



# **Lidhja Demokratike e Kosovës**

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

**01 January 2016 - 31 December 2016**



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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, 2016, 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 2016, 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 200,308.26 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 2016 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.

### **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

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Fadil Hyseni  
Statutory Auditor  
29 November 2017

**Statements of Financial Position**

<b>Assets</b>		<b>31 December 2016</b>	<b>31 December 2015</b>
<b>Long-term assets</b>	Notes	<b>Amount in Euros</b>	<b>Amount in Euros</b>
Property, plant and equipment	2	25,632.31	63,650.85
Intangible Assets			
Other long-term assets			
<b>Total long-term assets</b>		<b>25,632.31</b>	<b>63,650.85</b>
<b>Current assets</b>			
Accounts receivable	3	0.00	0.00
Prepayments			46.64
Cash and cash equivalents	4	1,046,616.03	573,898.53
Other current assets			
<b>Total current assets</b>		<b>1,046,616.03</b>	<b>573,945.17</b>
<b>Total Assets</b>		<b>1,072,248.34</b>	<b>637,596.02</b>
<b>Equity</b>			
Accumulated Fund		566,946.61	45,900.01
Surplus / (deficit) of the year		471,449.86	521,046.60
<b>Total Equity</b>		<b>1,038,396.47</b>	<b>566,946.61</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans payable			
Deferred revenue		25,632.31	63,650.85
<b>Total Long-term liabilities</b>		<b>25,632.31</b>	<b>63,650.85</b>
<b>Current liabilities</b>			
Accounts payable and others	5	5,979.88	6,998.56
Other current liabilities	6	2,239.68	0.00
<b>Total current liabilities</b>		<b>8,219.56</b>	<b>6,998.56</b>
<b>Total Liabilities</b>		<b>33,851.87</b>	<b>70,649.41</b>
<b>Total equity and liabilities</b>		<b>1,072,248.34</b>	<b>637,596.02</b>

**Statement of income and expenses**

	Notes	Year ending on 31 <sup>st</sup> December	
		2016	2015
<b>Income</b>			
Income from budget		942,522.00	945,000.00
Income from membership			
Donations and cash contributions	7	0.00	0.00
Contributions in kind / goods and services	8		1,800.00
Income from campaigns			
Income released from deferred revenues	2	27,006.54	29,558.81
Other income		17,337.00	2,125.00
<b>Total Income for the year</b>		<b>986,865.54</b>	<b>978,483.81</b>
<b>Expenses</b>			
Wages and salaries	9	200,308.26	220,130.49
Transportation expenses	9	35,874.12	37,734.67
Advertising, representation and conferences	9	111,240.12	63,676.28
Campaign expenses	9	22,036.50	1,966.60
Purchase of goods	9	4,483.02	5,119.55
General expenses	9	92,403.55	115,252.47
Other expenses	9	49,070.11	13,557.15
<b>Total expenses for the year</b>		<b>515,415.68</b>	<b>457,437.21</b>
<b>Surplus / (deficit) for the year</b>		<b>471,449.86</b>	<b>521,046.60</b>

## **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**

	<b>Balance at the beginning of the year (historical costs)</b>	<b>Purchases during the year</b>	<b>Accumulated depreciation</b>	<b>Depreciation during the year</b>	<b>Balance at the end of the year (NET value)</b>
Land			////		<b>0.00</b>
Buildings					<b>0.00</b>
Vehicles	63,460.00		31,730.00	12,692.00	<b>19,038.00</b>
Office Equipment	25,393.32		15,235.99	7,618.00	<b>2,539.33</b>
Information technology equipment	19,363.80	798.00	11,618.28	6,048.54	<b>2,494.98</b>
Other Equipment	1,320.00	1,680.00	792.00	648.00	<b>1,560.00</b>
<b>Total Property, plant and equipment</b>	<b>109,537.12</b>	<b>2,478.00</b>	<b>59,376.27</b>	<b>27,006.54</b>	<b>25,632.31</b>

**Note 3. Cash and cash equivalents**

	<b>31 December 2016 Amount in Euros</b>	<b>31 December 2015 Amount in Euros</b>
Cash in bank	1,046,616.03	573,898.53
Cash in hand		
<b>Total cash and cash equivalents</b>	<b>1,046,616.03</b>	<b>573,898.53</b>

**Note 4. Accounts payable and others**

	<b>31 December 2016 Amount in Euros</b>	<b>31 December 2015 Amount in Euros</b>
Local vendor	5,979.88	6,998.56
<b>Total accounts payable and others</b>	<b>5,979.88</b>	<b>6,998.56</b>

**Note 5. Other current liabilities**

	<b>31 December 2016 Amount in Euros</b>	<b>31 December 2015 Amount in Euros</b>
Liabilities for salaries and taxes	2,239.68	-
<b>Total other current liabilities</b>	<b>2,239.68</b>	<b>-</b>

**Note 6: Donations and cash contributions**

Lidhja Demokratike e Kosoves has not received any donations or cash contributions for the year ended on 31 December 2016.

**Note 7: Contributions in kind / goods and services**

Lidhja Demokratike e Kosoves has not received any Contributions in kind / goods and services for the year ended on 31 December 2016.

**Note 8: 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	173,278.53	173,278.53	0.00
Pension contributions of the employee	8,873.30	8,076.47	796.83
Pension contributions of the employer	8,873.30	8,076.47	796.83
Personal Tax income	9,283.13	8,637.11	646.02
Other benefits			0.00
<b>Total</b>	<b>200,308.26</b>	<b>198,068.58</b>	<b>2,239.68</b>
<b>Transportation expenses</b>			
Borrowed motorized vehicles	1,500.00	1,500.00	0.00
Fuels	21,025.04	19,041.57	1,983.47
Airplane/bus/train/taxi etc. tickets	4,389.00	4,389.00	0.00
Car insurance and maintenance	8,107.08	8,044.08	63.00
Any other transportation expenses	853.00	853.00	0.00
<b>Total transportation expenses</b>	<b>35,874.12</b>	<b>33,827.65</b>	<b>2,046.47</b>

<b>Advertising, representation and conferences</b>			
Premises	25,760.66	25,760.66	0.00
Food	50,947.13	50,947.13	0.00
Cultural and recreation activities	1,138.00	1,138.00	0.00
Radio and TV advertisements			0.00
Newsstands and newspaper advertisements	12,730.00	12,470.00	260.00
Other advertising, representation and conferences expenses	20,664.33	20,664.33	0.00
<b>Total advertising, representation and conferences expenses</b>	<b>111,240.12</b>	<b>110,980.12</b>	<b>260.00</b>
<b>Campaign Expenses</b>			
Campaign expenses	22,036.50	20,372.50	1,664.00
<b>Total campaign expenses</b>	<b>22,036.50</b>	<b>20,372.50</b>	<b>1,664.00</b>
<b>Purchase of goods</b>			
Supply of office	4,483.02	4,483.02	0.00
Small equipment			0.00
<b>Total purchase of goods</b>	<b>4,483.02</b>	<b>4,483.02</b>	<b>0.00</b>
<b>General expenses</b>			
Rent of office space	55,099.90	55,099.90	0.00

Telephone, internet and mail	5,302.16	5,263.80	38.36
Electricity and other utilities (water and waste)	4,994.95	4,994.95	0.00
Depreciation expenses of long-term assets	27,006.54	///////	
Expenses related to in-kind contributions / goods and services		///////	
<b>Total general expenses</b>	<b>92,403.55</b>	<b>65,358.65</b>	<b>38.36</b>
<b>Other expenses</b>			
Maintenance of office space and equipment	4,995.42	4,995.42	0.00
Expenses not included in any other category	44,074.69	30,569.69	13,505.00
<b>Total other expenses</b>	<b>49,070.11</b>	<b>35,565.11</b>	<b>13,505.00</b>
<b>Total expenses</b>			
	<b>515,415.68</b>	<b>468,655.63</b>	<b>19,753.51</b>

**Note 9: Payments over 5,000.00 Euro**

<b>Description</b>	<b>Paid to:</b>				<b>Amount</b>
<b>Purpose of payment</b>	<b>Natural/Legal Person</b>	<b>Address</b>	<b>ID Number</b>	<b>Date of payment</b>	<b>In Euro</b>
Conferences/Gatherings	Emerald Hotel	Prishtine	600015376	Specification	17,330.50
Media services	Global Mission	Podujeve	601195755	01.04.2016	11,550.00
Advertising materials	Av. Albana Kelmendi (per Kashi)	Prishtine	1019683920	14.08.2016	20,000.00
Conferences/Gatherings	KD Events	Prishtine	600602173	Specification	52,862.20
Beverages	Lesna Trade	Prishtine	600348561	Specification	6,040.87
Fuels	Petrol-Oti-Slovenija	Prishtine	600112370	Specification	20,747.45
Beverages	Sokoli e Mirusha	Prishtine	600236550	Specification	5,091.10
<b>Total payments over 5,000.00 Euro</b>					<b>133,622.12</b>