



Lidhja Demokratike e Kosovës

**Campaign Financial Disclosure Report with Independent Auditors'
Report thereon**

**Local Elections
24 July 2017 – 17 December 2017**



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Independent Auditors' Report

To the council of Lidhja Demokratike te Kosovës

Report on Special Purpose Financial Statement

Unqualified Opinion

We have audited the Campaign Financial Disclosure Report of the Political Entity "Lidhja Demokratike te Kosovës" (hereinafter referred to as "Political Entity" or "LDK" or "PE"), which comprise the statement of financial position as at December 17 December 2017, the statement of income and expenses for the period 24 July 2017 until 17 December 2017 and other explanatory information.

In our opinion, except for the matters described in the Basis for Qualified Opinion section, the campaign financial disclosure report presents fairly, in all material respects, the financial position of the Political Entity as of 17 December 2017, and its income and expenses for the period from 24 July 2017 until 17 December 2017 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

- As disclosed on Note 2 of the Statement of Income and Expenses, the PE has stated salaries and compensation on the net amount of 87,284.19 Euro. The PE has employed during the local election certified observers for which service they calculated salaries in net value (after tax at source) on the amount of 79,000 Euro but for which amount it did not withheld nor declared pension contribution as required by Law No.05/L-028 on Personal Tax Income, Article 38, Paragraph one.
- In absence of evidence for transactions with cash in hand (the lack of cash register) we were unable to apply standard or alternative procedures of auditing to verify whether the stated expenses for salaries of observers and their compensation in the amount of 79,000.00 Euro had occurred accordingly.
- As disclosed in Note 2 of the Statement of Income and Expenditure, the political entity has stated expenses in 'advertising, representation and conferences' on the amount of 630,479.63 Euro. Regarding these services we were not provided with any report that documents the data of execution, according to personnel engaged to execute services based on contract, specifications regarding services completed on time or any other information, the places where research took place, people engaged in the research, acceptance reports and other information which would justify and prove the



execution of the service. In absence of supporting documentation we were unable, while applying standard and alternative procedures of auditing, to prove whether the stated expenses on the amount of 117,891.00 Euro occurred and were accurate.

Emphasis of matter

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 PE has not developed any procedures to maintain evidence for transactions with cash on hand such as cash registers in branches for accepting payments or paying in cash. The person that has accepted the value as above was not disclosed in the list of payments over 5,000.00 euros as required by the basic law on financing of political entities, Article 21, paragraph 2.1.
- 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 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

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.

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 the law no.03/L-257 on amending and supplementing the law no.03/L-073 on General Elections in the Republic of Kosovo, 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


Muhamet Feka
Statutory Auditor
12 April 2019



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Statements of Financial Position

Assets		Balance at the end of the period	Balance at the start of the period
Long-term assets	Notes	Amount in Euro	Amount in Euro
Property, plant and equipment	5		
Intangible Assets			
Other long-term assets			
Total long-term assets			
Current assets			
Accounts receivable	6		
Prepayments			
Cash and cash equivalents	7		
Other current assets			
Total current assets			
Total Assets			
Equity			
Accumulated Fund			
Surplus / (deficit) of the period		(354,747.92)	0.00
Total Equity		(354,747.92)	0.00
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue			
Total Long-term liabilities			
Current liabilities			
Accounts payable and others	8	276,197.92	
Other current liabilities	9	78,550.00	0.00
Total current liabilities			0.00
Total Liabilities		354,747.92	0.00
Total equity and liabilities		0.00	0.00

Statement of income and expenses

	Notes	24 July 2017 – 17 December 2017
Income		
Income from budget		523,477.92
Income from membership		
Donations and cash contributions	3	0.00
Contributions in kind / goods and services	4	0.00
Other income		
Total Income for the period		523,477.92
Expenses		
Wages and salaries	2	87,284.19
Transportation expenses	2	16,484.02
Advertising, representation and conferences	2	630,479.63
Purchase of goods	2	708.00
General expenses	2	80,270.00
Other expenses	2	63,000.00
Total expenses for the period		878,225.84
Surplus / (deficit) for the period		(354,747.92)

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

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1. General Information

Name of Political Entity: Lidhja Demokratike e Kosovës

Acronym: LDK

Council: Isa Mustafa (Chairman)

Finance Representative: Lutfi Zharku

Date of Establishment: 23 December 1989

Address: Prishtina

The financial statements of the PE Lidhja Demokratike e Kosovës 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 has had an additional current bank account until 26.03.2019 in addition to the main bank account in NLB Bank despite the legal requirements which oblige all political entities to only maintain one bank account. The current bank account opened near NLB bank the branch in Rahovec has been closed on 26 March 2019.

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Note 8. Accounts payable and others

	Balance at the end of the period Amount in Euros	Balance at the start of the period Amount in Euros
Local vendor	276,197.92	0.00
Total accounts payable and others	276,197.92	0.00

Note 9. Other Current Liabilities

	Balance at the end of the period Amount in Euros	Balance at the start of the period Amount in Euros
Liabilities for fines and penalties	78,550.00	0.00
Total other current liabilities	78,550.00	0.00

Note 3: Donations and cash contributions

Lidhja Demokratike e Kosoves has not received any donations or cash contributions for the period 24 July 2017 until 17 December 2017 during the Local Elections.

Note 4. Contributions in kind / goods and services

Lidhja Demokratike e Kosoves has not disclosed the statements nor accepted any in-kind contributions / goods and services for the period 24 July 2017 until 17 December 2017.

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Note 2. Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	79,000.00	63,600.00	15,400.00
Payments for observers			-
Pension contributions of the employee			-
Pension contributions of the employer			-
Personal Tax income	8,284.19	8,284.19	-
Other benefits			-
Total	87,284.19	71,884.19	15,400.00
Transportation expenses			
Borrowed motorized vehicles	4,560.00	-	4,560.00
Fuels	7,834.02	5,439.90	2,394.12
Airplane/bus/train/taxi etc. tickets	-	-	-
Car insurance and maintenance			-
Any other transportation expenses	4,090.00	2,660.00	1,430.00
Total transportation expenses	16,484.02	8,099.90	8,384.12

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Advertising, representation and conferences			
Premises	12,223.22	8,511.92	3,711.30
Food	75,151.56	38,508.86	36,642.70
Cultural and recreation activities	-	-	-
Radio and TV advertisements	103,261.00	36,595.00	66,666.00
Newsstands and newspaper advertisements	124,467.97	75,274.17	49,193.80
Other advertising, representation and conferences expenses	315,375.88	235,375.88	80,000.00
Total advertising, representation and conferences expenses	630,479.63	394,265.83	236,213.80
Purchase of goods			
Supply of office	-	-	-
Small equipment	708.00	708.00	-
Total purchase of goods	708.00	708.00	-
General expenses			
Rent of office space	-	-	-
Telephone, internet and mail	1,720.00	1,720.00	-
Electricity and other utilities (water and waste)	-	-	-
Fines and Penalties	78,550.00	-	78,550.00

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Expenses related to in-kind contributions / goods and services	-			
Total general expenses	80,270.00	1,720.00		78,550.00
Other expenses				
Maintenance of office space and equipment				
Expenses not included in any other category	63,000.00	46,800.00		16,200.00
Total other expenses	63,000.00	46,800.00		16,200.00
Total expenses	878,225.84	523,477.92		354,747.92

Note 10: Payments over 5,000.00 Euro

Description	Paid to:			Amount	
	Natural/Legal Person	Address	ID Number	Date of Payment Specification	Amount in Euro
Purpose of payment Advertising in news portals	Blic Media	Prishtine	601082316	9,000.00	
Professional Services	CreativeTouch	Prishtine	601084388	12,500.00	
Radio and TV advertisements	Dukagjini TV	Prishtine	600225933	11,000.00	

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Professional Services	Entermedia	Prishtine	600651823	Specification	59,566.40
Conferences/Rallies	KD Events	Prishtine	600602173	Specification	168,000.00
Radio and TV advertisements	Klan Kosova	Prishtine	600359378	Specification	13,995.00
Radio and TV advertisements	KTV	Prishtine	600157722	20.10.2017	10,000.00
Professional Services	Lenes	Prishtine	600884896	Specification	29,500.00
Advertising in news portals	Media Works	Prishtine	600272695	Specification	20,000.00
Radio and TV advertisements	JMP	Prishtine	600164165	Specification	5,000.00
Advertising materials	SelmansNetwork	Rahovec	600766325	18.10.2017	5,500.00
Observers	Shukri Kryeziu	Prizren	1176267590	20.10.2017	10,200.00
Radio and TV advertisements	Tribuna Channel	Prishtine	601183403	Specification	5,000.00
Advertising materials	Umbrella	Mitrovice	601198965	Specification	7,211.70
Total payments over 5,000.00 Euro					366,473.10