



Partia Demokratike e Kosovës

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

01 January 2015 - 31 December 2015



Table of Contents:

<u>Independent Auditors' report.....</u>	3
Statement of financial position.....	6
Statement of income and expenses.....	7
Notes on financial statements	8-13



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**” (hereinafter referred to as “Political Entity” or “PDK” or “PE”), which comprise the statement of financial position as at December 31, 2015, 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 2015, 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 98,903.36 Euro as of 31 December 2015 (139,920.38 euro; 31 December 2014). 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 46,619.00 Euro as of 31 December 2015 is fully accurate.
- As presented in Note 5 of Financial Statements – Other current liabilities, the PE has stated liabilities on the amount of 134,092.84 Euro as of 31 December 2015; (359,640.84 Euro; 31 December 2014). 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 116,717.65 as of 31 December 2015 was 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 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

Fadil Hyseni
Statutory Auditor
5 December 2017

Statements of Financial Position

Assets		31 December 2015	31 December 2014
Long-term assets	Notes	Amount in Euros	Amount in Euros
Property, plant and equipment	2	98,903.36	139,920.38
Intangible Assets			
Other long-term assets			
Total long-term assets		98,903.36	139,920.38
Current assets			
Accounts receivable			
Prepayments			
Cash and cash equivalents	3	1,741.44	671.05
Other current assets			
Total current assets		1,741.44	671.05
Total Assets		100,644.80	140,591.43
Equity			
Accumulated Fund		(490,298.78)	(296,899.22)
Surplus / (deficit) of the year		357,947.38	(193,399.56)
Total Equity		(132,351.40)	(490,298.78)
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue	2	98,903.36	139,920.38
Total Long-term liabilities		98,903.36	139,920.38
Current liabilities			
Accounts payable and others	4		131,328.99
Other current liabilities	5	134,092.84	359,640.84
Total current liabilities		134,092.84	490,969.83
Total Liabilities		232,996.20	630,890.21
Total equity and liabilities		100,644.80	140,591.43

Statement of income and expenses

	Notes	Year ending on 31 December	
		2015	2014
Income			
Income from budget		1,158,740.00	1,099,374.10
Income from membership			
Donations and cash contributions			3,280.00
Contributions in kind / goods and services			
Income from campaigns			
Income released from deferred revenues	2	47,777.02	45,777.02
Other income			
Total Income for the year		1,206,517.02	1,148,431.12
Expenses			
Wages and salaries	6	636,768.38	664,333.67
Transportation expenses	6	19,739.31	67,805.21
Advertising, representation and conferences	6	37,137.41	140,263.01
Campaign expenses	6	0.00	303,384.54
Purchase of goods	6	20,381.21	2,787.48
General expenses	6	104,991.98	123,459.43
Other expenses	6	29,551.35	39,797.34
Total expenses for the year		848,569.64	1,341,830.68
Surplus / (deficit) for the year		357,947.38	(193,399.56)

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				0.00
Buildings	0.00				0.00
Vehicles	107,381.21	0	45,726.65	21,476.24	40,178.32
Office Equipment	56,942.71	0	30,789.78	11,388.54	14,764.39
Information technology equipment	62,411.70	6,760.00	27,859.04	12,482.24	28,830.42
Other Equipment	18,710.37	0	1,150.14	2,430.00	15,130.23
Total Property, plant and equipment	245,445.99	6,760.00	105,525.61	47,777.02	98,903.36

Note 3. Cash and cash equivalents

	31 December 2015 Amount in Euros	31 December 2014 Amount in Euros
Cash in bank	1,553.47	156.78
Cash in hand	187.97	514.27
Total cash and cash equivalents	1,741.44	671.05

Note 4. Accounts payable and others

	31 December 2015 Amount in Euros	31 December 2014 Amount in Euros
Payable to suppliers		
Other accounts payable	-	131,328.99
Total accounts payable and others	-	131,328.99

Note 5. Other current liabilities

	31 December 2015 Amount in Euros	31 December 2014 Amount in Euros
Liabilities for salaries and taxes	11,351.78	46,549.77
Liabilities for rent	5,340.00	9,722.25
Liabilities for fines and penalties	0.00	0.00
Other current liabilities	116,717.65	303,368.82
Total other current liabilities	134,092.84	359,640.84

Note 6: Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	545,059.89	545,059.89	-
Pension contributions of the employee	29,640.54	27,065.97	2,574.57
Pension contributions of the employer	29,640.54	27,065.97	2,574.57
Personal Tax income	32,427.41	29,578.09	2,849.32
Other benefits			-
Total	636,768.38	628,769.92	7,998.46
Transportation expenses			
Borrowed motorized vehicles	0.00	0.00	-
Fuels	9,902.42	9,168.22	734.20
Airplane/bus/train/taxi etc. tickets	0.00	0.00	-
Car insurance and maintenance	9,836.89	5,592.02	4,244.87
Any other transportation expenses	0.00	0.00	-
Total transportation expenses	19,739.31	14,760.24	4,979.07
Advertising, representation and conferences			

Premises			
Food	0.00	0.00	0.00
Cultural and recreation activities	36,102.41	10,380.85	25,721.56
Radio and TV advertisements			
Newsstands and newspaper advertisements	590.00	590.00	
Other advertising, representation and conferences expenses	445.00	65.00	380.00
Total advertising, representation and conferences expenses	37,137.41	11,035.85	26,101.56
Campaign Expenses			
Campaign expenses			
Total campaign expenses			
Purchase of goods			
Supply of office	17,518.21	14,210.59	3,307.62
Small equipment	2,863.00	2,863.00	0.00
Total purchase of goods	20,381.21	17,073.59	3,307.62
General expenses			
Rent of office space	22,100.00	2,900.00	19,200.00
Telephone, internet and mail	11,870.19	10,653.81	1,216.38
Electricity and other utilities (water and waste)	23,244.77	16,146.87	7,097.90

Depreciation expenses of long-term assets	47,777.02	////////////////////	////////////////////
Expenses related to in-kind contributions / goods and services	-	-	-
Total general expenses	104,991.98	29,700.68	27,514.28
Other expenses			
Maintenance of office space and equipment	12,116.13	12,116.13	0.00
Expenses not included in any other category	17,435.22	16,747.68	687.54
Total other expenses	29,551.35	28,863.81	687.54
Total expenses	848,569.64	730,204.09	70,588.53

Note 7: Payments over 5,000.00 Euro

Description	Paid to:			Date of payment	Amount in Euro
	Natural/Legal Person	Address	ID Number		
Representation	1 st Avenue	Prishtine			18,786.30
Office Equipment	Comtrade	Prishtine			11,547.50
Food and beverages	Emerald	Prishtine			11,278.30
Rent	Guri	Prishtine			11,340.00
Newspapers	IP Magazine	Prishtine			5,516.40
Electricity	KESCO	Prishtine			23,244.77
Total payments over 5,000.00 Euro					81,713.27