



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, 2020

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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, 2020 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, 2020, results of its operation and the cash flow for the year then ended in conformity with actual laws.

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 organization'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 Organization or Interrupt the operation, or there is no other possible alternative than to do it.

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

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 Organization'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 Organization'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 Organization 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.

Armend Osaj- Statutory Auditor
ACA – Audit & Consulting Associates
Pristina, Kosovo
March, 2021



KLUBI I PRODHUESVE
Statement of Financial Position
For the year ended December 31, 2020

	Notes	31-Dec-20 (In EUR)	31-Dec-19 (In EUR)
ASSETS			
Non-current assets			
Property and equipment	3	23,339	17,238
Total non-current assets		23,339	17,238
Current assets			
Accounts receivable	4	45,087	27,317
Other receivables		581	581
Prepayments		3,746	1,700
Cash and bank balances	5	27,689	33,184
Total current assets		77,102	62,782
TOTAL ASSETS		100,441	80,020
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable	6	63,275	19,308
Tax liabilities	7	1,144	1,138
Total current liabilities		64,420	20,446
Equity			
Capital		-	-
Net Surplus from the previous year		59,574	74,277
Prior period adjustments		-	-
Net Surplus / (Deficit) for the year		(23,552)	(14,704)
Total equity		36,021	59,574
TOTAL LIABILITIES AND EQUITY		100,441	80,020

The financial statements have been signed on March 2021 by:



Emine Peci Mahmuti
 Financial Officer

The accompanying notes from 1 to 14 form an integral part of these financial statements

KLUBI I PRODHUESVE
Statement of Profit or Loss
For the year ended December 31, 2020

	Notes	Year ended December 31, 2020 (in EUR)	Year ended December 31, 2019 (in EUR)
Income			
Income	8	135,953	127,919
Income from Grants	9	16,000	137,300
Total Income		151,953	265,219
Expenditure			
Administrative Expenses	10	82,338	46,592
Program Expenses	11	11,804	48,656
Salaries and Benefits	12	74,883	82,944
Expenses for projects	13	700	93,908
Depreciation Expense		5,109	2,969
Other operating Expenses		672	4,854
Total expenditure		175,506	279,923
Profit before tax		(23,552)	(14,704)
Tax 10%		-	-
Net Surplus / (Deficit) for the year		(23,552)	(14,704)

The accompanying notes from 1 to 14 form an integral part of these financial statements

KLUBI I PRODHUESVE
Statement of Changes in Net Assets
For the year ended December 31, 2020

	Equity (in EUR)	Retained Surplus (in EUR)	Total Equity (in EUR)
Balance as at January 1, 2019	-	74,277	74,277
Net deficit/surplus for the year ended December 31, 2019	-	(14,704)	(14,704)
Prior Perion Correction	-	-	-
Balance as at December 31, 2019	<u>-</u>	<u>59,574</u>	<u>59,574</u>
Balance as at January 1, 2020	-	59,574	59,574
Net deficit/surplus for the year ended December 31, 2020	-	(23,552)	(23,552)
Prior Perion Correction	-	-	-
Balance as at December 31, 2020	<u>-</u>	<u>36,021</u>	<u>36,021</u>

The accompanying notes from 1 to 14 form an integral part of these financial statements

KLUBI I PRODHUESVE
Statement of Cash Flows
For the year ended December 31, 2020

	Year ended December 31, 2020 (in EUR)	Year ended December 31, 2019 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	(23,552)	(14,704)
Prior period adjustments	-	-
Adjustment for:		
Depreciation	5,109	2,969
Change in receivables	(17,770)	3,350
Change in prepayments	(2,046)	-
Change in payables	43,968	(6,956)
Change in tax liabilities	6	(589)
Net cash from operating activities	5,715	(15,930)
Cash flows from investing activities		
Acquisition of property and equipment	(11,210)	(13,379)
Net cash used in investing activities	(11,210)	(13,379)
Net increase in cash and cash equivalents	(5,495)	(29,309)
Cash and cash equivalents at 1 January	33,184	62,493
Cash and cash equivalents at 31 December	27,689	33,184

The accompanying notes from 1 to 14 form an integral part of these financial statements

KLUBI I PRODHUESVE
Notes to the Financial Statements
For the year ended December 31, 2020

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 year ended December 31, 2020

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements for the Organization have been prepared on a cash basis for revenue and expenditure. The basics of measurement are described in more detail in the accounting policies set out below.

2.2 Currency of presentation

The functional currency of the Organization is the European Union currency unit Euro ("EUR"). The business financial statements are presented in Euro.

2.3 Foreign currency exchange

Foreign currency transactions are exchanged into the functional currency using the exchange rates existing at the dates of the transactions. Foreign currency gains and losses arising from the adjustment of transactions such as the re-measurements of monetary items at the end of the year exchange rates are presented as profit or loss.

2.4 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment of the business are stated in the statement of financial position with the value of the purchased date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Equipments are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the declining balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the sale or disposal of an asset is defined as the difference between the proceeds of the sale and the carrying amount of an asset and is therefore recognized in profit or loss in the income statement.

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Notes to the Financial Statements
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(ii) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method of cost allocation or cost considered at their residual value over their useful lives as follows:

Buildings	20 years
Equipment and machinery	10 years
Other non-current assets	5 years

2.5 Trade receivables

Trade receivables are initially recognized at fair value and then carried at cost less provisions, if any. A provision is recognized when there is objective evidence that the Organization will not be able to collect all appropriate amounts under the original receivables terms. Examples of objective evidence may be the client's financial difficulties, the high probability that the client will go bankrupt, and the constant delays in payments.

2.6 Other receivables

Other accounts receivable include prepayments and other current assets. Prepayments are kept at cost less commission if any. A prepayment is classified as long-term when goods or services related to the prepayment are expected to be received after one year.

2.7 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 bank and in operating accounts at bank with an original maturity of three months or less.

2.8 Trade payables

The amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the business or not.

2.9 Contractual obligations

Contractual obligations represent the obligation of the organization to transfer goods or services to a customer and are recognized when a customer pays the consideration, or when the organization recognizes a receivable in order to reflect its unconditional right to review before the Organization have transferred goods or services to the customer.

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Notes to the Financial Statements
For the year ended December 31, 2020

2.10 Taxes

The organization was established as a non-governmental organization, therefore it has responsibilities and operates as an NGO under the applicable laws of Kosovo.

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents the amount receivable for products sold or services provided in the ordinary course of business, net of customer returns, deductions and sales taxes.

2.12 Financial costs

Expenses incurred are recognized in the relevant period on a cash basis

2.13 Contingencies and provisions

Contingent liabilities are not recognized in financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

As at December 31, 2020, there are no contingent liabilities that require disclosure in the financial statements of the business. A provision is recognized if the business has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

2.17 Employee benefits

The Organization, in the normal course of business, makes payments to the State budget of on behalf of its employees. The majority of the Organization's employees are members of the State pension plan. All such contributions to the mandatory government pension schemes are expensed when incurred. The Organization does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions.

In addition, the Organization has no material obligations to provide further benefits to current and former employees.

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Notes to the Financial Statements
For the year ended December 31, 2020

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Equipment</u>	<u>IT Equipment</u>	<u>Software</u>	<u>Total</u>
At 1 January 2019	8,278	5,454	-	13,732
Additions	-	13,379	-	13,379
Disposals	-	-	-	-
At 31 December 2019	8,278	18,833	-	27,111
At 1 January 2020	8,278	18,833	-	27,111
Additions	-	-	11,210	11,210
Disposals	-	-	-	-
At 31 December 2020	8,278	18,833	11,210	38,321
<i>Accumulated depreciation</i>				
At 1 January 2019	4,977	1,927	-	6,904
Depreciation charge for the year	1,656	1,314	-	2,969
Disposals	-	-	-	-
At 31 December 2019	6,633	3,240	-	9,873
At 1 January 2020	6,633	3,240	-	9,873
Depreciation charge for the year	1,286	3,636	187	5,109
Disposals	-	-	-	-
At 31 December 2020	7,919	6,876	187	14,982
<i>Carrying amount</i>				
At 31 December 2020	359	11,957	11,023	23,339
At 31 December 2019	1,645	15,593	-	17,238

4. ACCOUNTS RECEIVABLE

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Receivables	45,087	27,317
Total Receivables	45,087	27,317

KLUBI I PRODHUESVE
Notes to the Financial Statements
For the year ended December 31, 2020

5. CASH AND BANK BALANCES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Cash in hand	222	249
Cash at banks	27,467	32,935
Total Cash and Bank Balances	27,689	33,184

6. ACCOUNTS PAYABLE

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Accounts payable	54,951	16,856
Rent payable	7,300	1,700
Other	1,025	752
Total Accounts Payable	63,275	19,308

7. TAX LIABILITIES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Pension contributions	574	580
Salary tax payable	412	410
Rent tax payable	158	148
Total Tax Liabilities	1,144	1,138

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8. INCOME

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Income from Membership	60,000	48,000
Income from Donations	57,089	48,379
Income from Sponsors	9,500	31,540
Other Income	9,364	-
Total Income	135,953	127,919

9. INCOME FROM GRANTS

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Cardno Emerging Markets USA	-	127,300
Giz	10,000	10,000
EYE (Enhancing Youth Employment)	6,000	-
Total Income from Grants	16,000	137,300

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10. ADMINISTRATIVE EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Communication (internet, telephone)	3,018	3,305
Fuel	1,527	440
Rent	20,330	19,780
Office Supplies	1,234	682
Insurance	-	1,725
Utilities	1,298	2,177
Bank charge	579	574
Advertising expenses	882	686
Rent a car expenses	-	2,363
Web, Hosting, Domain	272	720
Legal services	-	3,540
Accounting services	1,416	1,416
Professional services-other	1,180	1,180
Ambient Decor expenses	-	7,335
Campaign Besa for Kosovo	47,415	-
Other	3,188	670
Total administrative expenses	82,338	46,592

11. PROGRAM EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Translation	860	-
Flight tickets	-	2,878
Conference, Convention, Meeting	1,671	14,120
Printing	446	7,132
Travel	967	3,861
Salaries	825	7,031
Representation costs	2,819	3,704
Gratitude	-	20
Hall rental	472	2,365
Shooting expenses	-	2,520
Design & Animation	1,100	-
Other	2,644	5,025
Total Program expenses	11,804	48,656

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Notes to the Financial Statements
For the year ended December 31, 2020

12. SALARIES AND BENEFITS

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Gross salary	71,317	78,994
Pension contributions	3,566	3,950
Total salaries and benefits	74,883	82,944

13. EXPENSES FOR PROJECTS

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Subsidies for companies / payments for interns	-	89,408
Different rental uses	700	4,500
Total expenses for projects	700	93,908

14. SUBSEQUENT EVENTS

COVID-19

The period of several months of closure of the organization or reduction of activities may have an effect on the operations of the organization in the future.

At the time of preparation of the audit report, the organization has continued operations and has been able to meet its obligations, therefore the report is prepared using the basis of continuity.