



Kosova Demokratik Turk Partisi (KDTP)

**Annual Financial Statements with Independent Auditors' Report
thereon**

01 January 2017 - 31 December 2017



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Independent Auditors' Report

To the council of Kosova Demokratik Turk Partisi

Report on Special Purpose Financial Statement

Qualified Opinion

We have audited the financial statements of the Political Entity “**Kosova Demokratik Turk Partisi**” (hereinafter referred to as “Political Entity” or “KDTP” or “PE”), which comprise the statement of financial position as at December 31, 2017, the statement of income and expenses for the year then ended and other explanatory information.

In our opinion, except for the effects of the matters described in Basis for qualified opinion section, the financial statements presents fairly, in all material respects, the financial position of the Political Entity as of 31 December 2017, and its income and expenses for the year then ended in accordance with the law no. 04 / L-212 on amending and supplementing the Law no. 03 / L-174 on Financing of Political Entities, amended and supplemented by Law No. 04 / L-058, Article 15 Financial Reporting.

Basis for qualified opinion

- The PE in the Statement of Income and Expenses for the year ended at 31.12.2017 has stated expenses for rent in the amount of 12,976.00 Euro for the PE has not recorded the tax on rent which is in violation with the requirement of Law No.05/L-028, Article 39 Withholding Tax on Interest, Royalties and Rent.
- The PE has paid salaries and compensation for which it did not calculate nor declare the tax and contributions as tax at source as required by Law No.05/L-28 On Personal Tax Income, Article 7. The PE has working contracts with 11 employers that have received salaries for 4 months while it has only declared salaries at TAK for only 2 employers.
- The PE, on the Statement of Financial Position as at 31.12.2017 has stated assets in the amount of 31,350.00 Euro. We were able to verify only one receipt on the amount of 24,500.00 Euro while the rest 6,850.00 Euro lacked supporting documentation.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Political Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosova, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

On our qualified opinion for the PE we draw attention to the following findings:

- The Political Entity has not maintained proper accounting to enable the recording of financial transactions and the preparation of financial statements according to the applicable accounting standards in Kosovo.
- The Political Entity for the conducted purchases did not apply any procurement procedures which would enable a more efficient, cost-effective, transparent and fair use of political entity funds
- The Political Entity has not defined in its Statute the possibility of exercising internal financial control and the right for its members to be informed of all revenues and expenses of political entities as well as the responsibly of relevant body for financial transaction as required by the law no. 04 / L-212 on amending and supplementing the Law no. 03 / L-174 on Financing of Political Entities, amended and supplemented by Law No. 04 / L-058, Article 17 Internal Control.
- The Political Entity has not respected the legal requirements regarding the publication of annual and campaign financial disclosure reports as required by the law no. 04 / L-212 on amending and supplementing the Law no. 03 / L-174 on Financing of Political Entities, amended and supplemented by Law No. 04 / L-058, Article 15 Financial Reporting, paragraphs 5.1 and 5.2.
- The Political Entity has not disclosed notes on the purchases made on the amount of over 5,000.00 to a single recipient during one day as required by Law Nr. 04/L-212 on amending and supplementing the Law Nr. 03/L-174 on Financing of Political Entities, amended and supplemented by Law Nr. 04/L-058, Article 15, Financial Reporting. There are two transactions in violation of the above law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Law No. 04/L-212 on amending and supplementing the Law no. 03/L-174 on the financing of Political Parties, amended and supplemented by law no. 04/L-058 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Audit & Conto L.L.C


Ymer Shatri
Statutory Auditor
12 April 2019



Statement of Financial Position

| Assets | | 31 December 2017 | 31 December 2016 |
|-------------------------------------|-------|-------------------|------------------|
| Long-term assets | Notes | Amount in Euros | Amount in Euros |
| Property, plant and equipment | 5 | 16,332.00 | 19,467.00 |
| Intangible Assets | | | |
| Other long-term assets | | | |
| Total long-term assets | | 16,332.00 | 19,467.00 |
| Current assets | | | |
| Accounts receivable | 6 | 0 | 0 |
| Prepayments | | | |
| Cash and cash equivalents | 7 | 14.51 | 3,100.41 |
| Other current assets | | | |
| Total current assets | | 14.51 | 3,100.41 |
| Total Assets | | 16,346.51 | 22,567.41 |
| Equity | | | |
| Accumulated Fund | | 2,016.55 | -2,728.00 |
| Surplus / (deficit) of the year | | -17,642.04 | 4,744.55 |
| Total Equity | | -15,625.49 | 2,016.55 |
| Liabilities | | | |
| Long-term liabilities | | | |
| Loans payable | | | |
| Deferred revenue | | 16,332.00 | 19,467.00 |
| Total Long-term liabilities | | 16,332.00 | 19,467.00 |
| Current liabilities | | | |
| Accounts payable and others | 8 | | |
| Loans payable | | | |
| Other current liabilities | 9 | 15,640.00 | 1,084.00 |
| Total current liabilities | | 15,640.00 | 1,084.00 |
| Total Liabilities | | 31,972.00 | 21,134.00 |
| Total equity and liabilities | | 16,346.51 | 22,567.41 |

Statement of income and expenses

| | Notes | Year ending on 31 st December | |
|---|-------|--|------------------|
| | | 2017 | 2016 |
| Income | | | |
| Income from budget | | 63,000.00 | 63,000.00 |
| Income from membership | | 1,020.00 | 4,300.00 |
| Donations and cash contributions | 3 | | |
| Contributions in kind / goods and services | 4 | | |
| Campaign income | | 5,900.00 | |
| Income released from deferred revenues | 5 | 3,135.00 | 3,083.36 |
| Other income | | | 55.97 |
| Total Income for the year | | 73,055.00 | 70,439.33 |
| Expenses | | | |
| Wages and salaries | 2 | 8,896.78 | 8,440.00 |
| Transportation expenses | 2 | 2,046.73 | 4,423.36 |
| Advertising, representation and conferences | 2 | 168.40 | 10,807.23 |
| Campaign expenses | 2 | 59,451.93 | |
| Purchase of goods | 2 | 575.40 | |
| General expenses | 2 | 18,379.26 | 21,211.47 |
| Other expenses | 2 | 1,178.54 | 2,019.30 |
| Total expenses for the year | | 90,697.04 | 46,901.36 |
| Surplus / (deficit) for the year | | -17,642.04 | 23,537.97 |

1. General Information

Name of Political Entity: **Kosova Demokratik Turk Partisi**

Acronym: KDTP

Council: Mahir Jagcilar (Chairman)

Finance Representative: Sezer Hoti

Date of Establishment: 2001

Address: Prizren, Kosovo

The financial statements of the PE Kosova Demokratik Turk Partisi have been prepared in accordance with the requirements of Law no. 04 / L-212 on Amending and Supplementing the Law no. 03 / L-174 on Financing of Political Entities, amended and supplemented by Law No. 04 / L-058, Article 15 Financial Reporting.

According to Article 19, Paragraph 2, Item 7 of Law no.04/L-212 on amending and supplementing Law Nr. 03/L-174 on Financing of Political Entities, amended and supplemented by Law Nr. 04/L-058, the registered political entity within five (5) business days from receiving the draft auditing reports has submitted the revised financial reports and explanations regarding errors and omissions identified by the auditors.

The Political Entity maintains a single bank account in NLB Bank Kosovo.

Note 5. Property, plant and equipment

| | Balance at the beginning of the year (historical costs) | Purchases during the year | Accumulated depreciation | Depreciation during the year | Balance at the end of the year (NET value) |
|--|---|---------------------------|--------------------------|------------------------------|--|
| Land | | | //// | | 0 |
| Buildings | | | | | 0 |
| Vehicles | 24,500 | | 9,350 | 2,450 | 12,700.00 |
| Office Equipment | 5,318 | | 1,829 | 532 | 2,957.20 |
| Information technology equipment | 1,532 | | 704 | 153 | 674.80 |
| Other Equipment | - | - | - | | |
| Total Property, plant and equipment | 31,350.00 | 0.00 | 11,883.00 | 3,135.00 | 16,332.00 |

Note 7. Cash and cash equivalents

| | 31 December 2017 Amount in Euro | 31 December 2016 Amount in Euro |
|--|--|--|
| Cash in bank | 14.51 | 3,100.41 |
| Cash in hand | | |
| Total cash and cash equivalents | 14.51 | 3,100.41 |

Note 9. Other current liabilities

| | 31 December 2017 Amount in Euro | 31 December 2016 Amount in Euro |
|--|--|--|
| Liabilities for salaries and taxes | | |
| Liabilities for rent | | |
| Liabilities for fines and penalties | | |
| Other current liabilities | 15,640.00 | 1,084.00 |
| Total other current liabilities | 15,640.00 | 1,084.00 |

Note 2. Expenses

| Expenses | Expenses | Payment | Outstanding amount |
|---|-----------------|-----------------|---------------------------|
| Wages and salaries | | | |
| Net wages and salaries | 8,640.00 | 8,640.00 | 0.00 |
| Pension contributions of the employee | 23.45 | 23.45 | 0.00 |
| Pension contributions of the employer | 23.45 | 23.45 | 0.00 |
| Personal Tax income | 209.88 | 209.88 | 0.00 |
| Other benefits | | | 0.00 |
| Total | 8,896.78 | 8,896.78 | 0.00 |
| Transportation expenses | | | |
| Borrowed motorized vehicles | | | 0 |
| Fuels | 513.00 | 513.00 | 0 |
| Airplane/bus/train/taxi etc. tickets | 1,295.00 | 1,295.00 | 0 |
| Car insurance and maintenance | | | 0 |
| Any other transportation expenses | 238.73 | 238.73 | 0 |
| Total transportation expenses | 2,046.73 | 2,046.73 | 0.00 |
| Advertising, representation and conferences | | | |
| Premises | | | 0.00 |
| Food | 168.40 | 168.40 | 0.00 |
| Cultural and recreation activities | | | 0.00 |
| Radio and TV advertisements | | | 0.00 |
| Newsstands and newspaper advertisements | | | 0.00 |
| Other advertising, representation and conferences expenses | | | 0.00 |
| Total advertising, representation and conferences expenses | 168.40 | 168.40 | 0.00 |

| | | | |
|--|------------------|------------------|------------------|
| Campaign Expenses | | | |
| Campaign expenses | 59,451.93 | 49,701.93 | 9,750.00 |
| Total campaign expenses | 59,451.93 | 49,701.93 | 9,750.00 |
| Purchase of goods | | | |
| Supply of office | 575.40 | 575.40 | 0 |
| Small equipment | | | 0 |
| Total purchase of goods | 575.40 | 575.40 | 0.00 |
| General expenses | | | |
| Rent of office space | 12,976.00 | 7,086.00 | 5,890.00 |
| Telephone, internet and mail | 568.17 | 568.17 | 0.00 |
| Electricity and other utilities (water and waste) | 1,700.09 | 1,700.09 | 0.00 |
| Depreciation expenses of long-term assets | 3,135 | /////// | |
| Expenses related to in-kind contributions / goods and services | | /////// | |
| Total general expenses | 18,379.26 | 9,354.26 | 5,890.00 |
| Other expenses | | | |
| Maintenance of office space and equipment | | | 0 |
| Expenses not included in any other category | 1,178.54 | 1,178.54 | 0.00 |
| Total other expenses | 1,178.54 | 1,178.54 | 0.00 |
| Total expenses | 90,697.04 | 71,922.04 | 15,640.00 |