



**Lidhja Demokratike e Kosovës  
(LDK)**

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

**01 January 2020 - 31 December 2020**



Table of Contents:

Independent Auditors' Report .....	3
Statement of financial position .....	7
Statement of income and expenses .....	8
General Information .....	9
Notes on Financial Statements .....	10 - 15



# **Independent Auditors' Report**

To the council of LIDHJA DEMOKRATIKE E KOSOVËS

## **Report on Special Purpose Financial Statement**

### **Qualified Opinion**

We have audited the financial statements of the Political Entity "Lidhja Demokratike e Kosovës" (hereinafter referred to as "Political Entity" or "LDK" or "PE"), which comprise the statement of financial position as at December 31, 2020, the statement of income and expenses for the year then ended and other explanatory information on pages 7-16.

In our opinion, except for the effects of the matters described in Basis for Qualified Opinion section, the financial statements present fairly, in all material respects, the financial position of the Political Entity as of 31 December 2020, and its income and expenses for the year then ended in accordance with the law No.03/L-174 on Financing of Political Entities and Law 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 does not possess a detailed list of assets as required by accounting standards. Furthermore, the PE has not recognized depreciation expenses in the appropriate category and it did not treat each asset individually for which we were unable to determine whether corrections regarding the value of assets or depreciation expenses were necessary. Furthermore, the PE for its offices uses a building for which it does not possess ownership documentation and does not have a rent agreement. We were unable to determine whether any correction was necessary to reflect the income from in-kind contribution due to the usage without payment of the object or the object was in ownership of the political entity.
- During our audit we found out that the political entity has stated expenses in the amount of 2,848.41 Euro which should have been identified as investments in assets, as a consequence the expenses of the PE are overestimated while assets are underestimated for the year ended at 31 December 2020 (31 December 2019; 31,188.04 Euro).
- During our audit we have found out that the political entity LDK has more than one bank account in local banks which is in violation with the legal requirement of the law No.03/L-174 on Financing of Political Entities and Law 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. Furthermore, the political entity has not presented in its financial statements, transactions carried out by the secondary bank account identified nor the state as at 31 December 2020.
- As disclosed in Note 8 of financial statements, the political entity has stated liabilities towards suppliers in the amount of 106,838.45 Euro as at 31 December 2020 (31 December 2019; 413,242.74 Euro). In absence of confirmation from third parties, we were unable, while using standard and alternative procedures of audit, to ensure reasonable justification



with regards to the entirety, existence and accuracy of accounts payable as at 31 December 2020 and 31 December 2019.

- As disclosed in Note 2 of financial statements, the PE LDK has stated expenses for rent in the amount of 74,844.03 Euro for the year ended at 31 December 2020. During our audit, we found out that the PE has underestimated the rent expenses in the amount of 1,055.97 Euro.

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 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**

Without further qualifying our opinion 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 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 requirement regarding the publication of annual financial reports and campaign financial disclosure reports as required by Law No.04/L-212 on amending and supplementing Law No.03/L-174 on Financing of Political Entities, amended and supplemented by Law No.04/L-058, Article 15 Financial Reporting, paragraph 5.1 and 5.2
- The Financial Statements of the political entity have not been signed in accordance with the Law No.06/L-32 on Accounting, Financial Reporting and Auditing; and Administrative Instruction AI MF-NO.07/2019 Article 8; Signature of Financial Statements; point 2. If the financial director or chief financial officer is not certified as an accountant, then the certified statements are also signed by the financial accountant.



## **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 skepticism 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

Elmije Osmani Shatri  
Auditor Ligjor  
06 October 2021



**Statement of Financial Position**

<b>Assets</b>		<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Long-term assets</b>	Notes	<b>Amount in Euros</b>	<b>Amount in Euros</b>
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	1,722.35	1,722.35
Prepayments			
Cash and cash equivalents	3	96,118.41	11,094.93
Other current assets			
<b>Total current assets</b>		<b>97,840.76</b>	<b>12,817.28</b>
<b>Total Assets</b>		<b>97,840.76</b>	<b>12,817.28</b>
<b>Equity</b>			
Accumulated Fund		(490,575.46)	(62,919.64)
Surplus / (deficit) of the year		462,602.77	(427,655.82)
<b>Total Equity</b>		<b>(27,972.69)</b>	<b>(490,575.46)</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans payable			
Deferred revenue	5	0.00	0.00
<b>Total Long-term liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Current liabilities</b>			
Accounts payable and others	8	106,838.45	413,242.74
Loans payable			
Other current liabilities	9	18,975.00	90,150.00
<b>Total current liabilities</b>		<b>125,813.45</b>	<b>503,392.74</b>
<b>Total Liabilities</b>		<b>125,813.45</b>	<b>503,392.74</b>
<b>Total equity and liabilities</b>		<b>97,840.76</b>	<b>12,817.28</b>

## Statement of income and expenses

	Notes	Year ending on 31 <sup>st</sup> December	
		2020	2019
<b>Income</b>			
Income from budget		882,000.00	910,612.50
Income from membership			
Donations and cash contributions	3		38.54
Contributions in kind / goods and services	4		0.00
Income from campaigns			296.30
Income released from deferred revenues	5		0.00
Other income			995.00
<b>Total Income for the year</b>		<b>882,000.00</b>	<b>911,942.34</b>
<b>Expenses</b>			
Wages and salaries	2	228,066.06	261,636.66
Transportation expenses	2	17,464.45	38,572.85
Advertising, representation and conferences	2	41,991.79	173,961.79
Campaign expenses	2	0.00	735,541.87
Purchase of goods	2	2,848.41	5,710.32
General expenses	2	83,244.90	76,775.27
Other expenses	2	45,781.62	47,399.40
<b>Total expenses for the year</b>		<b>419,397.23</b>	<b>1,339,598.16</b>
<b>Surplus / (deficit) for the year</b>		<b>462,602.77</b>	<b>(427,655.82)</b>



## **1. General Information**

Name of Political Entity: Lidhja Demokratike e Kosovës

Acronym: LDK

Council: Isa Mustafa (Chairman for 2020)

Finance Representative: Lutfi Zharku

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 maintains a main bank account in the NLB bank and an account in Banka Ekonomike for the Gjakova branch.

**Note 2. Expenses**

<b>Expenses</b>	<b>Expenses in Euro</b>	<b>Payment in Euro</b>	<b>Outstanding amount in Euro</b>
<b>Wages and salaries</b>			
Net wages and salaries	197,133.14	197,133.14	0.00
Pension contributions of the employee	10,575.57	10,575.57	0.00
Pension contributions of the employer	10,575.57	10,575.57	0.00
Personal Tax income	9,781.78	9,781.78	0.00
Other benefits			0.00
<b>Total</b>	<b>228,066.06</b>	<b>228,066.06</b>	<b>0.00</b>
<b>Transportation expenses</b>			
Borrowed motorized vehicles			0.00
Fuels	11,029.06	10,039.18	989.88
Airplane/bus/train/taxi etc. tickets	2,197.05	2,197.05	0.00
Car insurance and maintenance	4,328.34	4,178.34	60.00
Any other transportation expenses			0.00
<b>Total transportation expenses</b>	<b>17,464.45</b>	<b>16,414.57</b>	<b>1,049.88</b>
<b>Advertising, representation and conferences</b>			
Premises			
Food	16,764.94	16,558.44	206.50
Cultural and recreation activities			0.00
Radio and TV advertisements			0.00
Newsstands and newspaper advertisements	13,700.00	13,700.00	0.00
Other advertising, representation and conferences expenses	11,526.85	11,526.85	0.00
<b>Total advertising, representation and conferences expenses</b>	<b>41,991.79</b>	<b>41,785.29</b>	<b>206.50</b>
<b>Campaign Expenses</b>			

Lidhja Demokratike e Kosovës

Notes on Financial Statements 01 January 2020 until 31 December 2020

Campaign expenses			0.00
<b>Total campaign expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Purchase of goods</b>			
Supply of office	2,848.41	2,792.41	56.00
Small equipment			
<b>Total purchase of goods</b>	<b>2,848.41</b>	<b>2,792.41</b>	<b>56.00</b>
<b>General expenses</b>			
Rent of office space	74,844.03	55,869.03	18,975.00
Telephone, internet and mail	4,791.23	4,459.57	331.66
Electricity and other utilities (water and waste)	3,609.64	3,609.64	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>83,244.90</b>	<b>63,938.24</b>	<b>19,306.66</b>
<b>Other expenses</b>			
Maintenance of office space and equipment	7,951.10	7,951.10	0.00
Expenses not included in any other category	37,830.52	27,016.32	10,814.20
<b>Total other expenses</b>	<b>45,781.62</b>	<b>34,967.42</b>	<b>10,814.20</b>
<b>Total expenses</b>	<b>419,397.23</b>	<b>387,963.99</b>	<b>31,433.24</b>

**Note 3: Donations and cash contributions**

Accepted by			Date of contributions	Amount	Accepted by:	
Contributors	Address	ID Number		In Euros	Bank	Cash
Total donations and cash contributions				0.00	0.00	////////////////

**Note 4: Contributions in kind / goods and services**

Description of goods/services	Paid by			Date of contribution	Amount
	Contributor	Address	ID Number		in Euro
Total contributions in kind / goods and services					0.00

**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					0.00
Buildings					0.00
Vehicles					0.00
Office Equipment					0.00
Information technology equipment					0.00
Other Equipment					0.00
<b>Total Property, plant and equipment</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Other notes**

<b>Note 6. Accounts Receivable</b>	<b>31 December 2020 Amount in Euros</b>	<b>31 December 2019 Amount in Euros</b>
Specification	1,722.35	1,722.35
Specification		
<b>Total Accounts Receivable and Others</b>	<b>1,722.35</b>	<b>1,722.35</b>

<b>Note 7. Cash and cash equivalents</b>	<b>31 December 2020 Amount in Euros</b>	<b>31 December 2019 Amount in Euros</b>
Cash in bank	96,118.41	11,094.93
Cash in hand	0.00	0.00
<b>Total cash and cash equivalents</b>	<b>96,118.41</b>	<b>11,094.93</b>

<b>Note 8. Accounts payable and others</b>	<b>31 December 2020 Amount in Euros</b>	<b>31 December 2019 Amount in Euros</b>
Supplier 1 - registry	106,838.45	413,242.74
<b>Total accounts payable and others</b>	<b>106,838.45</b>	<b>413,242.74</b>

<b>Note 9. Other current liabilities</b>	<b>31 December 2020 Amount in Euros</b>	<b>31 December 2019 Amount in Euros</b>
Liabilities for salaries and taxes		
Liabilities for rent	18,975.00	15,300.00
Liabilities for fines and punishment		74,850.00
Other current liabilities		
<b>Total other current liabilities</b>	<b>18,975.00</b>	<b>90,150.00</b>

**Note 10: Payment over 5,000.00 Euros**

Purpose of payment	Paid to:			Date of Payment	Amount in Euro
	Natural/Legal Person	Address	ID Number		
Advertising material	Beni Dona Plast	Prishtine	810545981	Specification	20,049.30
Advertising space	Blic Media	Prishtine	601082316	Specification	15,000.00
Advertising space	Company 21	Prishtine	810488818	Specification	14,000.00
Advertising space	Global Mission	Prishtine	601195755	Specification	5,500.00
Food and beverages	Kabashi Holding	Prishtine	810975881	Specification	11,800.00
Election events <sup>9</sup>	KD Events	Lipjan	600602173	Specification	162,529.71
Advertising space	Klan Kosova	Prishtine	810795295	Specification	20,000.00
Fuels	Petrol-Ori-Slovenija	Prishtine	810535338	Specification	14,612.52
Consultancy	Republika	Prishtine	600360648	Specification	19,500.00
Advertising space	RTK	Prishtine	600294657	Specification	10,000.00
<b>Total payments over 5,000.00 Euro</b>					<b>292,991.53</b>