



**Lidhja Demokratike e Kosovës
(LDK)**

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

Early national elections

25 September 2019 – 04 October 2019



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 October 04, 2019, the statement of income and expenses for the period 25 September 2019 until 04 October 2019 and other explanatory information on pages 7-14.

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 at 04 October 2019, and its income and expenses for the period 25 September 2019 until 04 October 2019 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 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.

Basis for qualified opinion

- As stated in the Position of Financial Statement, the PE LDK has not presented accurately the state of assets, liabilities and equity for the period 25 September 2019 until 04 October 2019. Furthermore, the political entity has not presented the state of cash of PE as at 25 September in the amount of 55,745.41 Euro and the state of cash of the PE as at 4 October 2019 in the amount of 36,148.77 Euro.
- As Disclosed in Note 2 of financial statements, the political entity has stated expenses in the category of 'other expenses' in the amount of 109.900.00 euro for the period 25 September 2019 until 04 October 2019. In absence of supporting documentation regarding the implemented work or services we were unable to determine whether the political entity has accepted the services for the completed payments or whether the stated expenses have occurred.

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 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 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

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.

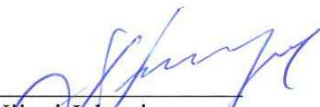
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- 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


Nijazi Jakupi
Statutory Auditor
06 October 2021



Statement 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 year | | (563,941.19) | |
| Total Equity | | (563,941.19) | |
| Liabilities | | | |
| Long-term liabilities | | | |
| Loans payable | | | |
| Deferred revenue | | | |
| Total Long-term liabilities | | | |
| Current liabilities | | | |
| Accounts payable and others | 8 | 429,191.19 | |
| Loans payable | | | |
| Other current liabilities | 9 | 134,750.00 | |
| Total current liabilities | | 563,941.19 | |
| Total Liabilities | | 563,941.19 | |
| Total equity and liabilities | | 0.00 | |

Statement of income and expenses

| | Notes | 25 September 2019 until 4 October 2019 |
|---|----------|---|
| Income | | |
| Income from budget | | 171,304.38 |
| Income from membership | | |
| Donations and cash contributions | 3 | 296.30 |
| Contributions in kind / goods and services | 4 | |
| Other income | | |
| Total Income for the year | | 171,600.68 |
| Expenses | | |
| Wages and salaries | | 59,900.00 |
| Transportation expenses | 2 | 14,555.47 |
| Advertising, representation and conferences | 2 | 476,336.40 |
| Purchase of goods | | 0.00 |
| General expenses | 2 | 74,850.00 |
| Other expenses | 2 | 109,900.00 |
| Total expenses for the year | 2 | 735,541.87 |
| Surplus / (deficit) for the year | | (563,941.19) |

1. General Information

Name of Political Entity: Lidhja Demokratike e Kosovës
Acronym: LDK
Council: Isa Mustafa (Chairman for 2019)
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

| Expenses | Expenses in Euro | Payment in Euro | Outstanding amount in Euro |
|---|---------------------|--------------------|----------------------------------|
| Wages and salaries | | | |
| Net wages and salaries | | | 0.00 |
| Payment for observers | 59,900.00 | 0.00 | 59,900.00 |
| Pension contributions of the employee | | | 0.00 |
| Pension contributions of the employer | | | 0.00 |
| Personal Tax income | | | 0.00 |
| Other benefits | | | 0.00 |
| Total | 59,900.00 | 0.00 | 0.00 |
| Transportation expenses | | | |
| Borrowed motorized vehicles | 4,350.00 | 0.00 | 4,350.00 |
| Fuels | 3,963.79 | 502.00 | 3,461.79 |
| Airplane/bus/train/taxi etc. tickets | 231.68 | 231,68 | 0.00 |
| Car insurance and maintenance | | | |
| Any other transportation expenses | 6,010.00 | 0.00 | 6,010.00 |
| Total transportation expenses | 14,555.47 | 733,68 | 13,821.79 |
| Advertising, representation and conferences | | | |
| Premises | 0.00 | 0.00 | 0.00 |
| Food | 56,704.00 | 16,561.00 | 40,141.00 |
| Cultural and recreation activities | | | |
| Radio and TV advertisements | 90,715.00 | 23,306.00 | 67,409.00 |
| Newsstands and newspaper advertisements | 61,600.00 | 21,100.00 | 40,500.00 |
| Other advertising, representation and conferences expenses | 267,319.40 | 0.00 | 267,319.40 |
| Total advertising, representation and conferences expenses | 473,336.40 | 60,967.00 | 415,369.40 |
| Purchase of goods | | | |
| Supply of office | | | |
| Small equipment | 0.00 | - | 0.00 |
| Total purchase of goods | 0.00 | - | 0.00 |
| General expenses | | | |
| Rent of office space | 0.00 | 0.00 | 0.00 |
| Telephone, internet and mail | 0.00 | 0.00 | 0.00 |
| Electricity and other utilities (water and waste) | 0.00 | | 0.00 |

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Early National Elections 25 September 2019 until 04 October 2019

| | | | |
|--|-------------------|-------------------|-------------------|
| Depreciation expenses of long-term assets | 74,850.00 | | 74,850.00 |
| Expenses related to in-kind contributions / goods and services | | | |
| Total general expenses | 74,850.00 | 0.00 | 74,850.00 |
| Other expenses | | | |
| Maintenance of office space and equipment | | | |
| Expenses not included in any other category | 109,900.00 | 109,909.00 | 0.00 |
| Total other expenses | 109,900.00 | 109,909.00 | 0.00 |
| Total expenses | 735,541.87 | 171,600.68 | 504,041.19 |

Note 5: Property, plant and equipment

For the period: 25/September/2019 until 04/October/2019

| | Purchases throughout the period |
|--|---------------------------------|
| Land | |
| Buildings | |
| Vehicles | |
| Office Equipment | |
| Information technology equipment | |
| Other Equipment | |
| Total Property, plant and equipment | 0.00 |

Other notes

| Note 6. Accounts Receivable | Balance at the end of the period Amount in Euro | Balance at the start of the period Amount in Euro |
|---|--|--|
| | | |
| | | |
| Total Accounts Receivable and Others | | |

| Note 7. Cash and cash equivalents | Balance at the end of the period Amount in Euro | Balance at the start of the period Amount in Euro |
|--|--|--|
| Cash in bank | 0.00 | 0.00 |
| Cash in hand | | |
| Total cash and cash equivalents | 0.00 | 0.00 |

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Early National Elections 25 September 2019 until 04 October 2019

| Note 8. Accounts payable and others | Balance at the end of the period Amount in Euro | Balance at the start of the period Amount in Euro |
|--|--|--|
| Specification | 429,191.19 | |
| | | |
| | | |
| Other accounts payable | 0.00 | |
| Total accounts payable and others | 429,191.19 | 0.00 |

| Note 9. Other current liabilities | Balance at the end of the period Amount in Euro | Balance at the start of the period Amount in Euro |
|--|--|--|
| Liabilities for salaries and taxes | 59,900.00 | |
| Liabilities for rent | | |
| Liabilities for fines and punishment | 74,850.00 | |
| Other current liabilities | | |
| Total other current liabilities | 134,750.00 | |

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Early National Elections 25 September 2019 until 04 October 2019

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 | | |
| Food and Beverages | Beni Dona Plast | Prishtine | 810545981 | 18.11.2019 | 16,560.00 |
| Advertising in news portals | Blic Media | Prishtine | 601082316 | 08.11.2019 | 5,000.00 |
| Advertising in news portals | Indeks Online | Prishtine | 600516225 | 16.09.2019 | 5,000.00 |
| TV Advertisement | Koha Group | Prishtine | 810508955 | 11.11.2019 | 13,306.00 |
| TV Advertisement | T-7 | Prishtine | 810104167 | 13.09.2019 | 10,000.00 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total payments over 5,000.00 Euro | | | | | 49,867.00 |