

# **Progresivno Demokratska Stranka**

**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 Progresivno Demokratska Stranka

## Report on Special Purpose Financial Statement

### Disclaimer of Opinion

We were engaged to audit the financial statements of the Political Entity "**Progresivno Demokratska Stranka**" (hereinafter referred to as "Political Entity" or "PDS" 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 "**Progresivno Demokratska Stranka**". 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

- As stated at the Statement of Financial Position, the political entity has not carried the balance of the year 2016 to year 2017 where the values were stated as zero. The Political Entity has not presented an accurate state of the Financial Position for the year 2017 nor 2016.
- The political entity has withdrawn from the bank account but has not recorded them on a cash register and most of the liabilities were paid with cash in hand.
- The political entity in the Statement of Income and Expenses has not presented the values of income and expenses for the year 2016. The political entity for 2017 has stated income from budget in the amount of 15,750.00 Euro but has submitted receipts only on the amount of 14,491.03 Euro while the outstanding amount of 1,258.92 did not have any supporting documentation to verify whether the expense was accurate.
- The political entity has stated expenses on the amount of 14,491.03 Euro but has only submitted receipts on the amount of 3,498.51 Euro while the outstanding amount of 10,992.52 Euro were payments for services to private individuals, for which it did not withhold tax and contributions which is in violation of the requirements of Law No.05/L-028 on Tax and Personal Income, Article 7.

- In Property, Plant and Equipment for 2016, the PE has stated a car which as property which in 2017 was stated with the value of zero.

### **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



Fatmir Mehmeti  
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	0.00	0.00
Intangible Assets			
Other long-term assets			
<b>Total long-term assets</b>		<b>0.00</b>	<b>0.00</b>
<b>Current assets</b>			
Accounts receivable	6	0.00	0.00
Prepayments			
Cash and cash equivalents	7	0.00	0.00
Other current assets			
<b>Total current assets</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Assets</b>		<b>0.00</b>	<b>0.00</b>
<b>Equity</b>			
Accumulated Fund		0.00	
Surplus / (deficit) of the year		0.00	0.00
<b>Total Equity</b>		<b>0.00</b>	<b>0.00</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans payable			
Deferred revenue		0.00	0.00
<b>Total Long-term liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Current liabilities</b>			
Accounts payable	8	0.00	0.00
Loans payable			
Other current liabilities	9	0.00	0.00
<b>Total current liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Total equity and liabilities</b>		<b>0.00</b>	<b>0.00</b>

Financial Statements of the Political Entity have been approved by the council on 1 March 2017.

## Statement of Income and Expenses

	Notes	Year ending on 31 <sup>st</sup> December	
		2017	2016
<b>Income</b>			
Income from budget		15,750.00	
Income from membership			
Donations and cash contributions	3	900.00	
Contributions in kind / goods and services	4		
Income from campaigns			
Income released from deferred revenues	5	0.00	
Other income			
<b>Total Income for the year</b>		<b>16,650.00</b>	<b>0.00</b>
<b>Expenses</b>			
Wages and salaries	2	2,922.00	
Transportation expenses	2	2,630.91	
Advertising, representation and conferences	2	1,100.32	
Campaign expenses	2	900.00	
Purchase of goods	2	143.15	
General expenses	2	3,871.34	
Other expenses	2	5,082.28	
<b>Total expenses for the year</b>		<b>16,650.00</b>	<b>0.00</b>
<b>Surplus / (deficit) for the year</b>		<b>0.00</b>	<b>0.00</b>



## **1. General Information**

Name of Political Entity: Progresivno Demokratska Stranka

Acronym: PDS

Council: Nenad rasic (PE Chairman)

Finance Representative: Goran Lazic

Date of Establishment:

Address: Gracanica

The financial statements of the Progresivno Demokratska Stranka 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 on ProCredit Bank Kosovo.



### Note 3: Donations and cash contributions

Accepted by				Amount
Contributors	Address	ID Number	Date of contributions	In Euros
Nenad Rasic	Sl. Dobrotina Gracanica		25.08.2017	900.00
Total donations and cash contributions				900.00

The personal number of donors are known to the auditor and CEC, but according to Law No.03/L-172 on the protection of personal data, the number does not appear in Note 3.

### Note 2. Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
<b>Wages and salaries</b>			
Net wages and salaries	2,422.52	2,422.52	0.00
Pension contributions of the employee	402.34	402.34	0.00

Pension contributions of the employer					
Personal Tax income		97.14		97.14	0.00
Other benefits					
<b>Total</b>		<b>2,922.00</b>		<b>2,922.00</b>	<b>0.00</b>
<b>Transportation expenses</b>					
Borrowed motorized vehicles					0.00
Fuels		2,345.59		2,345.59	0.00
Airplane/bus/train/taxi etc. tickets					0.00
Car insurance and maintenance		285.32		285.32	0.00
Any other transportation expenses					0.00
<b>Total transportation expenses</b>		<b>2,630.91</b>		<b>2,630.91</b>	<b>0.00</b>
<b>Advertising, representation and conferences</b>					
Premises					0.00
Food		1,100.32		1,100.32	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
<b>Total advertising, representation and conferences expenses</b>	<b>1,100.32</b>	<b>1,100.32</b>	<b>1,100.32</b>	<b>0.00</b>
<b>Campaign Expenses</b>				
Campaign expenses		900.00	900.00	0.00
<b>Total campaign expenses</b>		<b>900.00</b>	<b>900.00</b>	<b>0.00</b>
<b>Purchase of goods</b>				
Supply of office		143.15	143.15	0.00
Small equipment				0.00
<b>Total purchase of goods</b>		<b>143.15</b>	<b>143.15</b>	<b>0.00</b>
<b>General expenses</b>				
Rent of office space		3,590.00	3,590.00	0.00
Telephone, internet and mail		91.60	91.60	0.00
Electricity and other utilities (water and waste)		187.74	187.74	0.00
Depreciation expenses of long-term assets		0.00	//////////	//////////



Expenses related to in-kind contributions / goods and services					
<b>Total general expenses</b>		<b>3,871.34</b>		<b>3,871.34</b>	<b>0.00</b>
<b>Other expenses</b>					
Maintenance of office space and equipment		3,040.00		3,040.00	0.00
Expenses not included in any other category		2,042.28		2,040.28	2.00
<b>Total other expenses</b>		<b>5,082.28</b>		<b>5,082.28</b>	<b>2.00</b>
<b>Total expenses</b>		<b>16,650.00</b>		<b>16,648.00</b>	<b>2.00</b>