



Lidhja Demokratike e Kosovës

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

**Extraordinary national elections
28 May 2014 – 06 June 2014**



Table of Contents:

<u>Independent Auditors' report..</u>	<u>3</u>
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 June 06, 2014, the statement of income and expenses for the period 28 May 2014 until 6 June 2014 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 6 June 2014, and its income and expenses for the period from 28 May 2014 until 6 June 2014 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 unqualified 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

Qerim Qerimi
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			0.00
Total Assets			0.00
Equity			
Accumulated Fund			
Surplus / (deficit) of the period		(182,283.18)	
Total Equity		(182,283.18)	0.00
Liabilities			
Long-term liabilities			
Loans payable			
Deferred revenue			
Total Long-term liabilities			
Current liabilities			
Accounts payable and others	2	182,283.18	
Other current liabilities		0.00	
Total current liabilities		182,283.18	
Total Liabilities		182,283.18	0.00
Total equity and liabilities		0.00	0.00

Statement of income and expenses

	Notes	28 May 2014 – 06 June 2014
Income		
Income from budget		287,392.66
Income from membership		
Donations and cash contributions	3	0.00
Contributions in kind / goods and services	4	23,880.00
Other income		
Total Income for the period		311,272.66
Expenses		
Wages and salaries	5	49,197.78
Transportation expenses	5	26,974.39
Advertising, representation and conferences	5	380,176.76
Purchase of goods	5	1,895.99
General expenses	5	35,310.92
Other expenses	5	0.00
Total expenses for the period		493,555.84
Surplus / (deficit) for the period		(182,283.18)

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. Accounts payable and others

	Balance at the end of the period Amount in Euro	Balance at the start of the period Amount in Euro
Local vendor	182,283.18	
Total accounts payable and others	182,283.18	0.00

Note 3: Donation as cash contributions

Lidhja Demokratike e Kosovës has not received any donations or cash contributions for the period 28 May 2014 until 06 June 2014.

Note 4: Contributions in kind / goods and services

Description of goods/services	Accepted by			Date of contribution	Amount
	Contributors	Address	ID number		In Euro
Observers			Specification	08.06.2016	23,880.00
Total Contributions in kind / goods and services					23,880.00

Note 5: Expenses

Expenses	Expenses in Euro	Payment in Euro	Outstanding amount in Euro
Wages and salaries			
Net wages and salaries	44,278.00	44,278.00	
Payments to observers			
Pension contributions of the employee			
Pension contributions of the employer			
Personal Tax income	4,919.78	4,919.78	
Other benefits			
Total	49,197.78	49,197.78	0.00
Transportation expenses			
Borrowed motorized vehicles	3,330.00	3,330.00	0.00
Fuels	22,949.39	18,949.39	4,000.00
Airplane/bus/train/taxi etc. tickets			0.00
Car insurance and maintenance			0.00
Any other transportation expenses	695.00	695.00	0.00
Total transportation expenses	26,974.39	22,974.39	4,000.00
Advertising, representation and conferences			

Lidhja Demokratike e Kosovës

Notes on Campaign Financial Disclosure Report

Extraordinary National Elections 28 May 2014 Until 6 June 2014

Premises	6,215.93	1,490.00	4,725.93
Food	64,423.32	64,423.32	0.00
Cultural and recreation activities			0.00
Radio and TV advertisements	149,408.20	94,686.20	54,722.00
Newsstands and newspaper advertisements	45,853.00	39,960.00	5,893.00
Other advertising, representation and conferences expenses	114,276.31	12,216.31	102,060.00
Total advertising, representation and conferences expenses	380,176.76	212,775.83	167,400.93
Purchase of goods			
Supply of office	1,895.99	1,213.74	682.25
Small equipment			0.00
Total purchase of goods	1,895.99	1,213.74	682.25
General expenses			
Rent of office space	1,230.92	1,230.92	0.00
Telephone, internet and mail			0.00
Electricity and other utilities (water and waste)	10,200.00		10,200.00
Expenses related to in-kind contributions / goods and services	23,880.00	////////////////////	
Total general expenses	35,310.92	1,230.92	10,200.00
Other expenses			

Lidhja Demokratike e Kosovës*Notes on Campaign Financial Disclosure Report**Extraordinary National Elections 28 May 2014 Until 6 June 2014*

Maintenance of office space and equipment			
Expenses not included in any other category			
Total other expenses			
Total expenses	493,555.84	287,392.66	182,283.18

Note 6: Payments over 5,000.00 Euro

Description	Paid to:			Date of payment	Amount
	Natural/Legal Person	Address	ID Number		
Campaign video clips	Butterfly			28.05.2014	23,200.00
Advertising and transporting materials as well as beverages	Erpo Print			Specification	5,050.00
Advertising in newspaper portals	Indeks Online			22.05.2014	5,000.00
Campaign video clips	JMP			05.06.2014	5,000.00
Campaign video clips	Klan TV			18.06.2014	7,219.00
Media and monitoring services	KosovaIn.Eu			Specification	10,000.00

Lidhja Demokratike e Kosovës*Notes on Campaign Financial Disclosure Report**Extraordinary National Elections 28 May 2014 Until 6 June 2014*

Advertising in newspaper portals	KosovaIn.Eu			Specification	5,000.00
Campaign video clips	KTV			Specification	39,627.00
Fuels and beverages	Mani-Petrol			Specification	5,301.95
Advertising in newspaper portals	Media Works			Specification	10,000.00
Campaign video clips	RTK			Specification	12,757.00
Beverages	Univers			Specification	11,220.00
Total payments over 5,000.00 Euro					139,374.95