



Lidhja Demokratike e Kosovës

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

01 January 2013 - 31 December 2013



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Independent Auditors' Report

To the council of Lidhja Demokratike te Kosovës

Report on Special Purpose Financial Statement

Qualified Opinion

We have audited the financial statements of the Political Entity “**Lidhja Demokratike te Kosovës**” (hereinafter referred to as “Political Entity” or “LDK” or “PE”), which comprise the statement of financial position as at December 31, 2013, 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 2013, 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

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 Kosova, 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.

- As presented in Note 9 of Financial Statements, Expenses, the Political Entity has stated Wages and Salaries on the amount of 255,862.62 Euro, in absence of supporting documentations, working contracts, decision etc. we, while applying standard and alternative auditing procedures, were unable to verify whether the stated expenses for the year ended on 31 December 2013 were fully accurate.

Emphasis of matter

On our qualified opinion for the PE 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 made a payment to a single recipient in the amount of over 5,000 EUR within one day which is in violation of the legal requirements of the Law on Prevention of Money Laundering and Financing of Terrorism, Article 25 paragraph 2 of Law No.03/L-196, Additional obligations of political parties.
- 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.
- During our auditing we found out that representation and fuel expenses, in some instances the PE does not have the relevant supporting documentation except receipts which would be useful to justify and support the stated expense.

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 sh.p.k

Elmije Osmani
Statutory Auditor
29 November 2017

Statements of Financial Position

Assets		31 December 2013	31 December 2012
Long-term assets	Notes	Amount in Euros	Amount in Euros
Property, plant and equipment	2	106,893.05	12,474.05
Intangible Assets			
Other long-term assets			
Total long-term assets		106,893.05	12,474.05
Current assets			
Accounts receivable	3	0.00	0.00
Prepayments			
Cash and cash equivalents	4	164,834.40	564,397.35
Other current assets			
Total current assets		164,834.40	564,397.35
Total Assets		271,727.45	576,871.40
Equity			
Accumulated Fund		549,536.76	103,332.28
Surplus / (deficit) of the year		(437,804.23)	446,204.48
Total Equity		111,732.53	549,536.76
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue		106,893.05	12,474.05
Total Long-term liabilities		106,893.05	12,474.05
Current liabilities			
Accounts payable and others	5	15,140.25	9,400.78
Other current liabilities	6	37,961.62	5,459.81
Total current liabilities		53,101.87	14,860.59
Total Liabilities		159,994.92	27,334.64
Total equity and liabilities		271,727.45	576,871.40

Statement of income and expenses

	Notes	Year ending on 31 st December	
		2013	2012
Income			
Income from budget		803,787.00	890,034.20
Income from membership			
Donations and cash contributions	7	0.00	1,090.00
Contributions in kind / goods and services	8	1,800.00	5,674.80
Income from campaigns		25,030.00	
Income released from deferred revenues	2	9,044.00	
Other income		15,555.84	
Total Income for the year		855,216.84	896,799.00
Expenses			
Wages and salaries	9	255,862.62	229,245.58
Transportation expenses	9	56,523.31	35,010.92
Advertising, representation and conferences	9	113,417.35	61,133.90
Campaign expenses	9	768,691.76	54,532.94
Purchase of goods	9	21,070.20	12,620.71
General expenses	9	59,616.48	34,238.22
Other expenses	9	17,839.35	23,812.25
Total expenses for the year		1,293,021.07	450,594.52
Surplus / (deficit) for the year		(437,804.23)	446,204.48

1. General Information

Name of Political Entity: Lidhja Demokratike e Kosovës

Acronym: LDK

Council: Isa Mustafa (Chairman)

Finance Representative: Lutfi Zharku

Date of Establishment: 23 December 1989

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 single bank account on NLB Bank Kosovo.

Note 2. 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					
Vehicles		90,440.00		9,044.00	81,396.00
Office Equipment	4,165.25	1,478.00			5,643.25
Information technology equipment	6,988.80	11,545.00			18,533.80
Other Equipment	1,320.00				1,320.00
Total Property, plant and equipment	12,474.05	103,463.00	0.00	9,044.00	106,893.05

Note 3. Accounts receivable

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Domestic account receivable	-	-
Total accounts receivable	-	-

Note 4. Cash and cash equivalents

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Cash in bank	164,834.40	564,397.35
Cash in hand		
Total cash and cash equivalents	164,834.40	564,397.35

Note 5. Accounts payable and others

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Local vendor	15,140.25	9,400.78
Total accounts payable and others	15,140.25	9,400.78

Note 6. Other current liabilities

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Liabilities for salaries and taxes	5,612.82	2,419.31
Liabilities for rent	398.80	40.50
Liabilities for fines and penalties	31,950.00	3,000.00
Total other current liabilities	37,961.62	5,459.81

Note 7: Donations and cash contributions

Lidhja Demokratike e Kosoves has not received any donations or cash contributions for the year ended on 31 December 2013.

Note 8: Contributions in kind / goods and services

Description of goods/services	Accepted by			Date of contribution	Amount In Euro
	Contributors	Address	ID number		
Office rent	Ismet Gashi	Prishtinë str e Shkodres -13	1019463415	02.01.2013	1,800.00
Car Jeep Liberty	Nura Group	Prishtinë str Bill Clinton nn	600637469	22.08.2013	9,500.00
Total contributions in kind / goods and services					11,300.00

Note 9: Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	222,738.87	222,738.87	0.00
Pension contributions of the employee	11,500.27	10,543.12	957.15
Pension contributions of the employer	11,500.27	10,543.12	957.15
Personal Tax income	10,123.21	9,263.80	859.41
Other benefits			0.00
Total	255,862.62	253,088.91	2,773.71

Transportation expenses			
Borrowed motorized vehicles			0.00
Fuels	32,137.52	29,510.19	2,627.33
Airplane/bus/train/taxi etc. tickets	13,431.30	13,431.30	0.00
Car insurance and maintenance	9,254.49	9,254.49	0.00
Any other transportation expenses	1,700.00	1,510.00	190.00
Total transportation expenses	56,523.31	53,705.98	2,817.33
Advertising, representation and conferences			
Premises	24,976.15	24,976.15	0.00
Food	40,962.93	40,294.93	668.00
Cultural and recreation activities	7,012.70	7,012.70	0.00
Radio and TV advertisements	2,000.00	2,000.00	0.00
Newsstands and newspaper advertisements	1,411.36	1,411.36	0.00
Other advertising, representation and conferences expenses	37,054.21	36,884.59	169.62
Total advertising, representation and conferences expenses	113,417.35	112,579.73	837.62
Campaign Expenses			
Campaign expenses	768,691.76	730,526.25	38,165.51
Total campaign expenses	768,691.76	730,526.25	38,165.51

Purchase of goods			
Supply of office	20,495.20	20,495.20	0.00
Small equipment	575.00	575.00	0.00
Total purchase of goods	21,070.20	21,070.20	0.00
General expenses			
Rent of office space	25,405.05	25,006.25	398.80
Telephone, internet and mail	14,826.84	12,614.84	2,212.00
Electricity and other utilities (water and waste)	8,540.59	7,184.35	1,356.24
Depreciation expenses of long-term assets	9,044.00	//////////	
Expenses related to in-kind contributions / goods and services	1,800.00	//////////	
Total general expenses	59,616.48	44,805.44	3,967.04
Other expenses			
Maintenance of office space and equipment	6,722.24	6,662.24	60.00
Expenses not included in any other category	11,117.11	11,116.60	0.51
Total other expenses	17,839.35	17,778.84	60.51
Total expenses	1,293,021.07	1,233,555.35	48,621.72

Note 10: Payments over 5,000.00 Euro

Description	Paid to:				Amount
Purpose of payment	Natural/Legal Person	Address	ID Number	Date of payment	In Euro
Beverages	Agi	Banull-Lipjan	600185450	15.08.2013	5,000.00
Billboards	AMM	L. Haradinaj-Prishtinë	600151336	11.10.2013	9,947.00
Decision nr- 419/07 C.nr.	Atelie Guri(Albert Bakiu)	Prishtinë	1004342182	15.05.2013	7,340.00
Car	Autoteknik-Baholli	Prishtinë	600149703	Specification	81,311.76
Other advertising expenses	Blendi	Prishtinë	600178405	Specification	5,522.94
Beverages	Bodensee	Ahmet Kaçiku -Ferizaj	600313994	06.12.2013	9,540.00
IT equipment	Botek	Prishtinë	600151328	Specification	10,890.00
TV advertisement clips	Butterfy	Prishtinë	600368410	Specification	26,100.00
Office equipment	Comel	Prishtinë	600269379	21.08.2013	7,500.00
Beverages	Dukagjini	Pejë	600249420	Specification	11,050.00
Billboards	Euro Printi	Prishtinë	600163860	Specification	8,035.00

Lidhja Demokratike e Kosovës

Notes on Financial Statements 01 January 2013 until 31 December 2013

Plane ticket	Euro Koha	Prishtinë	600108353	Specification	9,101.00
Derivate	Faoni-AU	Fatoni	600075346	Specification	6,500.00
Artistic expenses	Iliada Entertainment	Rte De la plage 44A.Le Bouveret.CH		Specification	6,560.00
Other advertising expenses	Intergraf	Kemajl Hetemi pn-Ferizaj	600089595	Specification	5,373.60
Other advertising expenses	KD Events	Fehmi Agani 29/A Prishtinë	600602173	Specification	194,089.82
Electricity	Kedc	Prishtinë	600678471	Specification	7,550.09
TV advertisement clips	Klan Kosova	QT Bregu I diellit Prishtinë	600359378	Specification	80,562.00
TV advertisement clips	KTV	Sheshi Nëna Terezë Prishtinë	600157722	Specification	36,484.00
Beverages	Laza	Gjilan	600249339	Specification	6,412.00
Fuels and Beverages	Mani	Malishevë	600069472	Specification	9,400.61
Other advertising expenses	Mega Music	Prishtinë	600289012	19.11.2013	5,260.00
Office equipment	Micro	Prishtinë	600085080	Specification	8,247.10
Space for rent	NPB Prishtina	Sheshi Bill Klinton Prishtinë	600390033	Specification	9,706.50
Fuels	Petroll Oti Sllovenija	Magjistranja Pr-Mitrovicë	600112370	Specification	26,724.07
Billboards	Printing Center	Ali Kelmendi Ferizaj	601018923	Specification	5,016.60
Billboards	Rama Print	Rahovec	600077350	Specification	8,782.20

Lidhja Demokratike e Kosovës

Notes on Financial Statements 01 January 2013 until 31 December 2013

Billboards	RTK	Sheshi Nëna Terezë Prishtinë	600294657	Specification	34,844.00
Billboards	RTV-21	Pallati i Mediave-Prishtinë	600085361	06.11.2013	19,121.00
Billboards	Svinga	Xhemë Gostivari-Prizren	600035324	29.10.2013	6,820.00
Office telephones	Telekomi i Kosovës	Prishtinë	600016762	Specification	5,197.38
Beverages	Univers	Vericë-Prizren	600033667	Specification	14,458.00
Other advertising expenses	Vertigo	Prizren	80235305	29.10.2013	5,875.00
Billboards	you Name it	Prishtinë	600043137	08.10.2013	5,069.20
Total payments over 5,000.00 Euro					699,390.87