

**PARTIA DEMOKRATIKE E ASHKANLIVE TË
KOSOVËS**

**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 Partia Demokratike e Ashkanlive të Kosovës

Report on Special Purpose Financial Statement

Disclaimer of Opinion

We were engaged to audit the financial statements of the Political Entity “**Partia Demokratike e Ashkanlive të Kosovës**” (hereinafter referred to as “Political Entity” or “PDAK” or “PE”), which comprise the statement of financial position as at December 31, 2017, and the statement of income and expenses for the year then ended and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Political Entity “**Partia Demokratike e Ashkanlive të Kosovës**”. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of opinion

- The Political Entity has not filled in correctly the Financial Statements submitted to CEC. Moreover, the notes presented in Financial Statements are not supported with relevant documentation regarding assets, liabilities and equity of the PE as at 31 December 2017 as required by 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, Article 15 Financial Reporting. In absence of supporting documentation we were unable to verify whether the stated assets, liabilities and equity reflect accurately the state of the PE as at 31 December 2017. Furthermore, assets and source of financial are not balanced in the Statement of Financial Position as at 31 December 2017 and 2016.
- The PE has paid wages and salaries for which it did not account for nor declared taxes and tax contributions as required by the Law No.05/L-028 on Taxes and Personal Income, Article 7.
- The Political entity has paid expenses for rent and premises for which it did not provide contracts for leasing of these premises or equipment. Furthermore, the PE did not account nor declared tax at source as required by Law No.05/L-028 on Taxes and Personal Income, Article 7.
- The political entity has submitted to CEC copies of invoices for the reported expenses in the form of fiscal receipts and a copy of a bank account, but these

information were not recorded nor classified into categories of the reported expenses as required by 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, Article 15 Financial Reporting. In absence of supporting documentation, we were unable to verify whether the stated expenses reflect accurately the activity of the PE.

- The political entity has not presented income from contributions in-kind / goods and services, in absence of supporting documentation we were unable to verify whether the PE had accepted contributions in kind / goods and services.
- The political entity has not presented any payment over 5,000.00 Euro to a single recipient, in absence of supporting documentation we were unable to verify whether the PE had made any payments of over 5,000.00 Euro to a single recipient.
- In the absence of confirmations by the bank, we were unable to verify if the PE had only one bank account as required by 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 11, Paragraph 3.
- In the Statement of Financial Position, Assets do not match the Equity and Liabilities, there are information only regarding Liabilities and Equity and no information regarding Assets.
- In the Statement of Income and Expenses, in Income released from deferred revenues, the PE has recorded the Surplus of the year 2016.
- Due to the lack of a list of expenses we were unable to verify whether the expenses stated in the Statement of Income and Expenses for the year ended at 31.12.2017 were accurate.
- In the Statement of Income and Expenses, at Income from Campaign, the PE has not stated the Campaign Expenses in the amount of 1,168.40 Euro.
- The PE, in the Statement of Income and Expenses, has stated travel expenses on the amount of 20,075.76 Euro of which only the amount of 3,635.00 has been paid through the bank account to private individuals for which it did not withhold tax and contributions which is in violation of the requirement of Law No.05/L-028 on Tax and Personal Income, Article 7.
- The PE has not declared to TAK the personnel salaries and rent expenses for the year ended on 31.12.2017 or at least has not submitted relevant evidence.
- The PE has not maintained a cash register to record withdrawals from the bank account and to record cash payments for expenses.

- As presented in Note 3 cash and cash equivalents are stated on the amount of 24,292.45 Euro which in the Statement of the Financial Position and the Bank Account of the PE is zero. This does not accurately represent the state of the PE.

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 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 responsibility 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.

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.

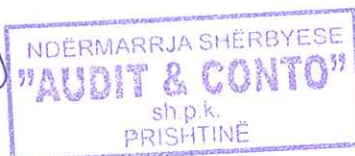
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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



Statements 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 | | |
| Intangible Assets | | | |
| Other long-term assets | | | |
| Total long-term assets | | 0.00 | 0.00 |
| Current assets | | | |
| Accounts receivable | 6 | 0 | 0 |
| Prepayments | | | |
| Cash and cash equivalents | 7 | | |
| Other current assets | | | |
| Total current assets | | 0.00 | 0.00 |
| Total Assets | | 0.00 | 0.00 |
| Equity | | | |
| Accumulated Fund | | 99.83 | |
| Surplus / (deficit) of the year | | 6.82 | 99.83 |
| Total Equity | | 106.65 | 99.83 |
| Liabilities | | | |
| Long-term liabilities | | | |
| Loans payable | | | |
| Deferred revenue | | | |
| Total Long-term liabilities | | 0.00 | 0.00 |
| Current liabilities | | | |
| Accounts payable | 8 | | |
| Loans payable | | | |
| Other current liabilities | 9 | | |
| Total current liabilities | | 0.00 | 0.00 |
| Total Liabilities | | 0.00 | 0.00 |
| Total equity and liabilities | | 106.65 | 99.83 |

Statement of Income and Expenses

| | Notes | Year ending on 31 st December | |
|---|-------|--|------------------|
| | | 2017 | 2016 |
| Income | | | |
| Income from budget | | 31,500.00 | 31,500.00 |
| Income from membership | | | |
| Donations and cash contributions | 3 | | |
| Contributions in kind / goods and services | 4 | | |
| Income from campaigns | | | |
| Income released from deferred revenues | 5 | 99.83 | |
| Other income | | | |
| Total Income for the year | | 31,599.83 | 31,500.00 |
| Expenses | | | |
| Wages and salaries | 2 | 3,000.00 | 12,140.00 |
| Transportation expenses | 2 | 20,075.76 | 9,532.52 |
| Advertising, representation and conferences | 2 | 1,509.25 | 3,922.70 |
| Campaign expenses | 2 | | |
| Purchase of goods | 2 | | 510.00 |
| General expenses | 2 | 6,357.00 | 5,151.00 |
| Other expenses | 2 | 651.00 | 143.95 |
| Total expenses for the year | | 31,593.01 | 31,400.17 |
| Surplus / (deficit) for the year | | 6.82 | 99.83 |

1. General Information

Name: Partia Demokratike e Ashkanlive të Kosovës

Acronym: PDAK

Council: Danush Adem (Chairman)

Finance Representative: Besart Jashari

Address: Street Vudrov Wilson nn. Ferizaj

The financial statements of Partia Demokratike e Ashkanlive të 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.

The Political Entity maintains a single bank account at ProCredit Bank Kosovo.

Note 7. Cash and Cash Equivalents

| | 31 December 2017 Amount in Euros | 31 December 2016 Amount in Euros |
|--|-------------------------------------|-------------------------------------|
| Cash in Bank | 24283.95 | 28,120.19 |
| Cash in Hand | 8.50 | |
| Total Cash and Cash Equivalents | 24,292.45 | 28,120.19 |

Note 2: Expenses

| Expenses | Expenses in Euro | Payment in Euro | Outstanding amount in Euro |
|---------------------------------------|---------------------|--------------------|-------------------------------|
| Wages and salaries | | | |
| Net wages and salaries | 3,000.00 | 3,000.00 | 0.00 |
| Pension contributions of the employee | | | 0.00 |
| Pension contributions of the employer | | | 0.00 |
| Personal Tax income | | | 0.00 |
| Other benefits | | | 0.00 |
| Total | 3,000.00 | 3,000.00 | 0.00 |
| Transportation expenses | | | |
| Borrowed motorized vehicles | | | 0 |

| | | | | |
|---|------------------|-----------|------------------|-------------|
| Fuels | | 14,058.76 | 14,058.76 | 0 |
| Airplane/bus/train/taxi etc. tickets | | | | 0 |
| Car insurance and maintenance | | | | 0 |
| Any other transportation expenses | 6017 | | 6017 | 0 |
| Total transportation expenses | 20,075.76 | | 20,075.76 | 0.00 |
| Advertising, representation and conferences | | | | |
| Premises | | | | 0.00 |
| Food | 459.25 | | 459.25 | 0.00 |
| Cultural and recreation activities | | | | 0.00 |
| Radio and TV advertisements | | | | 0.00 |
| Newsstands and newspaper advertisements | 1,050.00 | | 1,050.00 | 0.00 |
| Other advertising, representation and conferences expenses | | | | 0.00 |
| Total advertising, representation and conferences expenses | 1,509.25 | | 1,509.25 | 0.00 |
| Campaign Expenses | | | | |
| Campaign expenses | | | | - |
| Total campaign expenses | - | | - | - |
| Purchase of goods | | | | |
| Supply of office | | | | 0 |
| Small equipment | | | | 0 |
| Total purchase of goods | 0.00 | | 0.00 | 0.00 |

| | | | |
|--|------------------|----------------------|-------------|
| General expenses | | | |
| Rent of office space | 6,236.00 | 6,236.00 | 0.00 |
| Telephone, internet and mail | 121.00 | 121.00 | 0.00 |
| Electricity and other utilities (water and waste) | | | 0.00 |
| Depreciation expenses of long-term assets | | //////////////////// | 0.00 |
| Expenses related to in-kind contributions / goods and services | | //////////////////// | |
| Total general expenses | 6,357.00 | 6,357.00 | 0.00 |
| Other expenses | | | |
| Maintenance of office space and equipment | | 0 | 0 |
| Expenses not included in any other category | 651.00 | 651.00 | 0.00 |
| Total other expenses | 651.00 | 651.00 | 0.00 |
| Total expenses | 31,593.01 | 31,593.01 | 0.00 |