



**Partia Demokratike e Kosovës
(PDK)**

**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 Kosovës

Report on Special Purpose Financial Statement

Qualified Opinion

We have audited the financial statements of the Political Entity "**Partia Demokratike e Kosovës**" (hereinafter referred to as "Political Entity" or "PDK" 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 political entity PDK, was the leading party of the coalition PDK-AAK-NISMA, Annual Financial Reportes to CEC were submitted individual by each member of the coalition, moreover the auditing was also done individually for each political party in the coalition. The leader of the coalition in the Campaign Financial Disclosure Report and the Annual Report has not included any information regarding any other PE members of the coalition but only of PDK, therefore we are limited to say the influence that these information would have if incorporated in the report (only a single report: Campaign Financial Disclosure Report – General Election 2017 has been submitted by the coalition to the CEC but in restatement this report also only includes financial information regarding PDK and not other members of the coalition).
- Notes in the financial reports include expenses for: Partia e Drejtsise 15,728.00 Euro, Levizja per Bashkim 15,728.00 Euro, AAK 118,550.00 Euro, Nisma 63,750.00 Euro, without supporting evidence for these expenses. Due to the lack of accounting records required by law and appropriate approval of expenses by PE from the coalition PDK-AAK-Nisma and the payments done by members of the coalition and not through the coalition account, we were unable to apply standard and alternative procedures of auditing to verify beyond doubt the unity, existence and the accuracy of these stated expenses as at 31 December 2017. The PE only presents transfer to other PE members of the coalition.
- The PE does not have a detailed list of assets as required by standards of accounting. The PE had acknowledged depreciation expenses in the category, but the PE is



obliged to present to CEC all information regarding the assets, categorized according to value, type, origin etc.

- Third party confirmations regarding liabilities for the PE were absent. In absence of these confirmations we were unable to verify the accuracy of payable accounts on the date of reporting.

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 Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the following findings:

- 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.
- The Political Entity has made payments to a single recipient on the amount of over 5,000 Euro within one day which is in violation of the Law on Preventing of Money Laundry and Terrorism Financing, Article 26 Additional Obligation of Political Entities.



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

Haxhi Nimani
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	41,214.21	50,074.18
Intangible Assets			
Other long-term assets			
Total long-term assets		41,214.21	50,074.18
Current assets			
Accounts receivable	6	2,632.11	0.00
Prepayments			
Cash and cash equivalents		10,024.21	440.76
Other current assets	7		
Total current assets		12,656.32	440.76
Total Assets		53,870.53	50,514.94
Equity			
Accumulated Fund		(100,112.71)	(132,351.40)
Surplus / (deficit) of the year		(690,007.73)	32,238.69
Total Equity		(790,120.44)	(100,112.71)
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue		41,214.21	50,074.18
Total Long-term liabilities		41,214.21	50,074.18
Current liabilities			
Accounts payable and others	8	590,704.85	42,603.82
Loans payable			
Other current liabilities	9	212,071.91	57,949.65
Total current liabilities		802,776.76	100,553.47
Total Liabilities		843,990.97	150,627.65
Total equity and liabilities		53,870.53	50,514.94

Statement of income and expenses

	Notes	Year ending on 31 st December	
		2017	2016
Income			
Income from budget		1,192,800.00	1,165,500.00
Income from membership			
Donations and cash contributions	3	7,500.00	
Contributions in kind / goods and services	4	37,480.69	
Campaign income		111,707.15	
Income released from deferred revenues	5	37,551.49	48,829.18
Other income		2,022.00	
Total Income for the year		1,389,061.33	1,214,329.18
Expenses			
Wages and salaries	2	578,633.24	760,604.44
Transportation expenses	2	47,827.70	41,564.58
Advertising, representation and conferences	2	91,924.86	62,932.52
Campaign expenses	2	579,028.02	25,309.50
Purchase of goods	2	56,768.53	16,858.13
General expenses	2	152,010.52	140,290.65
Other expenses	2	554,876.19	134,530.67
Total expenses for the year		2,079,069.06	1,182,090.49
Surplus / (deficit) for the year		(690,007.73)	32,238.69

1. General Information

Name of Political Entity: Partia Demokratike e Kosovës

Acronym: PDK

Council: Kadri Veseli (Chairman)

Finance Representative:

Date of Establishment: 12.10.1999

Address:

The financial statements of the PE Partia 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 maintains a single bank account in NLB bank Kosovo.

Note 3: Donations and cash contributions

Accepted by				Amount	Accepted from:	
Contributors	Address	ID Number	Date of contributions	In Euro	Bank	Cash
Halil Selimi			11/23/2017	1,000.00	1,000.00	
Besim Ilazi			11/23/2017	1,000.00	1,000.00	
Muhamet Morina			11/23/2017	1,000.00	1,000.00	
Gani Neziri			11/23/2017	1,000.00	1,000.00	
Ardi Nurllari			12/8/2017	500.00	500.00	
Armend Kastrati			12/14/2017	1,000.00	1,000.00	
Faton Haziraj			12/14/2017	1,000.00	1,000.00	
Ferat Jashari			12/18/2017	1,000.00	1,000.00	
Total donations and cash contributions				7,500.00	7,500.00	0.00

Note 4: Contributions in kind / goods and services

Description of goods/services	Accepted by				Amount
	Contributors	Address	ID number	Date of Contribution	In Euro
Fines	Deputetet			Specification	18,566.67
Permits	Bizneset			Specification	18,914.02
Total contributions in kind / goods and services					37,480.69

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					
Buildings					
Vehicles	107,381.20		88,679.13	18,702.07	0.00
Office Equipment	56,942.71	7,582.50	53,566.86	3,375.85	7,582.50
Information technology equipment	69,171.70	17,264.00	54,175.65	13,834.34	18,425.71
Other Equipment	18,710.37	3,845.00	5,710.14	1,639.23	15,206.00
Total Property, plant and equipment	252,205.98	28,691.50	202,131.78	37,551.49	41,214.21

Note 6. Accounts Receivable

	31 December 2017 Amount in Euros	31 December 2016 Amount in Euros
Vendor	2,632.11	
Total Accounts Receivable	2,632.11	0.00

Note 7. Cash and Cash Equivalent

	31 December 2017 Amount in Euros	31 December 2016 Amount in Euros
Cash in bank	9,677.49	50.31
Cash in hand	346.72	390.45
Total cash and cash equivalents	10,024.21	440.76

Note 8. Accounts payable and others.

	31 December 2017 Amount in Euros	31 December 2016 Amount in Euros
Supplier 1	590,704.85	15,550.00
Supplier 2		27,053.82
Total accounts payable and others	590,704.85	42,603.82

Note 9. Other current liabilities

	31 December 2017 Amount in Euros	31 December 2016 Amount in Euros
Liabilities for salaries and taxes	88,622.95	20,587.53
Liabilities for rent	14,290.50	3,125.87
Liabilities for fines and penalties	33,600.00	4,200.00
Other current liabilities	75,558.46	30,036.25
Total other current liabilities	212,071.91	57,949.65

Note 2. Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	497,272.89	463,212.78	34,060.11
Pension contributions of the employee	26,466.46	12,613.38	13,853.08
Pension contributions of the employer	26,466.46	12,613.38	25,203.08
Personal Tax income	28,427.43	14,589.49	13,837.94
Other benefits			-
Total	578,633.24	503,029.03	75,604.21
Transportation expenses			
Borrowed motorized vehicles			
Fuels	29,486.46	10,663.86	18,822.60
Airplane/bus/train/taxi etc. tickets			
Car insurance and maintenance	15,797.54		15,797.54
Any other transportation expenses	2,543.70		2,543.70
Total transportation expenses	47,827.70	10,663.86	37,163.84
Advertising, representation and conferences			

Partia Demokratike e Kosovës

Notes on Financial Statements 01 January 2017 until 31 December 2017

Premises	30,956.37		30,956.37
Food	54,534.65	6,790.60	47,744.05
Cultural and recreation activities	6,433.84		6,433.84
Radio and TV advertisements			
Newsstands and newspaper advertisements			
Other advertising, representation and conferences expenses			
Total advertising, representation and conferences expenses	91,924.86	6,790.60	85,134.26
Campaign Expenses			
Campaign expenses	597,028.02	311,586.33	285,441.69
Total campaign expenses	597,028.02	311,586.33	285,441.69
Purchase of goods			
Supply of office	56,343.53		56,343.53
Small equipment	425.00		425.00
Total purchase of goods	56,768.53	0.00	56,768.53
General expenses			
Rent of office space	51,730.00	6,400.00	45,330.00
Telephone, internet and mail	11,097.80	3,250.97	7,846.83
Electricity and other utilities (water and waste)	14,150.54		14,150.54

Partia Demokratike e Kosovës

Notes on Financial Statements 01 January 2017 until 31 December 2017

Depreciation expenses of long-term assets	37,551.49	////////////////////	
Expenses related to in-kind contributions / goods and services	37,480.69	////////////////////	-
Total general expenses	152,010.52	9,650.97	67,327.37
Other expenses			
Maintenance of office space and equipment	21,722.61		21,722.61
Expenses not included in any other category	533,153.58	359,539.33	173,614.25
Total other expenses	554,876.19	359,539.33	195,336.86
Total expenses	2,079,069.06	1,201,260.12	802,776.76

Note 10: Payments over 5,000.00 Euro

Description	Paid to:			Date of payment	Amount in Euro
	Natural/Legal Person	Address	ID Number		
Partner of Coalition	AAK			Specification	157,500.00
Partner of Coalition	NISMA			Specification	94,500.00
Food and beverages	1st Avenue			Specification	6,790.60
Technology equipment	Com Trade			Specification	9,585.85
Technical Assistance Campaign	D-line			Specification	257,237.04
Fuel	Ip Group			Specification	10,663.86
Rent	Ismajl Abazi			Specification	6,400.00
Electricity	Kesco			Specification	6,789.35
Partner of Coalition	Levizja per Bashkim			Specification	15,728.00
Stands	Lh Studio			Specification	14,219.51
Stands	Metton Reklama			Specification	7,314.00
Partner of Coalition	Partia e Drejtesis			Specification	15,728.00
Phone services	Posta dhe Telekom			Specification	9,579.04
Fines and penalties	Pzap			Specification	76,083.33
Total payments over 5,000.00 Euro					688,118.58