



Lidhja Demokratike e Kosovës

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

01 January 2014 - 31 December 2014



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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, 2014, 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 2014, 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 270,533.73 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 2014 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

Qerim Qerimi
Statutory Auditor
29 November 2017

Statements of Financial Position

Assets		31 December 2014	31 December 2013
Long-term assets	Notes	Amount in Euros	Amount in Euros
Property, plant and equipment	2	95,561.98	106,893.05
Intangible Assets			
Other long-term assets			
Total long-term assets		95,561.98	106,893.05
Current assets			
Accounts receivable	3	300.00	0.00
Prepayments			
Cash and cash equivalents	4	73,441.46	164,834.40
Other current assets			
Total current assets		73,741.46	164,834.40
Total Assets		169,303.44	271,727.45
Equity			
Accumulated Fund		111,732.53	549,536.25
Surplus / (deficit) of the year		(65,832.52)	(437,803.72)
Total Equity		45,900.01	111,732.53
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue		95,561.98	106,893.05
Total Long-term liabilities		95,561.98	106,893.05
Current liabilities			
Accounts payable and others	5	23,084.65	15,140.25
Other current liabilities	6	4,756.80	37,961.62
Total current liabilities		27,841.45	53,101.87
Total Liabilities		123,403.43	159,994.92
Total equity and liabilities		169,303.44	271,727.45

Statement of income and expenses

	Notes	Year ending on 31 st December	
		2014	2013
Income			
Income from budget		908,636.00	803,787.00
Income from membership			
Donations and cash contributions	7	0.00	0.00
Contributions in kind / goods and services	8	1,800.00	1,800.00
Income from campaigns		23,880.00	25,030.00
Income released from deferred revenues	2	31,911.14	9,044.00
Other income		4,080.00	15,555.84
Total Income for the year		970,307.14	855,216.84
Expenses			
Wages and salaries	9	270,533.73	255,862.62
Transportation expenses	9	49,476.02	56,523.31
Advertising, representation and conferences	9	70,546.75	113,417.35
Campaign expenses	9	493,555.84	768,691.76
Purchase of goods	9	9,935.59	21,070.20
General expenses	9	113,843.01	59,616.48
Other expenses	9	28,248.72	17,838.84
Total expenses for the year		1,036,139.66	1,293,020.56
Surplus / (deficit) for the year		(65,832.52)	(437,803.72)

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					0.00
Vehicles	90,440.00		9,044.00	18,088.00	63,308.00
Office Equipment	5,643.25	19,750.07		7,618.00	17,775.32
Information technology equipment	18,533.80	830.00		5,809.14	13,554.66
Other Equipment	1,320.00			396.00	924.00
Total Property, plant and equipment	115,937.05	20,580.07	9,044.00	31,911.14	95,561.98

Note 3. Accounts receivable

	31 December 2014 Amount in Euros	31 December 2013 Amount in Euros
Domestic account receivable	300.00	-
Total accounts receivable	300.00	-

Note 4. Cash and cash equivalents

	31 December 2014 Amount in Euros	31 December 2013 Amount in Euros
Cash in bank	73,441.46	164,834.40
Cash in hand		
Total cash and cash equivalents	73,441.46	164,834.40

Note 5. Accounts payable and others

	31 December 2014 Amount in Euros	31 December 2013 Amount in Euros
Local vendor	23,084.65	15,140.25
Total accounts payable and others	23,084.65	15,140.25

Note 6. Other current liabilities

	31 December 2014 Amount in Euros	31 December 2013 Amount in Euros
Liabilities for salaries and taxes	4,756.80	5,612.82
Liabilities for rent		398.80
Liabilities for fines and penalties		31,950.00
Total other current liabilities	4,756.80	37,961.62

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 2014.

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	Rr e Shkodres-13-Prishtinë	1019463415	02.01.2014	1,800.00
Mobile	SM-Comerc	Arta-Emshir pn -Prishtinë		06.01.2014	7,841.07
Total contributions in kind / goods and services					9,641.07

Note 9: Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	234,072.59	234,072.59	0.00
Pension contributions of the employee	11,624.22	10,525.01	1,099.21
Pension contributions of the employer	11,624.22	10,525.01	1,099.21
Personal Tax income	13,212.70	12,083.45	1,129.25
Other benefits			0.00
Total	270,533.73	267,206.06	3,327.67

Transportation expenses			
Borrowed motorized vehicles			0.00
Fuels	29,655.70	27,631.70	2,024.00
Airplane/bus/train/taxi etc. tickets	14,080.55	14,080.55	0.00
Car insurance and maintenance	5,169.77	5,049.77	120.00
Any other transportation expenses	570.00	570.00	0.00
Total transportation expenses	49,476.02	47,332.02	2,144.00
Advertising, representation and conferences			
Premises	232.00	232.00	0.00
Food	29,475.98	25,906.14	3,569.84
Cultural and recreation activities	2,749.40	1,979.40	770.00
Radio and TV advertisements	5,500.00	5,500.00	0.00
Newsstands and newspaper advertisements	45.00	45.00	0.00
Other advertising, representation and conferences expenses	32,544.37	23,508.58	9,035.79
Total advertising, representation and conferences expenses	70,546.75	57,171.12	13,375.63
Campaign Expenses			
Campaign expenses	493,555.84	493,555.84	0.00
Total campaign expenses	493,555.84	493,555.84	0.00

Purchase of goods			
Supply of office	9,811.59	9,195.29	616.30
Small equipment	124.00	124.00	0.00
Total purchase of goods	9,935.59	9,319.29	616.30
General expenses			
Rent of office space	55,912.12	1,429.13	55,912.12
Telephone, internet and mail	14,300.98	328.27	14,300.98
Electricity and other utilities (water and waste)	6,051.58	2,109.79	6,051.58
Depreciation expenses of long-term assets	31,911.14	//////////	
Expenses related to in-kind contributions / goods and services	1,800.00	//////////	
Total general expenses	113,843.01	76,264.68	3,867.19
Other expenses			
Maintenance of office space and equipment	10,330.29	10,330.29	0.00
Expenses not included in any other category	17,918.43	17,888.43	30.00
Total other expenses	28,248.72	28,218.72	30.00
Total expenses			
	1,036,139.66	979,067.73	23,360.79

Note 10: Payments over 5,000.00 Euro

Description	Paid to:			Date of payment	Amount
Purpose of payment	Natural/Legal Person	Address	ID Number		In Euro
Office Supply	Albana	Prishtinë	600163373	Specification	5,956.02
TV advertising video clips	Buttefly	Prishtinë	600368410	Specification	46,400.00
Billboards	Euro print	Prishtinë	600163860	Specification	5,050.00
Plane tickets	Euro Koha	Prishtinë	600108353	Specification	6,194.00
Advertising in News Portals	Indeks Online	Prishtinë	600516225	Specification	5,000.00
Campaign events	KD Events	Prishtinë	600602173	Specification	106,927.30
Electricity	Kedc	Prishtinë	600678471	Specification	6,702.22
TV advertising video clips	Klan Kosova	QT Bregu I Diellit-Prishtinë	600359378	Specification	12,219.00
Advertising in News Portals	Kosovain.Eu	Prishtinë	600577376	Specification	19,000.00
Advertising in News Portals	Kosova Press	Prishtinë	600115928	Specification	7,000.00
TV advertising video clips	KTV	Sheshi Nena Tereze-	600157722	Specification	45,627.00

Lidhja Demokratike e Kosoves

Notes on Financial Statements 01 January 2013 until 31 December 2013

		Prishtinë			
Conferences/Gatherings	Lesna Trade	Prishtinë	600348561	Specification	9,202.30
Fuels and beverages	Mani Petrol	Malishevë	600069472	Specification	6,251.95
Advertising in News Portals	Media Works	Prishtinë	600272695	Specification	10,000.00
Office Supply	Micro	Prishtinë	600085080	Specification	5,030.15
Office rent	NPB	Prishtinë	600390033	Specification	10,460.55
Fuels	Petrol-Oti-Slovenija	Prishtinë	600112370	Specification	34,119.99
Phone	PTK	Prishtinë	600016762	Specification	13,083.42
TV advertising video clips	RTK	Prishtinë	600294657	Specification	18,157.00
TV advertising video clips	TV-21	Prishtinë	600085361	Specification	10,122.00
TV advertising video clips	Rrokum TV	Prishtinë	600164165	Specification	10,000.00
Conferences/Gatherings	Swiss Hotel	Deçan	600119441	Specification	7,824.90
TV advertising video clips	Valiant	Prishtinë	600269634	Specification	5,000.00
Beverages	Univers	Vermicë-Prizren	600033667	Specification	11,220.00
Total payments over 5,000.00 Euro					416,547.80