



Partia Demokratike e Kosovës

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

01 January 2013 - 31 December 2013



Table of Contents:

<u>Independent Auditors' report.....</u>	3
Statement of financial position.....	7
Statement of income and expenses.....	8
Notes on financial statements	9-18

Independent Auditors' Report

To the council of **Partia Demokratike e Kosovës**

Report on Special Purpose Financial Statement

Qualified Opinion

We have audited the financial statements of the Political Entity “**Partia Demokratike e Kosovës s**” (hereinafter referred to as “Political Entity” or “PDK” 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 2 of Financial Statements – Property, Plant and Equipment, the Political Entity has stated long-term assets on the amount of 166,821.47 Euro as of 31 December 2013 (164,862.72 Euro; 31 December 2012). Given the insufficient evidence presented by the PE and in absence of supporting documentation, while applying standard and alternative auditing procedures, we were unable to verify whether the value of the assets on the amount of 108,690.88 Euro is fully accurate.
- As presented in Note 5 of Financial Statements – Other current liabilities, the PE has stated liabilities on the amount of 306,514.07 Euro as of 31 December 2013; (13,802.37 euro me 31 December 2012). In absence of confirmations by third parties, while applying standard and alternative auditing procedures, we were

unable to verify whether the value of the stated liabilities on the amount of 201,377.52 as of 31 December 2013 was fully accurate.

- During our auditing we found out that the PE during the year 2013 had opened a secondary bank account in the name of the Political Entity which was exclusively used for transferred dedicated as legal aid. The total of transaction in this account is 821,364.13 Euro, the income and expenses in this account have not been reported in the annual financial statements and at the same time the received income are in violation 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 5 Contributions of Political Entities.
- As presented in Note 3 of the Statement of Income and Expenses, the Political entity has stated income on the amount of 8,661.00 euro for the year ended on 31 December 2013, of which the amount of 7,931.00 Euro was received through cash in hand which is in violation 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 5 Contributions of Political Entities.
- During our auditing we found out that the Political Entity has not stated the income from campaigns in the Statement of Income and Expenses thus underestimating the income for the year then ended on the amount of 256,621.00 Euro.
- As presented in Note 7 of Financial Statements – Expenses, the Political Entity has stated expenses in the category of “Wages and Salaries” on the amount of 570,403.59 Euro, during our auditing we found out that there is a mismatch between the stated Wages and Salaries and the salaries declared in Kosovo Tax Administration on the amount of 40,276.11 Euro.

Emphasis of matter

On our qualified opinion for the PE we draw attention to the following findings:

- The Political Entity has made payments to a single recipient on the amount of over 5,000 Euro within one day which is in violation of the Law on Preventing of Money Laundry and Terrorism Financing, Article 26 Additional Obligation of Political Entities.
- 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 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 on representation expenses, in some cases the PE does not have relevant supporting documentation except receipts of payments and purchase orders which would further support and justify the stated expenses.

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
6 December 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	166,821.47	164,862.72
Intangible Assets			
Other long-term assets			
Total long-term assets		166,821.47	164,862.72
Current assets			
Accounts receivable			0.00
Prepayments			
Cash and cash equivalents	3	19,735.81	304,499.60
Other current assets			
Total current assets		19,735.81	304,499.60
Total Assets		186,557.28	469,362.32
Equity			
Accumulated Fund		371,417.06	66,979.38
Surplus / (deficit) of the year		(668,316.28)	304,437.68
Total Equity		(296,899.22)	371,417.06
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue	2	166,821.47	15,209.52
Total Long-term liabilities		166,821.47	15,209.52
Current liabilities			
Accounts payable and others	4	10,120.96	68,933.37
Other current liabilities	5	306,514.07	13,802.37
Total current liabilities		316,635.03	82,735.74
Total Liabilities		483,456.50	97,945.26
Total equity and liabilities		186,557.28	469,362.32

Statement of income and expenses

	Notes	Year ending on 31 st December	
		2013	2012
Income			
Income from budget		1,000,109.13	1,060,500.00
Income from membership		186.00	3,674.00
Donations and cash contributions	6	8,661.00	36,847.00
Contributions in kind / goods and services		0.00	8,700.00
Income from campaigns			65,455.26
Income released from deferred revenues	2	43,896.12	14,996.50
Other income			6,004.00
Total Income for the year		1,052,852.25	1,196,176.76
Expenses			
Wages and salaries	7	570,403.59	481,811.31
Transportation expenses	7	23,905.72	22,564.57
Advertising, representation and conferences	7	60,329.74	28,389.50
Campaign expenses	7	741,308.79	65,451.40
Purchase of goods	7	13,626.98	49,578.92
General expenses	7	135,917.07	79,333.79
Other expenses	7	175,676.64	164,609.59
Total expenses for the year		1,721,168.53	891,739.08
Surplus / (deficit) for the year		(668,316.28)	304,437.68

1. General Information

Name of Political Entity: Partia Demokratike e Kosovës

Acronym: PDK

Council: Kadri Veseli (Chairman)

Finance Representative:

Date of Establishment: 12.10.1999

Address:

The financial statements of the PE Partia 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 in 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				0.00
Vehicles	74,702.21	28,000.00	3,710.00	20,540.44	78,451.77
Office Equipment	42,613.51	14,329.20	8,012.70	11,388.54	37,541.47
Information technology equipment	38,183.50	18,232.20	4,093.80	11,283.00	41,038.90
Other Equipment	180	10,329.47	36	684.14	9,789.33
Total Property, plant and equipment	155,679.22	70,890.87	15,852.50	43,896.12	166,821.47

Note 3. Cash and cash equivalents

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Cash in bank	17,541.18	296,555.71
Cash in hand	2,194.63	7,943.89
Total cash and cash equivalents	19,735.81	304,499.60

Note 4. Accounts payable and others

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Payable to suppliers		26,763.54
Other accounts payable	10,120.96	42,169.83
Total accounts payable and others	10,120.96	68,933.37

Note 5. Other current liabilities

	31 December 2013 Amount in Euros	31 December 2012 Amount in Euros
Liabilities for salaries and taxes	7,821.80	7,022.37
Liabilities for rent	4,164.75	6,780.00
Liabilities for fines and penalties	93,150.00	
Other current liabilities	201,377.52	
Total other current liabilities	306,514.07	13,802.37

Note 6: Donations and cash contributions

Accepted by			Date of contributions	Amount in Euro	Accepted from:	
Contributors	Address	ID Number			Bank	Cash
VISAR MALAZOGU	GJAKOVE		26.03.2013	50.00		50.00
VISAR MALAZOGU	GJAKOVE		12.06.2013	50.00		50.00
SHEFQET AVDIU	GJAKOVE		11.07.2013	100.00		100.00
HAJDAR BEQA	GJAKOVE		11.07.2013	100.00		100.00
HALIT ISUFI	GJAKOVE		11.07.2013	50.00		50.00
HEKTOR GASHI	GJAKOVE		11.07.2013	50.00		50.00
VISAR MALAZOGU	GJAKOVE		02.08.2013	50.00		50.00
HAJRIZ KOCI	SKENDERAJ		01.03.2013	10.00		10.00
SHEMSI MAKSUTI	SKENDERAJ		01.03.2013	10.00		10.00
SAMI LUSHTAKU	SKENDERAJ		01.03.2013	50.00		50.00
FADIL NURA	SKENDERAJ		01.03.2013	20.00		20.00
JASHAR LUSHTAKU	SKENDERAJ		01.03.2013	20.00		20.00
ISMET ALIU	SKENDERAJ		01.03.2013	20.00		20.00
HASAN SHALA	SKENDERAJ		01.03.2013	20.00		20.00
HAXHI BEJTA	SKENDERAJ		01.03.2013	15.00		15.00
MUSA LUSHTAKU	SKENDERAJ		01.03.2013	10.00		10.00
ISMET SALIHU	SKENDERAJ		01.03.2013	10.00		10.00
HALIL THAQI	SKENDERAJ		01.03.2013	10.00		10.00
FATON ZEKA	SKENDERAJ		01.03.2013	5.00		5.00
ENVER MULAJ	SKENDERAJ		01.03.2013	10.00		10.00
BEHXHET MALIQI	SKENDERAJ		01.03.2013	50.00		50.00
ILIR VELIU	SKENDERAJ		01.03.2013	30.00		30.00
BEKIM HAXHIU	SKENDERAJ		01.03.2013	50.00		50.00
BEKIM DERVISHI	SKENDERAJ		01.03.2013	20.00		20.00
NTP "ELASHNI"	PRIZREN		25.04.2013	1,000.00		1,000.00

Partia Demokratike e Kosovës

Notes on Financial Statements 01 January 2013 until 31 December 2013

DPH "KALABRIA E RE"	PRIZREN		12.02.2013	1,000.00		1,000.00
LIRIE BERISHA	RAHOVEC		27.06.2013	20.00		20.00
JETON KRYEZIU	RAHOVEC		10.06.2013	20.00		20.00
FANE THACI	RAHOVEC		30.05.2013	20.00		20.00
FANE THACI	RAHOVEC		30.04.2013	20.00		20.00
BEATRISA DEMIRI	RAHOVEC		30.03.2013	20.00		20.00
JETON KRYEZIU	RAHOVEC		18.03.2013	20.00		20.00
FEHMI HOXHA	RAHOVEC		10.02.2013	40.00		40.00
LUMTURIE HOTI	RAHOVEC		05.02.2013	15.00		15.00
BEATRISA DEMIRI	RAHOVEC		21.01.2013	20.00		20.00
LIRIE BERISHA	RAHOVEC		18.01.2013	30.00		30.00
TAHIR THACI	RAHOVEC		11.04.2013	80.00	80.00	
FANE THACI	RAHOVEC		09.01.2013	20.00		20.00
FLURIM KRYEZIU	KAMENICE		15.01.2013	350.00		350.00
VISAR DERMAKU	KAMENICE		23.01.2013	280.00		280.00
ENVER MORINA	KAMENICE		02.02.2013	200.00		200.00
FATMIR MALIQI	KAMENICE		07.04.2013	350.00		350.00
LULZIM CANAJ	KAMENICE		13.04.2013	320.00		320.00
HAJDAR RAMABAJA	KAMENICE		09.05.2013	140.00		140.00
QEMAJL BEQIRI	KAMENICE		06.06.2013	400.00		400.00
IDRIZ HOXHA	PODUJEVE		20.04.2013	1,000.00		1,000.00
XHEMAJL MULLIQI	PODUJEVE		18.05.2013	500.00		500.00
NAIM FETAHU	PODUJEVE		18.05.2013	500.00		500.00
IDRIZ GASHI	PODUJEVE		21.05.2013	200.00		200.00
SAFETE HADERGJONAJ	DECAN		01.12.2013	100.00		100.00
FIDAN QUFAJ	DECAN		01.12.2013	50.00		50.00
MON SELMANAJ	DECAN		01.12.2013	50.00		50.00
XHEVDET HASAN METAJ	DECAN		01.12.2013	50.00		50.00
ISMET NEZIRAJ	DECAN		01.12.2013	50.00		50.00
MUSE MUSHKOLAJ	DECAN		01.12.2013	50.00		50.00
AGIM HADERGJONAJ	DECAN		01.12.2013	50.00		50.00

Partia Demokratike e Kosovës

Notes on Financial Statements 01 January 2013 until 31 December 2013

BINAK MAZREKAJ	DECAN		01.12.2013	50.00		50.00
NAILE OSMANI	VUSHTRRI		06.03.2013	200.00	200.00	
NAILE OSMANI	VUSHTRRI		04.04.2013	200.00	200.00	
NAILE OSMANI	VUSHTRRI		08.05.2013	250.00	250.00	
GAZMEND NIXH	GJAKOVE		26.01.2013	10.00		10.00
HEKTOR BINISHI	GJAKOVE		07.02.2013	10.00		10.00
HAJDAR BEQA	GJAKOVE		13.02.2013	10.00		10.00
VISAR MALAZOGU	GJAKOVE		14.02.2013	10.00		10.00
GRANIT XHIHA	GJAKOVE		18.02.2013	10.00		10.00
HEKURAN ZHBI	GJAKOVE		21.02.2013	10.00		10.00
PERPARIM BARDOLLIQI	GJAKOVE		21.02.2013	10.00		10.00
LEONORA SHEHU	GJAKOVE		29.02.2013	10.00		10.00
RROK LULI	GJAKOVE		15.03.2013	10.00		10.00
SHKUMBIN KASTRATI	GJAKOVE		03.04.2013	10.00		10.00
LULZIM DYLA	GJAKOVE		03.04.2013	10.00		10.00
SMAJL FEJZA	GJAKOVE		26.04.2013	6.00		6.00
ARBEN RUGOVA	GJAKOVE		11.07.2013	10.00		10.00
HYDA DOBRUNA	GJAKOVE		30.12.2013	10.00		10.00
RASIM FAZLIU	RAHOVEC		15.01.2013	10.00		10.00
LUMTURIE HOTI	RAHOVEC		30.01.2013	10.00		10.00
FANE THACI	RAHOVEC		01.02.2013	10.00		10.00
LUMTURIE HOTI	RAHOVEC		17.05.2013	10.00		10.00
FANE THACI	RAHOVEC		11.06.2013	10.00		10.00
Total donations and cash contributions				8,661.00	730.00	7,931.00

Note 7: Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	488,714.18	488,714.18	0
Pension contributions of the employee	26,727.12	24,429.32	2,297.80
Pension contributions of the employer	26,727.12	24,429.32	2,297.80
Personal Tax income	27,985.17	24,758.97	3,226.20
Other benefits	250	250	0
Total	570,403.59	562,581.79	7,821.80
Transportation expenses			
Borrowed motorized vehicles			
Fuels	16,964.39	13,901.33	3,063.06
Airplane/bus/train/taxi etc. tickets	109.93	109.93	0
Car insurance and maintenance	6,391.40	6,391.40	0
Any other transportation expenses	440	440	0
Total transportation expenses	23,905.72	20,842.66	3,063.06

Advertising, representation and conferences			
Premises			
Food	50,412.24	50,412.24	0
Cultural and recreation activities	0	0	0
Radio and TV advertisements	0	0	0
Newsstands and newspaper advertisements	9,917.50	9,917.50	0
Other advertising, representation and conferences expenses		0	0
Total advertising, representation and conferences expenses	60,329.74	60,329.74	0
Campaign Expenses			
Campaign expenses	741,308.79	464,466.73	276,842.06
Total campaign expenses	741,308.79	464,466.73	276,842.06
Purchase of goods			
Supply of office	11,792.40	11,792.40	0
Small equipment	1,834.58	1,834.58	0
Total purchase of goods	13,626.98	13,626.98	0
General expenses			

Partia Demokratike e Kosovës

Notes on Financial Statements 01 January 2013 until 31 December 2013

Rent of office space	62,650.00	52,800.00	9,850.00
Telephone, internet and mail	17,538.17	19,849.81	(2,311.64)
Electricity and other utilities (water and waste)	11,832.78	13,530.84	(1,698.06)
Depreciation expenses of long-term assets	43,896.12	////////////////////	////////////////////
Expenses related to in-kind contributions / goods and services	-	-	-
Total general expenses	135,917.07	86,180.65	5,840.30
Other expenses			
Maintenance of office space and equipment	90,035.70	97,246.88	-7,211.18
Expenses not included in any other category	85,640.94	64,292.67	21,348.27
Total other expenses	175,676.64	161,539.55	14,137.09
Total expenses	1,721,168.53	1,413,464.22	307,704.31

Note 8: Payments over 5,000.00 Euro

Description	Paid to:			Date of payment	Amount in Euro
	Natural/Legal Person	Address	ID Number		
Phone Credit	VALA	PRISHTINE			9,310.00
Supplies	TORA	PRISHTINE			13,525.30
Venue services	SWISS DIAMOND	PRISHTINE			6,706.80
Sound system	SONUS	PRISHTINE			9,800.00
TV video clips	RTK	PRISHTINE			6,896.20
Trainings	RELOAD	PRISHTINE			8,767.00
Fuels	RACIONAL COMERCE	PRISHTINE			27,820.65
Rent	ZYRET	PRISHTINE			52,700.00
Fines	PZAP	PRISHTINE			7,100.00
Prepayment of news	KOSOVA PRESS	PRISHTINE			20,400.00
Electricity	KEK	PRISHTINE			15,193.71
Renovation, supplies	GLD CONSTRUCTION	PRISHTINE			112,344.80
Logo	GAN DIZAJN	PRISHTINE			17,941.00
Networking	FIBER TECH	PRISHTINE			9,379.80
Supplies	EUROPRINTY	PRISHTINE			5,916.01
Venue services	EMERALD HOTEL	PRISHTINE			24,555.00
Air conditioning	E.E. EXIM	PRISHTINE			6,910.00
Advertising – Campaign	STUDIO D-LINE	PRISHTINE			75,000.00
Computer equipment	COMETRADE COMP.	PRISHTINE			23,704.70
Uniforms	CASA MODA	PRISHTINE			6,500.00
Representation	UUPS SHPK	PRISHTINE			12,326.60
Car	A.S. ALBERTI	PRISHTINE			28,000.00
Online Platform	NTSH APEEAL	PRISHTINE			31,289.00
Camera	ALARON PRODUCT.	PRISHTINE			5,275.40
Total payments over 5,000.00 Euro					537,361.97