

**SAMOSTALNA LIBERALNA STRANKA**

**REPORT OF ANNUAL FINANCIAL REPORT FOR THE YEAR 2012 AND INDEPENDENT AUDITOR'S REPORT**

PRISTINA , JUN , 2013

ANNUAL FINANCIAL REPORTS OF POLITICAL ENTITY		
	GENERAL INFORMATION	
1	Political Entity Name	Samostalna Liberalna Stranka
2	Acronym	SLS
3	Address	Gracanica
4	Municipality	Gracanica
5	Tel	038 566 680
6	The reporting period	01.01.2012 - 31.12.2012
7	The registration number	600535811

Authorized Financial Representative

8	Name	Tamara
9	Surname	Nicic
10	Personal Number	1501933917
11	Address	Gracanica
12	Municipality	Gracanica
13	Tel	044 616 030
14	E-mail	<a href="mailto:tamara.nicic@gmail.com">tamara.nicic@gmail.com</a>

## Statement of Financial Position

31 December 2012

P	Assets	Notes	31 December 2012	31 December 2011
P.1	Long-term assets		Amount in Euro	Amount in Euro
P.1.1	Property, plant and equipment	5		
P.1.2	Intangible assets			
P.1.3	Other long term assets			
	<b>Total long-term assets</b>			
P2	Short-term assets			
P2.1	Accounts Receivable	6		
P2.2	Prepayments		-	-
P2.3	Cash and cash equivalents	7	-	-
P2.4	Other short-term assets		151,168.33	-
	<b>Total other short-term assets</b>		-	-
	<b>Total assets P1+P2</b>		<b>151,168.33</b>	<b>0.00</b>
E	<b>Equity</b>			
E.1	Accumulated funds		-	-
E.2	Surplus / (deficit) of the year		128,324.03	12,856.43
	Total Equity		<b>128,324.03</b>	<b>12,856.43</b>
D	<b>Liabilities</b>			
D.1	<b>Long-term liabilities</b>			
D.1.1	Payable loans		-	-
D.1.2	Deferred revenue		-	-
	<b>Total long term liabilities</b>		-	-
D.2	<b>Short-term liabilities</b>			
D.2.1	Accounts payable and other	8		
D.2.2	Payable loans			
D.2.3	Other short-term liabilities	9		
	<b>Total short term liabilities</b>			
	<b>Total liabilities ( D.1 + D.2)</b>			
	<b>TOTAL EQUITY AND LIABILITIES (E+D)</b>		<b>(128,324.03 )</b>	<b>12,856.43</b>

## Statement of Incomes and Expenses

In the end of the year 31 December 2012

		Note	In the end of year 31.12.2012	In the end of year 31.12.2011
H	<b>Income</b>			
H.1	Revenues from budget		-	
H.2	Membership revenues		-	
H.3	Donations and contributions in cash	3	-	
H.4	Contributions in kind, goods and services	4	-	
H.5	Campaign incomes		-	
H.6	Revenues released from deferred revenues	5	-	12,856.43
H.7	Other Revenues		-	
	<b>Total incomes</b>		<b>0.00</b>	<b>12,856.43</b>
SH	<b>Expenses</b>	2		
SH.1	Salaries and compensations	2	44,075.57	
SH.2	Transportation costs	2	5,573.06	
SH.3	Advertising, representation and conferences	2	28,376.64	
SH.4	Campaign expenses	2		
SH.5	Purchase of goods	2	11,948.55	
SH.6	General expenses	2	23,441.71	
SH.7	Other expenses	2	14,908.50	
	<b>Total expenses</b>		<b>128,324.03</b>	<b>0.00</b>
	<b>SURPLUS (+) OR DEFICIDI (-) for the year (H-SH)</b>		<b>(128,324.03)</b>	<b>12,856.43</b>

SH	Expenses	Expenses in Euro	Payments in Euro	The remaining debt in Euro
SH.1	<b>Salaries and compensations</b>			
	Salaries and compensations, net	43,650.00	43,650.00	-
	Employee pension contribution	181.29	181.29	-
	Employer pension contribution	136.38	136.38	-
	Personal Income Tax	107.90	107.90	-
	Other Benefits	-	-	-
	<b>Total salaries and compensations</b>	<b>44,075.57</b>	<b>44,075.57</b>	<b>0.00</b>
SH.2	<b>Transportation costs</b>	-	-	-
	Borrowed vehicles	-	-	-
	Fuels	1,974.51	1,974.51	-
	Tickets - airplane / bus, train, taxi, etc.	3,113.25	3,113.25	-
	Insurance and maintaining the vehicles	485.30	485.30	-
	Other transport insurance			-
	<b>Total transport costs</b>	<b>5573.06</b>	<b>5573.06</b>	-
SH.3	<b>Advertising, representation and conferences</b>			
	Offices	2,897.10	2,897.10	-
	Food	3,862.57	3,862.57	-
	Cultural and recreational activities	13,873.00	13,873.00	-
	Radio and television advertisements	384.70	384.70	-
	Billboards and advertisements in newspapers	3,528.71	3,528.71	-
	Other advertising costs, representation and conferences	3,830.56	3,830.56	-
	<b>Total advertising, representation and conferences</b>	<b>28376.64</b>	<b>28376.64</b>	-
SH.4	<b>Campaign expenses</b>			
	Campaign expenses	-	-	-
	<b>Total campaign expenses</b>	-	-	-
SH.5	<b>Purchase of goods</b>			
	Office supply	9,358.93	9,358.93	-
	Small equipment	2,409.62	2,409.62	-
	<b>Total purchases of goods</b>	<b>11768.55</b>	<b>11768.55</b>	-
SH.6	<b>General expenses</b>			
	Office rent	18,380.00	18,380.00	-
	Telephone, internet and Post	3,739.63	3,739.63	-
	Electricity, municipal services (water and waste)	1,322.08	1,322.08	-
	Depreciation costs of long-term assets			
	Costs associated with donations and in-kind contributions, goods and services			-
	<b>Total general expenses</b>	<b>23441.71</b>	<b>23441.71</b>	-
SH.7	<b>Other expenses</b>			
	Maintenance of equipment and offices	6,280.00	6,280.00	-
	Expenses that are not including in any other category	8,629.50	8,629.50	-
	<b>Total other expenses</b>	<b>14909.50</b>	<b>14909.50</b>	-
	<b>Total expenses ( from SH.1 to SH.7 )</b>	<b>128145.03</b>	<b>128145.03</b>	

<b>Note 6. Accounts Receivable</b>	<b>31 December 2012 Amounts in Euro</b>	<b>31 December 2011 Amounts in Euro</b>
	0	
	0	
	0	
	0	
	0	
	0	
	0	
<b>Total accounts receivable</b>		
<b>Note 7. Cash and cash equivalents</b>	<b>31 December 2012 Amounts in Euro</b>	<b>31 December 2011 Amounts in Euro</b>
Cash in Bank	151,168.33	151,168.33
Cash		
<b>In total cash and cash equivalents</b>	<b>151,168.33</b>	<b>151,168.33</b>
<b>Note 8. Accounts payable and other</b>	<b>31 December 2012 Amounts in Euro</b>	<b>31 December 2011 Amounts in Euro</b>
<b>Accounts payable and other</b>		
<b>Total accounts payable and other</b>		
<b>Note 9. Other short-term liabilities</b>	<b>31 December 2012 Amounts in Euro</b>	<b>31 December 2011 Amounts in Euro</b>
<b>Total other short-term liabilities</b>		

	Balance at beginning of year (historical cost)	Purchases during the year	Accumulated depreciation	Depreciation of the year	Balance at end of year (net)
Property					
Facilities					
Vehicles					
Equipment for office	9,538.93	-	-	-	<b>9,538.93</b>
Information technology equipment	11,038.12	-	-	-	<b>11,038.12</b>
Other equipment		-	-	-	-
<b>Total property, plant and equipment</b>	<b>20,577.05</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20,577.05</b>

### Incomes from Budget

Nr.	Date	Description	Amount
1	29.02.12	BK Suvencion per SP TM1	38,894.58
2	14.04.12	BK Suvencion per SP TM2	38,894.58
3	17.08.12	BK Suvencion per SP TM3	70,098.39
4	17.08.12	BK Suvencion per SP TM3	12,964.86
5	15.11.12	BK Suvencion per SP TM4	105,147.59
<b>TOTAL :</b>			<b>266,000.00</b>

## **Findings:**

PP has not presented the financial statements from the previous year (2011).

Data on the balance sheet are not properly introduced as a result Balance Sheet does not equalize. PP in last year's report has shown assets worth 3,107.00 while they do not have the value of the net for the next year presented. In they are presented 2012 with the value zero. Liabilities in the end of last year in the report of the PP are presented with zero value which is not correct presentation because there must be obligations at the end of the year like the taxation of December.

PP in the Statement of Revenue and Expenditure has not presented the income from the Kosovo Budget - Subvention for political parties' value: EUR 266,000.00. PP presented expenditure in the values of 128,324.03 while revenues are presented as zero which means the data are not presented properly.

PP does not pay TTS for wages, pension contributions and rent.

PP has made withdrawals from the bank account but they do not have the invoices to justify the withdrawals.

PP has made payment of the same bill twice 950.00 euros worth in favor of "Happy Hour" Ranillug and EUR 114.40 in favor of NTP "Lanti-Besa" - Ranillug and made payment of invoices every month to NT "Titan" Shterpce where description is not defined in the invoice, the owner of this enterprise is Canacevic Velimir who is employed at PP, he is the owner of facility PP pays rent for, and owner of NT "Titan".

Some invoices were paid last year, the payment was made in 2011, whereas it is recognized as an expense, accrual principle is not implemented as required by IAS.

PP has covered some expenses with receipts, invoices that do not meet the requirements as required by tax laws in Kosovo and they included invoices with the name of individual.

Revenues and expenses of the Fund for Democracy for the SLS parliamentary group are not presented in the financial statements.

## **Recommendations:**

The initial saldo should equalize with saldo's of the previous year because they do not have a real presentation of situation of saldo accounts.



All incomes and expense for the reporting period should be presented in the Income and Expenditure statements.

Enforce fiscal laws applicable at Rep. of Kosovo Law no. 03/L-162 Article 30 (TTS), Law no. 03/L-222 Article 25 and 28 (for the delay of the tax declaration), PIT Law Article 38 point 1 and point 4.

Cash withdrawals from the bank should be controlled and all the revenues and expenses should be documented with relative invoices.

PP should have evidence regarding the number of workers and they should send a list of workers to the KTA. They should have contracts, so PP will not pay wages twice.

PP should control the payment of the invoices so they do not pay the same invoice twice.

PP should implement accrual principle for all expenses so their coverage is in accordance with International Standards on Financial Reporting (IFRS - IFRS) and it presents their actual position.

All expenses cover with full-relevant documentation such as invoices, contracts etc., and these documents must necessarily contain all of the elements needed like all vendor notes, details of the buyer and shall be signed and sealed by both parties (buyer and seller). They cannot be accepted as expenses if they are covered by documents like coupons, invoices that do not have appropriate information, and if they are in the name of individual etc.