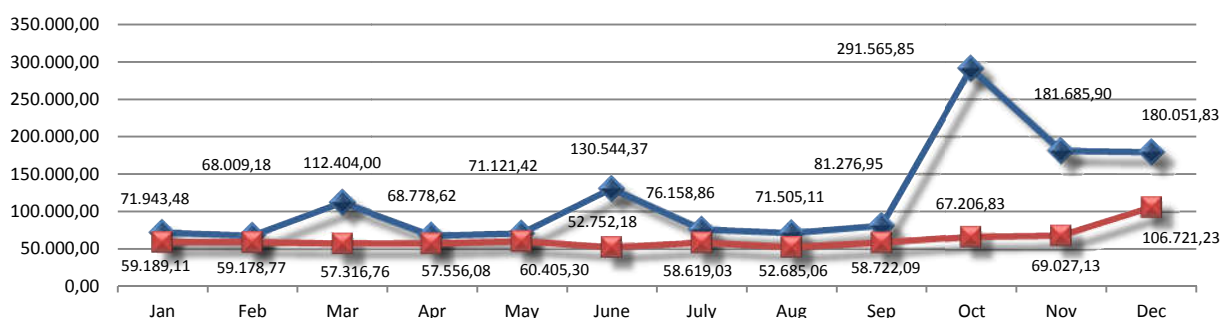
	Fixed assets		
751000	Depreciation	40,836.32	5.4
	total	40,836.92	5.4

	total	759,379.57	100.0
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Feature 2: Expenditure structure in 2007



Graph 2: monthly overview of income and expenditure in 2007



In the reporting period, the Broadcasting Agency adhered to the adopted financial plan, keeping its income higher and expenditure lower than planned. The following tabular overview gives the key business indicators and their comparison with the plan:

January – December 2007

Type of income	Planned	Realised	Index
Income from registration of broadcasters ¹	48,716.00	49,580.87	101.8
Income from tax on radio receivers ²	30,000.00	34,307.32	114.4
Income from frequencies ³	487,167.00	447,632.01	91.9
Income from broadcasting fee ⁴	321,300.00	293,670.34	91.4
Other income ⁵	12,000.00	55,556.21	463.0
Income from registration - KDS/MMDS ⁶	-	51,564.78	-
Income from registration - IPTV	-	75,000.00	-
Income from registration - DTH	-	75,000.00	-
Income from CDS/MMDS	-	307,891.48	-
Income from default interest	-	12,842.56	-
Income from conference translation equipment	-	2,000.00	-

¹ **Income from one-off fees** for registration of broadcasters are at a planned level. In 2007, permanent licences for the transmission and broadcasting of radio and TV signals were awarded to 36 radio and 14 television stations;

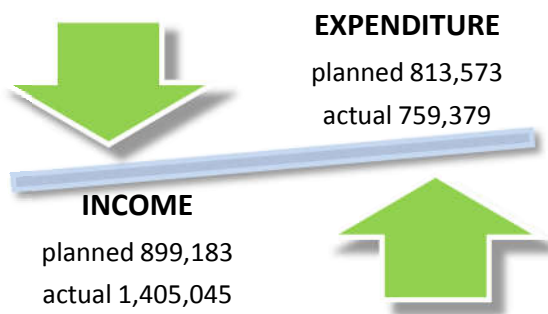
² **Income from tax on radio receivers** are higher than planned by 14.4 % due to the increased number of registered vehicles in 2007;

³ **Income from frequency fees** (licences for transmission and broadcasting of radio and TV signals are at the planned level) are lower than planned by 8.1%, due to a delay in the implementation of public tender and lower number of applicants than expected;

⁴ **Income from broadcasting fee** are lower than planned by 8.6 % due to a annulment of contract with "Telecom of Montenegro" a.d. which had been commissioned to collect the broadcasting fee;

⁵ **Other income** mostly include fees for processing of applications to tender and other documentation, commission amounting to 3% of the tax on radio receivers, which goes to the Radio of Montenegro, fines issued to broadcasters, development of profiles, and deferred income from donated equipment. Given that two tenders were finalised in the reporting period, this income is substantially higher than planned. In 2007, the Agency issued and collected fines for the infringement of programming standards prescribed by the bylaws of the Agency;

⁶ **Income from one-off fees** for the registration of CDS, MMDS, IPTV and DTH operators were not planned by the Financial Plan for 2007, due to the impossibility to foresee actual amount of these fees. In 2007, 7 CDS, 2 MMDS, 1 IPTV and 1 DTH licence were for the distribution of radio and TV channels to end users were awarded.



January - December 2007

Type of expenditure	Planned	Actual	Index
Gross salaries of employees	354,000.00	410,366.25	115.9
Other remunerations of employees	49,440.00	43,318.10	87.6
Gross salaries of Council members ⁷	47,832.00	38,220.12	79.9
Business trips and membership fees for int.org ⁸	81,200.00	50,059.71	61.6
Materials and services ⁹	91,064.00	95,330.92	104.7
Maintenance of fixed assets ¹⁰	19,800.00	21,127.10	106.7
Other business expenses ¹¹	71,095.00	27,915.88	39.3
Humanitarian assistance and sponsorship ¹²	-	23,605.81	-
Subsidised interest ¹³	35,400.00	8,599.36	24.3
Depreciation	25,000.00	40,836.92	163.3
Reserve	38,742.00	-	-

⁷ **Gross salaries of Council members** were lower than planned because of delay in the appointment of two Council members by the Parliament of the Republic of Montenegro;

⁸ **Business trip expenses** include the business trip expenses in the country (transport, hotel expenses and per diems), business trip expenses abroad (transport, hotel expenses and per diems). The foreseen expenses of the **membership in international organizations** include the fees paid by the Broadcasting Agency for its membership in international institutions ITU, AIB and EPRA. Having a cost-effective approach to the use of funds allocated for this purpose, the expenses for this purpose amounted to €50,059.71, which is by 38.40% less than planned;

⁹ **Expenses for materials and services** include expenses for stationeries, advertising material, office supplies, expense account, insurance premiums for the employees, commission paid to the Telecom of Montenegro and payment operations, other taxes and contributions, telephone and postal services, costs for contracted services, and training of employees. They were by 4.7% higher than planned due to the increased scope of activities in 2007.

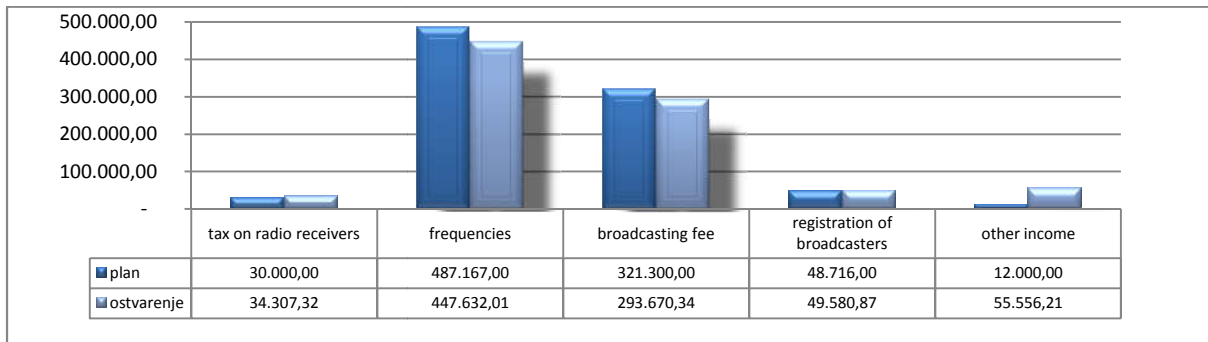
¹⁰ **Maintenance of fixed assets** include the costs fixed assets maintenance services, service and maintenance of vehicles, fuel, lubricants, insurance and registration of vehicles. Having in mind intensive activities of the Technical Sector in the reporting period, the actual expenses were by 6.7% higher than planned;

¹¹ **Other business expenses** include the expenses for advertising, administrative taxes, financial report audit, other non-material expenses, subscriptions to magazines, newspapers and news agencies. Having a cost-effective approach to the use of funds allocated for this purpose, this expense amounted to €27,915.88, which is by 60.7 % lower than planned;

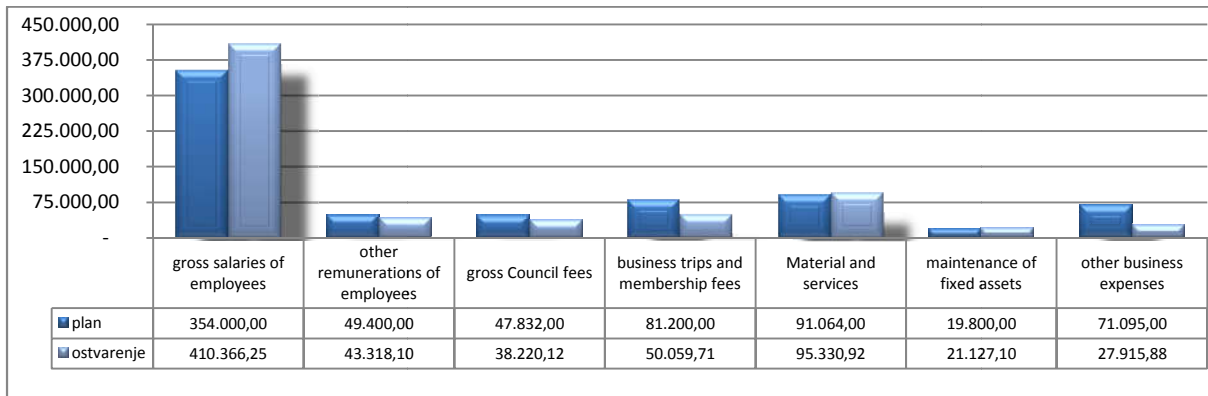
¹² funds for **humanitarian assistance – donations and sponsorships** were not foreseen by the plan. The Agency allocated plans for this purpose in accordance with its possibilities (completely justified humanitarian requests continuously submitted to the Broadcasting Agency);

¹³ **Subsidized interest for housing credits** arising from the credit arrangement with the CKB for the housing issues of the employees are lower than planned;

Graph 4: overview of actual income compared to the plan



Graph 5: overview of actual expenditures compared to the plan



On the basis of the balance on 31st December 2007, the value of total assets amounts to €2,318,830. The permanent property amounting to €178,028, accounts for 7.7% of the total assets, and it includes non-material property (30.3%) and material property (69.7%).

The Agency used the surplus of income over expenditure for the investments included in the financial plan, in order to create conditions for the fulfilment of Agency's duties. The property worth €18,371.53 was procured (office equipment, PC equipment, software for digital and analogue planning, etc.).

Revolving funds worth €2,140,802 accounts for 92.3% of the total assets and it is related to the receivables from buyers (12.2%), cash and cash equivalents (87.8%).

Total receivables transferred from 2006 amounted to €50,638.85, while the total receivables on 31st December 2007 amounted to €260,897.89. Out of that amount €99,644.47 accounts for the receivables from broadcasters, €152,047.46 accounts for the receivables from CDS/MMDS operators, €1,000.00 for the receivables from rental of the translation equipment, €400,00 for the receivables for the advance payments for business trips, while the receivables of the employees amount to €1,718.68. The collection rate for the income from frequencies was 89,3% in the reporting period. Therefore, it may be concluded that the collection rate in the given period was good. The receivables on the basis of advance payment, amounting to €6,015.27, are related to the broadcasting fee funds transferred to the Radio Television of Montenegro. Down payment for the Maestro Business cards amounted to €1,072.00.

The total turnover in 2006 amounted to €8,882,524.55 through the bank account, €47,137.02 through the cashier's office, and €30,104.58 through the foreign exchange account.

Total liabilities amounted to €2,318,830. The Agency's capital amounts to €1,502,421, including the capital provided by the Government of Montenegro for the initial funds for the operation of the Agency amounting to €436,165.38, and €64,031.29 taken over from the Republican Secretariat of Information, while the Agency's own capital amounts to €63,429.73. Undistributed profit amounts to €938,789.02, out of which €645,660.00 accounts for the current year.

Total debts of the Agency amounted to €799,199.92, out of which €4,279.66 accounts for liabilities to suppliers, €792,651.00 for liabilities to funds from broadcasting fees and tax on radio receivers in motor vehicles, while €2,269.26 for the advance payments paid by buyers. Comparing the aforementioned liabilities with the value of the revolving assets of €2,140,802, it may be concluded that the Agency is solvent, and that its liquidity has never been jeopardized.

Broadcasting fee

The law prescribes that every household and legal person, with the seat on the territory of the Republic, have the obligation to pay broadcasting fee where the technical conditions have been provided for the reception of at least one radio or TV channel, and in case they own radio or TV set. In the reporting period, the decision of the Broadcasting Agency Council on the level of broadcasting fee in the Republic of Montenegro in the amount of **€3.5** was in effect. Telecom of Montenegro, the Agency has a collection contract with, is in charge of the collection. The Telecom's commission for the service of collecting broadcasting fee was €0.21 (6%) per telephone bill that included the broadcasting fee in the amount of €3.5. Since 1 September 2007, Telecom of Montenegro is no longer in charge of the broadcasting fee collection.

In the period from 1 January to 31 December 2007, Telecom of Montenegro collected the funds amounting to **€5,307,430.20**, out of which **€5,460,711.19** were paid to the bank account of the Agency, while the commission of Telecom was **€372,928.11** (December 2006 – November 2007).

Table 3: overview of monthly calculation of broadcasting fee

month	no. of tel bills	no. of tel bills with broadcast. fee	no. of tel bills with broadcast. fee	Invoiced	collected	paid to Agency	commiss + VAT
Jan-07	172,116	162,056	3.5	567,196.00	514,004.50	566,200.43	36,126.75
Feb-07	171,417	160,773	3.5	562,706.43	560,986.83	477,877.75	39,424.28
Mar-07	171,406	160,532	3.5	561,862.72	584,314.37	521,562.55	41,058.68
Apr-07	171,779	161,572	3.5	565,503.39	534,359.43	543,255.69	37,556.96
May-07	172,235	161,949	3.5	566,821.12	546,408.01	496,802.47	38,381.78
Jun-07	175,898	164,962	3.5	577,367.00	576,077.45	508,026.23	40,473.42
Jul-07	175,287	164,313	3.5	575,094.38	572,820.83	535,604.03	40,234.11
Aug-07	175,064	163,936	3.5	573,776.00	583,075.43	493,310.64	40,945.41
Sep-07	-	-	-	-	554,342.75	553,069.04	38,939.27
Oct-07	-	-	-	-	186,038.20	28,337.06	13,082.54
Nov-07	-	-	-	-	51,966.60	688,359.14	3,660.44
Dec-07	-	-	-	-	43,035.80	48,306.16	3,044.47
Total				4,550,327.04	5,307,430.20	5,460,711.19	372,928.11

Total receivables of the Broadcasting Agency from the Telecom of Montenegro on 31 December 2007 amounted to **€40,991.77** for the unpaid total receipts and **€1,388,428.12** for the invoiced receipts. Broadcasting fee collection rate from subscribers by Telecom on 31 December 2007 amounts to **94.7 %**, while the Agency's collection rate from Telecom for the same fee amounts to **100.0%**¹⁴. Telecom has not collected **5.3%** of the invoiced receipts from the subscribers for the said period.

Table 4: Overview of monthly distribution of broadcasting fee

month	collected broadcasting fees	distribution of collected broadcasting fees			Broadcasting Agency
		Radio Television of Montenegro	Fund for support of local public broadcasting services	Fund for support of commercial broadcasters	
Jan-07	609,012.67	456,759.50	60,901.26	60,901.26	30,450.65
Feb-07	514,004.50	385,503.36	51,400.46	51,400.46	25,700.22
Mar-07	560,986.83	420,740.11	56,098.69	56,098.69	28,049.34
Apr-07	484,314.37	363,235.78	48,431.44	48,431.44	24,215.71
May-07	634,359.44	475,769.57	63,435.95	63,435.95	31,717.97
Jun-07	546,408.00	409,806.01	54,640.80	54,640.80	27,320.39
Jul-07	576,077.45	432,058.10	57,607.74	57,607.74	28,803.87
Aug-07	572,820.83	429,615.62	57,282.08	57,282.08	28,641.05
Sep-07	583,075.41	437,306.57	58,307.54	58,307.54	29,153.76
Oct-07	554,342.75	415,757.06	55,434.28	55,434.28	27,717.13
Nov-07	186,038.22	139,528.65	18,603.82	18,603.82	9,301.93
Dec-07	51,966.61	38,974.96	5,196.66	5,196.66	2,598.33
total	5,873,407.08	4,405,055.29	587,340.72	587,340.72	293,670.35

During 2006, the funds coming from the broadcasting fee transferred to the Radio-Television of Montenegro amounted to €4,101,548.65, which is an average of €341,795.72 per month.

¹⁴ It should be taken into consideration that the collected funds from the broadcasting fee refer to the collection period from 1 January to 31 December 2007, not including the funds calculated for the given period given that the collection is transferred from one month to another.

Tax on radio receivers in motor vehicles

In the reporting period, the decision of the Broadcasting Agency Council on the collection procedure and the level of tax on radio receivers in motor vehicles was in effect, according to which every motor vehicle owner in the Republic of Montenegro is obliged to pay **€6** tax when registering their vehicle. The funds amounting to **€686,148.33** have been collected and they will be distributed in the following manner:

month	funds collected	distribution of funds collected from tax on radio receivers			
		75 % - Radio of Montenegro	10% - Fund for support of local public broadcasting service	10% - Fund for support of commercial broadcasters	5% - Broadcasting Agency
Jan-07	44,789.18	33,591.88	4,478.92	4,478.92	2,239.46
Feb-07	56,338.68	42,254.00	5,633.87	5,633.87	2,816.94
Mar-07	62,352.97	46,764.73	6,235.29	6,235.29	3,117.66
Apr-07	64,078.76	48,059.06	6,407.88	6,407.88	3,203.94
May-07	69,003.98	51,753.00	6,900.40	6,900.40	3,450.18
Jun-07	58,590.00	43,942.50	5,859.00	5,859.00	2,929.50
Jul-07	58,871.04	44,153.29	5,887.10	5,887.10	2,943.55
Aug-07	65,381.04	49,035.78	6,538.11	6,538.11	3,269.04
Sep-07	48,686.14	36,514.61	4,868.61	4,868.61	2,434.31
Oct-07	54,992.48	41,244.40	5,499.26	5,499.26	2,749.56
Nov-07	49,768.33	37,326.25	4,976.83	4,976.83	2,488.42
Dec-07	53,295.73	39,971.81	5,329.58	5,329.58	2,664.76
total	686,148.33	514,611.31	68,614.85	68,614.85	34,307.32

The funds allocated to the Radio of Montenegro from the tax on radio receivers amounted to €502,467.15 in 2007, which makes an average of €41,872.26 per month.

Fund for Support of Local Public Broadcasting Services

During 2007, the funds collected in the Fund for Support of Local Public Broadcasting Services amounted to the total of **€614,631.98** (€546,017.13 from broadcasting fee and €68,614.85 from tax on radio receivers in motor vehicles). The funds have been distributed in compliance with the Decision on Criteria for Distribution of Funds from the Fund for Support of Local Public Broadcasting Services ("Official Gazette of the Republic of Montenegro", No. 32/04), according to the criteria of coverage zone of local public service broadcaster and level of transformation of local media. On the basis of the aforementioned decision, the funds from the Fund from Broadcasting Fee and Tax on Radio Receivers in Motor Vehicles, amounting to **€670,000.00**, were distributed in the reporting period.

Table: Distribution from the Fund for the Support of Local Public Service Broadcasters

Local broadcasting service	2003 - 2007	2007
Radio Andrijevica	40,989.69	16,772.35
Radio Bar	205,020.47	55,195.58
Radio Berane	186,504.35	50,012.67
Radio Bijelo Polje	245,125.80	64,029.80
Radio Budva	52,396.75	23,407.07
Radio Cetinje	114,100.13	31,894.96
Radio Danilovgrad	105,135.62	29,003.16
Radio Herceg Novi	172,330.34	47,861.38
Radio Kotor	132,301.50	37,050.12
Radio Pljevlja	182,626.93	50,046.67
Radio Rožaje	136,017.03	35,949.66
Radio Tivat	92,058.30	23,539.53
Radio Ulcinj	123,230.79	35,802.45
RTV Nikšić	338,718.07	93,454.36
TV Budva	66,356.35	21,107.61
ULES	61,250.88	54,873.56
ukupno	2,254,163.00	670,000.00

The funds allocated in the reporting period, have not been paid to the local public broadcasting service Radio Ulcinj, which has not completed the transformation process in compliance with the Media Law and Broadcasting Law. A part of funds allocated to Radio Cetinje, amounting to €13,226.97 have not been paid pending the resolution of problems in the operation of this public service broadcaster.

Fund for the Support of Commercial Broadcasting Services

During 2007, the Broadcasting Agency Council adopted Decisions on the seventh, eighth, and ninth distribution of money from the Fund for Support of Commercial Broadcasting Services collected from 1 July 2006 to 31 September 2006 (seventh distribution), from 1 October 2006 to 31 December 2006 (eighth distribution), and from 1 January 2007 to 31 May 2007 (ninth distribution). Distribution of funds has been done in compliance with the criterion of the **coverage zone of the commercial broadcasting service**, implying the provision of a quality reception of radio and/or television programme for at least 60% of population on the service zone, and the criterion of the **production of the commercial broadcasting service**, implying the programmes created, edited and realized by the commercial broadcasters in Montenegro.

During the seventh distribution, the funds amounting to **€180,618.16** (€166,321.46 from broadcasting fee and 14,296.70 from tax on radio receivers). During the eighth distribution, the funds amounting to **€175,801.87** (€160,779.57 from broadcasting fee and €15,022.30 from tax on radio receivers). During the seventh distribution, the funds amounting to **€290,226.26** (€260,569.90 from broadcasting fee and i €29,656.36 from tax on radio receivers).

Table: distribution from the Fund for Support of Commercial Broadcasters

Radio broadcasters	2003 – 2007	2007
Radio 083	10,226.30	2,232.71
Radio Adriatic	17,196.72	6,767.58
Radio Antena M	146,015.82	41,385.01
Radio Atlas	23,605.38	18,642.02
Radio Boom	28,631.43	12,969.16
Radio Borkis	7,993.40	1,885.24

Radio Bussola	2,073.56	-
Radio City	18,328.96	1,494.26
Radio Cool	16,941.88	8,273.19
Radio Corona	39,668.13	9,524.15
Radio D	28,189.89	9,789.03
Radio D plus	39,916.83	14,791.79
Radio Delfin	26,538.87	8,216.46
Radio Drs	4,463.46	2,868.05
Radio Elita	37,250.34	10,120.22
Radio Elmag	62,774.63	16,326.97
Radio F	2,496.75	1,350.38
Radio Fokus	20,776.09	1,350.38
Radio Free Montenegro	10,631.96	3,506.66
Radio Glas Plava	10,055.49	815.26
Radio Gorica	13,655.27	-
Radio Gusinje	3,008.10	2,373.96
Radio Harizma	3,106.83	1,350.38
Radio Jupok	18,814.86	2,819.18
Radio Kom	2,069.14	2,069.14
Radio Luna	1,432.23	-
Radio M	2,244.84	-
Radio Max	215.35	-
Radio Mir	20,797.00	1,494.26
Radio Mojkovac	13,916.87	1,350.38
Radio Montena	39,899.40	11,368.08
Radio More	8,802.21	5,924.99
Radio Ozon	24,327.90	1,350.38
Radio Panorama	30,335.11	9,768.82
Radio Plus	5,925.84	2,217.57
Radio Ponta	2,768.13	1,494.26
Radio Skadar Lake	5,329.61	2,069.14
Radio Skala	40,978.63	9,911.04
Radio Svetigora	99,775.44	32,345.23
Radio Trojka	-	-
Radio Vizija	3,024.77	-
Radio Z	10,241.41	1,494.26
Radio Zeta	12,773.89	2,950.66
total	917,218.72	264,660.25

TV broadcasters	2003 – 2007	2007
TV Apr	45,760.75	11,641.98
TV Atv	85,836.83	41,271.10
TV Boin	31,851.92	11,865.00
TV Sun	28,391.35	17,942.84
TV Ehoo	27,390.59	8,040.81
TV Elmag	125,110.46	31,673.87
TV Glas Plava	27,522.07	10,267.28
TV In	230,002.69	65,874.78
TV Luna	1,185.01	-
TV Mbc	229,286.26	64,711.38
TV Montena	136,039.45	46,614.14
TV Orion	8,412.05	466.22
TV Panorama	53,367.06	10,873.15
TV Pink M	110,312.88	38,110.69
TV Teuta	81,821.43	22,632.85
total	1,222,290.80	381,986.09

III Cash flow balance from 1 January to 31 December 2007

CONCLUSION

The Financial Report of the Broadcasting Agency for 2007 is aimed at providing the access to the entire process of business operation of the Agency. The Report is based on the relevant business indicators in line with the Law on Accounting and Auditing of Montenegro and on direct application of international accounting standards. It has been structured in such a way to provide a complete elaboration of the manner of financing, allocation of funds, and effects of thereof, taking into consideration all circumstances of the Agency's operation.

On the basis of the Agency's income and the incurred expenditure, during 2007, the Broadcasting Agency had the total income of €1,405,045.57, and total expenditure of €759,379.57, with the positive balance of €645,660.00. In the reporting period, the Agency managed to provide efficient operation and realisation of planned objectives of the Agency, by means of the effective spending of public funds, keeping the income higher and expenditure lower than planned. Such a result was achieved due to permanent internal control, monthly analyses of income and expenditure and monitoring of business liquidity.

Appendix: tabular overview of receivables from commercial broadcasting services and CDS/MMDS operators on 31 December 2007

Report submitted by:

Svetlana Raonić, Certified Accountant

Director:

Abaz Beli Džafić

Appendix: receivables from commercial broadcasting services on 31 December 2007

account	BROADCASTER	AMOUNT per month	receivables from 2006	invoiced receipts (01.01. - 31.12.)	collected receipts (01.01 - 31.12.)	receivables on 31 December 2007
221001	RADIO M-CORONA	525.42	817.50	6,305.04	7,122.54	-
221002	TV IN	3,991.37	-	47,966.74	47,966.74	-
221003	RADIO TROJKA	283.77	7,661.79	-	-	7,661.79
221004	TV BUDVA	193.75	100.88	387.50	488.38	-
221005	RADIO FREE MONTENEGRO	225.42	10,723.12	3,200.04	1,761.08	12,162.08
221006	RADIO MIR	225.42	-	901.26	675.84	225.42
221007	RADIO D	864.58	-	10,374.96	10,374.96	-
221008	RADIO O83	394.17	-	4,730.04	4,730.04	-
221009	TV MBC	2,310.63	-	27,912.56	27,912.56	-
221010	RADIO SVETIGORA	1,422.08	2,752.50	17,289.96	20,042.46	-
221011	RADIO DELFIN	889.79	-	10,665.00	10,665.00	-
221012	RADIO VIZIJA	95.87	-	-	-	-
221013	RADIO PANORAMA	135.42	(251.57)	1,745.04	1,493.47	-
221014	TV BOIN	494.38	-	5,932.56	3,926.88	2,005.68
221015	RADIO JUPOK	219.27	-	2,422.94	888.05	1,534.89
221016	TV ELMAG	2,079.22	-	24,900.64	22,874.89	2,025.75
221017	RADIO FOKUS	154.17	-	1,850.04	1,079.19	770.85
221018	TV GLAS PLAVA	115.00	-	1,380.00	633.26	746.74
221019	RADIO MONTENA	847.92	1,812.96	10,125.04	5,845.43	6,092.57
221020	NTV MONTENA	1,325.78	-	15,909.36	15,909.36	-
221021	TV ATLAS	3,789.54	-	45,755.74	40,158.95	5,596.79
221022	RADIO ANTENA M	1,260.83	-	15,542.46	15,542.46	-
221023	RADIO ZETA	225.42	1,570.86	2,705.04	1,350.38	2,925.52
221024	TV PINK M	3,305.62	2,582.44	39,737.74	34,876.73	7,443.45
221025	RADIO GORICA	183.75	551.25	2,205.00	183.75	2,572.50
221026	RADIO M	202.47	3,111.85	-	-	3,111.85
221027	RADIO MAX	63.91	1,318.49	-	-	1,318.49
221028	TV APR	331.25	-	3,975.00	2,122.47	1,852.53
221029	RADIO OZON	101.67	-	1,220.04	508.35	711.69
221030	RADIO BUSSOLA	230.08	3,678.44	-	-	3,678.44
221031	RADIO MOJKOVAC	60.00	-	720.00	360.00	360.00
221032	RADIO D PLUS	900.42	-	11,126.04	11,126.04	-
221033	TV TEUTA	328.13	-	3,937.56	3,609.43	328.13
221034	TV PANORAMA	271.09	(78.78)	3,112.46	3,033.68	-
221035	RADIO SKALA	291.67	-	3,375.04	3,666.71	(291.67)
221036	RADIO Z	214.58	-	2,574.96	2,360.38	214.58
221037	RADIO BORKIS	183.75	1,594.18	2,205.00	1,350.38	2,448.80
221038	TV EHO	165.63	-	1,937.56	1,937.56	-
221039	NTV ORION	180.00	-	2,160.00	466.22	1,693.78
221040	RADIO CITY	183.75	-	2,205.00	679.00	1,526.00
221041	RADIO ELITA	154.17	-	1,850.04	1,850.04	-
221042	RADIO BOOM	522.92	-	6,275.04	6,275.04	-
221043	RADIO HARIZMA	60.00	682.02	720.00	982.02	420.00
221044	RADIO LUNA	60.00	993.36	720.00	-	1,713.36
221045	TV SUN	193.75	-	2,325.00	1,936.75	388.25
221046	RADIO GLAS PLAVA	60.00	-	720.00	120.00	600.00
221047	RADIO ELMAG	1,668.75	-	19,975.00	13,076.47	6,898.53
221048	RADIO ATLAS	1,807.25	-	22,112.00	22,112.00	-
221049	RADIO MORE	856.25	2,474.73	10,275.00	13,837.53	(1,087.80)
221050	RADIO KOM	93.75	2,887.50	1,687.50	2,069.14	2,505.86
221051	RADIO SKADAR LAKE	225.42	-	1,127.10	1,127.10	-
221052	RADIO S	183.75	2,572.50	183.75	-	2,756.25
221053	RADIO DRS	225.42	692.48	2,705.04	2,090.08	1,307.44
221054	RADIO COOL	225.42	-	2,705.04	2,705.04	-
221055	RADIO PONTA	154.17	-	1,850.04	1,541.70	308.34
221056	RADIO PLUS	154.17	-	1,850.04	1,850.04	-

221057	RADIO F	154.17	-	1,850.04	770.85	1,079.19
221058	RADIO ADRIATIC	154.17	-	1,850.04	1,697.19	152.85
221059	RADIO GUSINJE	101.67	-	1,136.70	425.01	711.69
221060	TV LUNA	90.00	1,260.00	1,080.00	-	2,340.00
221061	FOX TV	2,818.13		8,454.39	-	8,454.39
221062	PRO TV	1,918.13		5,754.39	5,754.39	-
221063	PRO FM	1,995.00		5,985.00	5,985.00	-
221064	TV NIKŠIĆ	180.00		540.00	540.00	-
221065	RADIO NILŠIĆ	120.00		360.00	360.00	-
221066	RADIO BUDVA	137.50		412.50	412.50	-
221067	RADIO IN	1,545.00		4,635.00	4,635.00	-
	total	45,125.95	49,508.50	447,632.01	399,875.51	99,644.47

Appendix: receivables from CDS/MMDS operators on 31 December 2007

account	operator	annual fee for 2007	receivables from 2006	invoiced receipts (01.01. - 31.12.)	collected receipts	receivables on 31 December 2007
221089	BBM	234,244.79	-	239,844.80	146,146.88	93,697.92
221091	CABLING	11,545.46	-	13,528.13	13,528.13	-
221092	PTT INZENJERING	21,825.63	-	21,825.63		21,825.63
221093	ADRIANET	475.00	-	475.00	285.00	190.00
221094	ELTA MONT	2,473.35	-	2,473.35	1,484.01	989.34
221095	CATTV	3,750.00	-	3,750.00		3,750.00
221096	MONTENEGRO CABL	4,462.06	-	4,462.07		4,462.07
221097	NOVI KDS	2,132.50	-	2,132.50		2,132.50
221098	TELEKABL	25,000.00	-	25,000.00		25,000.00
	total	305,908.79	-	313,491.48	161,444.02	152,047.46