



Lidhja Demokratike e Kosovës

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

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



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 Lidhja Demokratike te Kosovës

Report on Special Purpose Financial Statement

Unqualified Opinion

We have audited the Campaign Financial Disclosure Report 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 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, the campaign financial disclosure report presents fairly, in all material respects, the financial position of the Political Entity as of 01 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.

Emphasis of matter

Without further modifying our opinion, 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.
- During our auditing we found out that representation and fuel expenses, in some instances the PE does not have the relevant supporting documentation except receipts which would be useful to justify and support the stated expense.

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
29 November 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			
Intangible Assets			
Other long-term assets			
Total long-term assets			
Current assets			
Accounts receivable			
Prepayments			
Cash and cash equivalents			
Other current assets			
Total current assets			
Total Assets			
Equity			
Accumulated Fund			
Surplus / (deficit) of the period		(31,950.00)	
Total Equity		(31,950.00)	
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue			
Total Long-term liabilities			
Current liabilities			
Accounts payable and others			
Other current liabilities		31,950.00	
Total current liabilities			
Total Liabilities		31,950.00	
Total equity and liabilities		0.00	0.00

Statement of income and expenses

	Notes	03 October 2013 – 02 November 2013
Income		
Income from budget		711,711.76
Income from membership		
Donations and cash contributions	2	0.00
Contributions in kind / goods and services	3	25,030.00
Other income		
Total Income for the period		736,741.76
Expenses		
Wages and salaries	4	82,231.61
Transportation expenses	4	22,579.17
Advertising, representation and conferences	4	600,391.67
Purchase of goods	4	3,108.42
General expenses	4	60,380.89
Other expenses	4	0.00
Total expenses for the period		768,691.76
Surplus / (deficit) for the period		(31,950.00)

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: Donation as cash contributions

Lidhja Demokratike e Kosovës has not received any donations or cash contributions for the period 03 October 2013 until 02 November 2013.

Note 3: Contributions in kind / goods and services

Description of goods/services	Accepted by			Date of contribution	Amount
	Contributors	Address	ID number		In Euro
Transport	Vector	Remzi Ademi 7-Prizren	600349808	02.11.2013	3,870.00
Beverages	Univers	Vermicë-Prizren	600033667	10.11.2013	2,300.00
Advertising materials	Siprint	Elbasani PN-Prizren	600296108	10.11.2013	1,160.00
Observers	Specification			03.11.2013	11,320.00
Observers	Specification			03.11.2013	6,380.00
Total Contributions in kind / goods and services					25,030.00

Lidhja Demokratike e Kosovës*Notes on Campaign Financial Disclosure Report**Local Elections 03 October 2013 until 1 December, 2013***Note 4: Expenses**

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	74,008.50	74,008.50	0.00
Payments to observers			0.00
Pension contributions of the employee			0.00
Pension contributions of the employer			0.00
Personal Tax income	8,223.11	8,223.11	0.00
Other benefits			0.00
Total	82,231.61	82,231.61	0.00
Transportation expenses			
Borrowed motorized vehicles	4,790.00	4,790.00	0.00
Fuels	15,529.17	15,529.17	0.00
Airplane/bus/train/taxi etc. tickets	780.00	780.00	0.00
Car insurance and maintenance			0.00
Any other transportation expenses	1,480.00	1,480.00	0.00
Total transportation expenses	22,579.17	22,579.17	0.00
Advertising, representation and conferences			

Lidhja Demokratike e Kosovës*Notes on Campaign Financial Disclosure Report**Local Elections 03 October 2013 until 1 December, 2013*

Premises	10,976.00	10,976.00	0.00
Food	77,690.96	77,690.96	0.00
Cultural and recreation activities	6,276.00	6,276.00	0.00
Radio and TV advertisements	192,956.33	192,956.33	0.00
Newsstands and newspaper advertisements	82,066.64	82,066.64	0.00
Other advertising, representation and conferences expenses	230,425.74	230,425.74	0.00
Total advertising, representation and conferences expenses	600,391.67	600,391.67	0.00
Purchase of goods			
Supply of office	2,957.82	2,957.82	0.00
Small equipment	150.60	150.60	0.00
Total purchase of goods	3,108.42	3,108.42	0.00
General expenses			
Rent of office space	3,280.89	3,280.89	0.00
Telephone, internet and mail			0.00
Electricity and other utilities (water and waste)	32,070.00	120.00	31,950.00
Expenses related to in-kind contributions / goods and services	25,030.00	////////////////////	
Total general expenses	60,380.89	3,400.89	31,950.00

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Local Elections 03 October 2013 until 1 December, 2013

Other expenses			
Maintenance of office space and equipment			
Expenses not included in any other category			
Total other expenses			
Total expenses			
	768,691.76	711,711.76	31,950.00

Note 5: Payments over 5,000.00 Euro

Description	Paid to:			Date of payment	Amount In Euro
	Natural/Legal Person	Address	ID Number		
Billboards	AMM	L.Haradinaj-Prishtinë	600151336	11.10.2013	9,947.00
Beverages	Bodensee	Ahmet Kaqiku-Ferizaj	600313994	Specification	9,540.00
TV advertisement clips	Butterfly	Prishtinë	600368410	Specification	26,100.00
Beverages	Dukagjini	Pejë	600249420	22.10.2013	6,100.00
Billboards	Erpo Print	Prishtinë	600163860	Specification	5,035.00
Artistic services	Iliada Entertainment	Rte de la Plage 44A,Le Bouveret ,CH		Specification	6,000.00
Other advertising expenses	Intergraf	Kemaj Hetemi-Ferizaj	600089595	Specification	5,373.60

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Local Elections 03 October 2013 until 1 December, 2013

Other advertising expenses	KD Events	Fehmi Agani 29/A Prishtinë	600602173	Specification	178,344.20
TV advertisement clips	Klan Kosova	QT Bregu I Dielli-Prishtinë	600359378	Specification	80,562.00
TV advertisement clips	KTV	Sheshi Nana Tereze-Prishtinë	600157722	Specification	36,484.00
Beverages	Laza	Gjilan	600249339	Specification	6,412.00
Fuels and beverages	Mani	Malishevë	600069472	Specification	7,400.61
Other advertising expenses	Mega Muzic	Prishtinë	600289012	19.11.2013	5,260.00
Spaces for rent	NPB Prishtina	Sheshi Bill Klinton Prishtinë	600390033	Specification	6,471.00
Fuels	Petrol-Oti Sllovenija	Magjistrala PR-Mitrovicë-Prishtinë	600112370	08.11.2013	5,688.17
Billboards	Printing Center	Ali Kelmendi-Ferizaj	601018923	Specification	5,016.60
TV advertisement clips	RTK	Sheshi Nana Tereze-Prishtinë	600294657	Specification	34,844.00
TV advertisement clips	RTV-21	Pallati I mediave,Prishtinë	600085361	06.11.2013	19,121.00
Billboards	Sfinga	Xheme Gostivari-20,Prizren	600035324	29.10.2013	6,820.00
Beverages	Univers	Vermicë-Prizren	600033667	Specification	6,678.00
Other advertising expenses	Vertigo	Prizren	600043137	29.10.2013	5,875.00
Total payments over 5,000.00 Euro					473,072.18