



KLUBI I PRODHUESVE TË KOSOVËS  
KOSOVO MANUFACTURING CLUB

# **KLUBI I PRODHUESVE**

Independent Auditor's Report and Individual Financial Statements  
for the year ended December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

### To the Management of Klubi i Prodhuesve

#### ***Opinion***

We have audited the accompanying financial statements of Klubi i Prodhuesve, which comprise the statement of financial position as at December 31, 2019 and the statement of profit or loss, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Klubi i Prodhuesve as of December 31, 2019, results of its operation and the cash flow for the year then ended in conformity with International Financial Reporting Standards.

#### ***Basis for 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 Project financial report section of our report. We are independent of the Business in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.

#### ***Responsibilities of Management and those charged with Governance for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the company's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Company or Interrupt the operation, or there is no other possible alternative than to do it. Those charged with governance are responsible for overseeing the Company'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 total, 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 skepticism 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.


  
ACA – Audit & Consulting Associates  
Armend Osaj- Statutory Auditor  
Prishtine, Kosove  
September, 2020



**KLUBI I PRODHUESVE**  
**Statement of Financial Position**  
**For the year ended December 31, 2019**

ASSETS	Notes	31-Dec-19 (in EUR)	31-Dec-18 (in EUR)
<b>Non-current assets</b>			
Property and equipment	3	17,238	6,828
Total non-current assets		<u>17,238</u>	<u>6,828</u>
<b>Current assets</b>			
Accounts receivable	4	27,317	30,667
Other receivable		581	581
Prepayments		1,700	1,700
Cash and bank balances	5	33,184	62,493
Total current assets		<u>62,782</u>	<u>95,440</u>
<b>TOTAL ASSETS</b>		<u><b>80,020</b></u>	<u><b>102,268</b></u>
<b>LIABILITIES AND RESERVES</b>			
<b>Current liabilities</b>			
Accounts payable	6	19,308	26,264
Tax liabilities	7	1,138	1,727
Total current liabilities		<u>20,446</u>	<u>27,991</u>
<b>Non-current liabilities</b>			
<b>Equity</b>			
Capital		-	-
Net Surplus from the previous year		74,277	27,488
Prior period adjustments		-	854
Net Surplus / (Deficit) for the year		(14,704)	45,936
Total equity		<u>59,574</u>	<u>74,277</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>80,020</b></u>	<u><b>102,268</b></u>

The financial statements have been signed on September 2020 by:

  
**Astit Panxha**  
**Executive Director**

The accompanying notes from 1 to 15 form an integral part of these financial statements

**KLUBI I PRODHUESVE**  
**Statement of Profit or Loss**  
**For the year ended December 31, 2019**

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	Notes	Year ended December 31, 2019 (in EUR)	Year ended December 31, 2018 (in EUR)
<b>Income</b>			
Income	8	127,919	203,280
Income from Grants	9	137,300	24,500
<b>Total Income</b>		<b>265,219</b>	<b>227,780</b>
<b>Expenditure</b>			
Administrative Expenses	10	46,592	58,683
Programme Expenses	11	48,656	33,411
Salaries and Benefits	12	82,944	86,802
Expenses for projects	13	93,908	-
Depreciation Expense		2,969	2,671
Other operating Expenses		4,854	278
<b>Total expenditure</b>		<b>279,923</b>	<b>181,844</b>
<b>Profit before tax</b>		<b>(14,704)</b>	<b>45,936</b>
Tax 10%		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>(14,704)</b>	<b>45,936</b>

The accompanying notes from 1 to 15 form an integral part of these financial statements

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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	<b>Retained surplus (in EUR)</b>	<b>Total Reserves (in EUR)</b>
<b>Balance as at January 1, 2018</b>	<u>27,488</u>	<u>27,488</u>
Net deficit/surplus for the year ended December 31, 2018	45,936	45,936
Prior Perion Correction	854	
<b>Balance as at December 31, 2018</b>	<u><b>74,277</b></u>	<u><b>74,277</b></u>
<b>Balance as at January 1, 2019</b>	<u>74,277</u>	<u>74,277</u>
Net deficit/surplus for the year ended December 31, 2019	(14,704)	(14,704)
Prior Perion Correction	-	
<b>Balance as at December 31, 2019</b>	<u><b>59,574</b></u>	<u><b>59,574</b></u>

The accompanying notes from 1 to 15 form an integral part of these financial statements

**KLUBI I PRODHUESVE**  
**Statement of Cash Flows**  
**For the year ended December 31, 2019**

	Year ended December 31, 2019 (in EUR)	Year ended December 31, 2018 (in EUR)
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the period	(14,704)	45,936
Prior period adjustments	-	854
Adjustment for:		
Depreciation	2,969	2,671
Change in receivables	3,350	(6,050)
Change in prepayments	-	(1,700)
Change in payables	(6,956)	(1,142)
Change in tax liabilities	(589)	(575)
<b>Net cash from operating activities</b>	<b>(15,930)</b>	<b>39,993</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(13,379)	(666)
<b>Net cash used in investing activities</b>	<b>(13,379)</b>	<b>(666)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(29,309)</b>	<b>39,327</b>
Cash and cash equivalents at 1 January	62,493	23,166
<b>Cash and cash equivalents at 31 December</b>	<b>33,184</b>	<b>62,493</b>

The accompanying notes from 1 to 15 form an integral part of these financial statement



**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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**1. INTRODUCTION**

The main purposes of the Club are to develop forums and meetings that promote discussion and cooperation between members and state institutions for the development of the production sector, organize activities in cooperation with state and private institutions in order to empower and promote Made in Kosova products, to raise awareness among citizens about the positive role that domestic product consumption plays in the economic development of the country The Kosovo

Manufacturers' Club operates and carries out activities on four basic pillars:

Advocacy, through which the Club aims to influence relevant institutions to advance and improve policies towards local producers. Cooperation with all relevant stakeholders, the Club will be very active in developing a cooperative spirit with all stakeholders for issues related to local producers. Promotion of Made in Kosovo products both inside and outside the country. Consciousness and consumer protection, the Club aims through various activities to increase consumer awareness of the importance of domestic consumer consumption and at the same time to develop consumer protection mechanisms.

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of measurement**

Financial Statements are prepared for reporting purposes in accordance with applicable laws of Kosovo, and represent the entire picture of economic events that occurred in “Klubi i Prodhuesve” during 2019.

**2.2 Currency of presentation**

The functional currency of the “Klubi i Prodhuesve” is the European Union currency unit Euro (“EUR”). The business financial statements are presented in Euro.

**2.3 Significant accounting policies**

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

**2.3.1 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at banks and in operating accounts at banks with an original maturity of three months or less.

**2.3.2 Account Receivables**

The account receivables are recorded in the assets side of Balance sheet in the value as they are invoices, and they represent the amount due to “Klubi i Prodhuesve”.

**2.3.3 Property and equipment**

“Klubi i Prodhuesve” has the policy to present all purchased equipments in statement of revenue and expenditure. Therefore they are not capitalized nor are depreciated. “Klubi i Prodhuesve” keeps and continuously updates a list of its assets.

**2.3.4 Revenue recognition**

Revenues from grants are recognized as income on a straight-line basis over the period of the operation.

**2.3.5 Expenses recognition**

Expenses incurred for generation incomes are recognized in that period with the historical costs.

**2.3.6 Taxation**

The “Klubi i Prodhuesve” was established as a non-profit organization and works under Kosovo Regulations for Non Governmental Organizations no. 04/L-043.

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**3. PROPERTY, PLANT AND EQUIPMENT**

	<u>Equipment</u>	<u>IT Equipment</u>	<u>Total</u>
At 1 January 2018	8,011	5,055	13,066
Additions	267	399	666
Disposals	-	-	-
<b>At 31 December 2018</b>	<b><u>8,278</u></b>	<b><u>5,454</u></b>	<b><u>13,732</u></b>
At 1 January 2019	8,278	5,454	13,732
Additions	-	13,379	13,379
Disposals	-	-	-
<b>At 31 December 2019</b>	<b><u>8,278</u></b>	<b><u>18,833</u></b>	<b><u>27,111</u></b>
<b><i>Accumulated depreciation</i></b>			
At 1 January 2018	3,344	889	4,233
Depreciation charge for the year	1,633	1,038	2,671
Disposals	-	-	-
<b>At 31 December 2018</b>	<b><u>4,977</u></b>	<b><u>1,927</u></b>	<b><u>6,904</u></b>
At 1 January 2019	4,977	1,927	6,904
Depreciation charge for the year	1,656	1,314	2,969
Disposals	-	-	-
<b>At 31 December 2019</b>	<b><u>6,633</u></b>	<b><u>3,240</u></b>	<b><u>9,873</u></b>
<b><i>Carrying amount</i></b>			
<b>At 31 December 2018</b>	<b><u>3,301</u></b>	<b><u>3,527</u></b>	<b><u>6,828</u></b>
<b>At 31 December 2019</b>	<b><u>1,645</u></b>	<b><u>15,593</u></b>	<b><u>17,238</u></b>

**4. ACCOUNTS RECEIVABLE**

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Receivables	<u>27,317</u>	<u>30,667</u>
<b>Total Receivables</b>	<b><u>27,317</u></b>	<b><u>30,667</u></b>

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**5. CASH AND BANK BALANCES**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Cash in hand	249	28
Cash at banks	32,935	62,465
<b>Total Cash and Bank Balances</b>	<b>33,184</b>	<b>62,493</b>

During this period, the "Klubi i Prodhuesve" had two bank accounts opened at ProCredit Bank Kosovo and three BKT accounts.

**6. ACCOUNTS PAYABLE**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Accounts payable	16,856	23,215
Rent payable	1,700	1,800
Salaries payable	-	118
Other	752	1,131
<b>Total accounts payable</b>	<b>19,308</b>	<b>26,264</b>

**7. TAX LIABILITIES**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Withheld tax	580	896
Tax on profit payable	410	-
Rent tax payable	148	148
<b>Total Tax Liabilities</b>	<b>1,138</b>	<b>1,727</b>

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**8. INCOME**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Financial Support	-	5,000
Ticket sales	-	6,800
Income from Membership	48,000	99,500
Income from Donations	48,379	23,450
Income from Sponsors	31,540	18,780
Income from Subsidies	-	49,750
<b>Total Income</b>	<b>127,919</b>	<b>203,280</b>

**9. INCOME FROM GRANTS**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Cardno Emerging Markets USA	127,300	24,500
Giz	10,000	-
<b>Total Income from Grants</b>	<b>137,300</b>	<b>24,500</b>

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**10. ADMINISTRATIVE EXPENSE**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Communication (internet, telephone)	3,305	2,845
Fuel	440	336
Donation - House Construction	-	12,610
Rent	19,780	18,681
Office Supplies	682	1,021
Insurance	1,725	108
Utilities	2,177	2,403
Bank charge	574	414
Advertising expenses	686	12,626
Rent a car expenses	2,363	1,780
Training Costs	-	713
Web, Hosting, Domain	720	1,320
Legal services	3,540	355
Accounting services	1,416	1,416
Professional services-other	1,180	1,180
Ambient Deccor expenses	7,335	-
Other	670	875
<b>Total administrative expenses</b>	<b>46,592</b>	<b>58,683</b>

**11. PROGRAMME EXPENSE**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Translation	-	710
Flight tickets	2,878	1,393
Printing	14,120	4,428
Conference, Convention, Meeting	7,132	113
Travel	3,861	1,240
Salaries	7,031	3,675
Representation costs	3,704	8,307
Gratitude	20	30
Hall rental	2,365	200
Shooting expenses	2,520	1,413
Other	5,025	11,901
<b>Total Programme expenses</b>	<b>48,656</b>	<b>33,411</b>

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**12. SALARIES AND BENEFITS**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Gross salary	78,994	82,668
Withheld tax	3,950	4,133
<b>Total salaries and benefits</b>	<b>82,944</b>	<b>86,802</b>

**13. EXPENSES FOR PROJECTS**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
<b>Expenses for projects</b>		
Subsidies for companies / payments for interns	89,408	-
Different rental uses	4,500	-
<b>Total salaries and benefits</b>	<b>93,908</b>	<b>-</b>

**KLUBI I PRODHUESVE**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2019**

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**14. RELATED PARTY DISCLOSURE**

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form

**15. RISK MANAGEMENT**

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. "Klubi i Prodhuesve" is not exposed to any credit risk during 2019.

***Interest rate risk***

The "Klubi i Prodhuesve" currently is not exposed to the interest rate risk.

***Foreign exchange risk***

The "Klubi i Prodhuesve" is not exposed to foreign exchange risk as transactions are undertaken all in local currency. Management monitors and sets limits on the level of such exposure by currency and in total. The "Klubi i Prodhuesve" does not speculate in or engage in the trading of derivative financial instruments.

***Liquidity risk***

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The "Klubi i Prodhuesve" is committed monitor its liquidity on a periodic basis in order to manage its obligations as and when they shall become due.

***Fair value of financial instruments***

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.