



Partia Demokratike e Kosovës

**Campaign Financial Disclosure Report with Independent Auditors'
Report thereon**

**Local Elections
03 October 2013 – 01 December 2013**



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Independent Auditors' Report

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

Report on Special Purpose Financial Statement

Qualified Opinion

We have audited the Campaign Financial Disclosure Report 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 01, 2013, the statement of income and expenses for the period 3 October 2013 until 1 December 2013 and other explanatory information.

In our opinion, except for the effects of the matters described in Basis for qualified opinion section, the campaign financial disclosure report presents fairly, in all material respects, the financial position of the Political Entity as of 1 December 2013, and its income and expenses for the period from 3 October 2013 until 1 December 2013 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.

- The Political Entity has received donations through cash in hand in the amount of 200,216.70Euro during 2013 which is in violation of Article 4, Paragraph 4 of Law Nr. 04/L-212 on amending and supplementing of Law Nr. 03/L-174 on Financing of Political Entities amended and supplemented by Law Nr 04/L-058 which allow receiving of assets to be done only through bank. Furthermore, the Political Entity has not disclosed notes on the received cash donations as required by Law Nr. 04/L-212 on amending and supplementing of Law Nr. 03/L-174 on Financing of Political Entities amended and supplemented by Law Nr 04/L-058. In absence of supporting documentation we were unable to determine the accurate value of cash donations received throughout the annual period

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- The Political Entity has stated in-kind contributions in the amount of 11,235.00 Euro. The political entity has not disclosed notes on the received in-kind contributions / goods and services as required by the Nr. 04/L-212 on amending and supplementing of Law Nr. 03/L-174 on Financing of Political Entities amended and supplemented by Law Nr 04/L-058. In absence of supporting documentation we were unable to determine the accurate value of in-kind contributions / goods and services received throughout the annual period.
- As presented in Note 5 of Financial Statements, the Political Entity for the period 3 October 2013 until 1 December 2013 has presented wages and salaries in the amount of 141,660.00 Euro. During our auditing we found out that the same values are not declared in the list of salaries in the Kosovo Tax Authorities. In absence of supporting documentation we were unable to verify whether the stated expenses were fully accurate.

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 the law no.03/L-257 on amending and supplementing the law no.03/L-073 on General Elections in the Republic of Kosovo, 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		Balance at the end of the period	Balance at the start of the period
Long-term assets	Notes	Amount in Euro	Amount in Euro
Property, plant and equipment		0.00	0.00
Intangible Assets			
Other long-term assets			
Total long-term assets		0.00	0.00
Current assets			
Accounts receivable		0.00	0.00
Prepayments			
Cash and cash equivalents	2	64,616.50	
Other current assets		0.00	0.00
Total current assets		64,616.50	0.00
Total Assets		64,616.50	0.00
Equity			
Accumulated Fund		0.00	0.00
Surplus / (deficit) of the period		(330,379.09)	0.00
Total Equity		(330,379.09)	0.00
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue			
Total Long-term liabilities			
Current liabilities			
Accounts payable and others	3	184,821.38	0.00
Other current liabilities	4	210,174.21	
Total current liabilities		394,995.59	0.00
Total Liabilities		394,995.59	0.00
Total equity and liabilities		64,616.50	0.00

Statement of income and expenses

	Notes	03 October 2013 – 01 December 2013
Income		
Income from budget		154,308.00
Income from membership		45,170.00
Donations and cash contributions		200,216.70
Contributions in kind / goods and services		11,235.00
Other income		
Total Income for the period		410,929.70
Expenses		
Wages and salaries	5	141,660.00
Transportation expenses	5	21,735.67
Advertising, representation and conferences	5	437,668.95
Purchase of goods	5	3,398.00
General expenses	5	125,916.52
Other expenses	5	10,929.65
Total expenses for the period		741,308.79
Surplus / (deficit) for the period		(330,379.09)

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. Cash and cash equivalents

	Balance at the end of the period Amount in Euros	Balance at the start of the period Amount in Euros
Cash in bank	-	-
Cash in hand	64,616.50	-
Total cash and cash equivalents	64,616.50	-

Note 3. Accounts payable and others

	Balance at the end of the period Amount in Euros	Balance at the start of the period Amount in Euros
Payable to suppliers	139,121.38	
Other Accounts payable	45,700.00	
Total Accounts payable and others	184,821.38	0.00

Note 4. Other current liabilities

	Balance at the end of the period Amount in Euros	Balance at the start of the period Amount in Euros
Liabilities for salaries and taxes		
Liabilities for rent		
Liabilities for fines and penalties		
Other Current Liabilities	210,174.21	
Total other current liabilities	210,174.21	-

Partia Demokratike e Kosovës*Notes on Campaign Financial Disclosure Report**Local Elections 3 October 2013 until 1 December, 2013***Note 5: Expenses**

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
NET wages and salaries	141,660.00	141,660.00	-
Payments to observers			
Pension contributions of the employee			-
Pension contributions of the employer			-
Personal Tax income			-
Other benefits			-
Total	141,660.00	141,660.00	-
Transportation expenses			
Borrowed motorized vehicles			-
Fuels	21,735.67	21,781.07	(45.40)
Airplane/bus/train/taxi etc. tickets			-
Car insurance and maintenance			-
Any other form of transportation			-
Total transportation expenses	21,735.67	21,781.07	(45.40)
Advertising, representation and conferences			
Premises	17,196.00	17,196.00	0.00
Food	52,694.37	52,694.37	0.00
Cultural and recreation activities	6,935.00	6,935.00	0.00
Radio and TV advertisements	187,942.84	10,844.16	177,098.68
Newsstands and newspaper advertisements	35,435.00	34,101.00	1,334.00

Partia Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Local Elections 3 October 2013 until 1 December, 2013

Other advertising, representation and conferences expenses	137,465.74	14,008.00	123,457.74
Total advertising, representation and conferences expenses	437,668.95	135,778.53	301,890.42
Purchase of goods			
Supply of office	2,796.00	2,796.00	-
Small equipment	602.00	602.00	-
Total purchase of goods	3,398.00	3,398.00	-
General expenses			
Telephone, internet and mail	30,977.52	30,977.52	-
Electricity and other utilities (water and waste)	1,789.00	1,789.00	-
Fines and penalties	93,150.00	0.00	93,150.00
Expenses related to in-kind contributions / goods and services		////////////////////	
Total general expenses	125,916.52	32,766.52	93,150.00
Other expenses			
Maintenance of office space and equipment	7,458.00	7,458.00	-
Expenses not included in any other category	3,471.65	3,471.65	-
Total other expenses	10,929.65	10,929.65	-
Total expenses	741,308.79	346,313.77	394,995.02