



Financial Statements and Independent Auditor's Report

Kosovo Association of Information and  
Communication Technology ("STIKK")

31 December 2017

**Kosovo Association of Information and Communication Technology  
("STIKK")**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>Independent Auditor's Report</b>	<b>1</b>
<b>Statement of financial position</b>	<b>3</b>
<b>Statement of profit and loss</b>	<b>4</b>
<b>Statement of cash flows</b>	<b>5</b>
<b>Notes to the financial statements</b>	<b>6</b>

## Independent Auditor's Report

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To the Owners and Management of  
Kosovo Association of Information and Communication Technology ("STIKK")

### *Opinion*

We have audited the accompanying financial statements of Kosovo Association of Information and Communication Technology ("Association" or "STIKK"), which comprise the Statement of the financial position as of 31 December 2017, and the Statement of profit and loss and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kosovo Association of Information and Communication Technology ("STIKK") as of 31 December 2017, and its financial performance and its cash flows for the year then ended, in accordance with the accounting policies and procedures as disclosed in Note 3 to the accompanying financial statements.

### *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 Financial Statements section of our report. We are independent of STIKK in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of STIKK in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 the financial statements in accordance with the basis of accounting as described in Note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that is free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing STIKK'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 STIKK or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing STIKK'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 is 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 International Standards on Auditing 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 STIKK's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 STIKK'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 STIKK to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*Grant Thornton LLC*  
Grant Thornton LLC  
Prishtina, Kosovo  
12 April 2018

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Statement of financial position**

**For the year ended December 31, 2017**

	Notes	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	955	15,013
Account receivables	5	7,635	13,483
VAT Receivables	6	-	5,070
<b>Total Current Assets</b>		<b>8,590</b>	<b>33,566</b>
<b>Non-current assets</b>			
Fixed Assets	7	24,369	32,498
<b>Total Non-current Assets</b>		<b>24,369</b>	<b>32,498</b>
<b>Total Assets</b>		<b>32,959</b>	<b>66,064</b>
<b>Liabilities</b>			
Payables	8	38,669	37,569
Deferred revenue	9	1,698	35,517
<b>Total Liabilities</b>		<b>40,367</b>	<b>73,086</b>
Capital fund		24,369	32,498
STIKK fund		(31,777)	(39,520)
<b>Fund balance</b>	12	<b>(7,408)</b>	<b>(7,022)</b>
<b>Total liabilities and fund balance</b>		<b>32,959</b>	<b>66,064</b>

These financial statements have been approved by the Management of the Organization on 05 April 2018 and signed on its behalf by:

  
\_\_\_\_\_  
**Ms. Vjollca Cavolli**  
Executive Director

  
\_\_\_\_\_  
**Ms. Hana Ahmeti**  
Finance manager

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

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Statement of profit and loss**

**For the year ended December 31, 2017**

	Notes	Year ended December 31 2017 (in EUR)	Year ended December 31 2016 (in EUR)
<b>Income</b>			
Donors	10	175,134	266,895
STIKK	10	64,031	55,501
<b>Total Income</b>		<b>239,165</b>	<b>322,396</b>
<b>Expenses</b>			
Program expenses	11	(219,414)	(269,765)
Administrative costs	11	(12,008)	(18,810)
Capital expenditures in fixed assets	11	-	(36,567)
Depreciation	11	(8,129)	(8,129)
<b>Total Expenses</b>		<b>(239,551)</b>	<b>(333,271)</b>
<b>Net (deficit) for the year</b>		<b>(386)</b>	<b>(10,875)</b>

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

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Statement of cash flows**

**For the year ended December 31, 2017**

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	Year ended December 31 2017	Year ended December 31 2016
	Notes	
<b>Cash Flow from Operating activities</b>		
(Deficit) for the year	(386)	(10,875)
<b>Adjustments for:</b>		
Depreciation	8,129	8,129
The Increase/Decrease in Accounts Receivable	5,848	13,813
The Increase/Decrease in other Accounts Receivable	-	140
The Increase/Decrease in Prepayments	-	200
The Increase/Decrease in Accounts Payable	1,100	26,590
The Increase/Decrease in Deferred Revenues	(33,819)	(184,717)
The Increase/Decrease in VAT	5,070	(5,070)
<b>Net Cash Flow (use in) Operating Activities</b>	<b>(14,058)</b>	<b>(151,790)</b>
<b>Cash From Investing Activities</b>		
Payments for purchase of Property and Equipment	-	(36,567)
<b>Net Cash Flow from Investing Activities</b>	<b>-</b>	<b>(36,567)</b>
<b>Cash From Financing Activities</b>		
The Increase/Decrease in Organization funds	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Increase/Decrease in Cash and Cash Equivalents</b>	<b>(14,058)</b>	<b>(188,357)</b>
Cash and cash equivalents in the beginning of the year	15,013	203,370
<b>Cash and cash equivalents in the end of the year</b>	<b>955</b>	<b>15,013</b>

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

# Kosovo Association of Information and Communication Technology ("STIKK")

## Notes to the Financial Statements

For the year ended December 31, 2017

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### 1. GENERAL

Kosovo Association of Information and Communication Technology - STIKK founded and registered as NGO, according to the Law for free association No. 03 / L-134, on 08 November 2008 with registration Number 5112067-1. STIKK's fiscal number is 600086814 taken on 05 November 2009 and VAT (Value Added Tax) number 330157885.

The organization is domiciled in Rexhep Mala 28A (Building of ICK) Pristina Kosovo, in Prishtina, Kosovo and had 6 employees in full time (6 average during 2015) as of 31 December 2015.

#### The founders of the Association are:

#	Name	Company
1	Enver Doko	Comtrade Computers
2	Driton Hapçiu	Cactus
3	Visar Dobroshi	IPKO Telecommunication
4	Durmishali Smani	Elting Electronics
5	Enver Konjuhi	Data Com
6	Valon Budima	Pronet

#### Members of the Executive Board are:

#	Name	Company	Position in the Board
1	Mentor Sahiti	Adaptivit	President
2	Dardan Vokshi	INET	Vice-President
3	Vigan Budima	Asseco SEE	Member
4	Leutrim Blakaj	Zetta Technologies	Member
5	Ermal Sadiku	LinkPlus IT	Member
6	Zana Tabaku	Appdec	Member
7	Arben Ymeraga	Melita & Partners	Member
8	Illir Gorani	AVC Group	Member
9	Argjent Nela	ITEG	Member



# **Kosovo Association of Information and Communication Technology ("STIKK")**

## **Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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### **STIKK is founded to:**

- promote the joint and convergent Interests of the businesses of Information and communication technologies in Kosovo, and the professional individuals.
- help in long growth of the businesses of Information and communication technologies in Kosovo.
- upgrade the environment of the businesses of Information and communication technologies in Kosovo.
- promote the contribution of the Information and communication technologies in economic progress and growth in Kosovo.
- intends to be part of the development and Implementation of the policies In Kosovo by helping the Government and Kosovo Institutions in understanding the trend of actual and future technologies and to see how the technologies can contribute to the economic growth of Kosovo.

The governing bodies of the NGO are: Assembly of NGO, Board of Directors and Executive Director.

Assembly is the highest body of the NGO that is gathered once per year. Board has the regular meetings every three months. The board decides about the policies and activities of the STIKK. Assets, revenues and the profit of the organization will be used to support the organizations non-profitable targets and activities, no asset, revenue or profit will be used to create special Individual benefits.

### **STIKK main activities during year 2017**

During 2017, STIKK has held these activities, which are in accordance with its objectives:

#### **Objective 1:**

Signing of agreement with Ministry of Trade and Industry for usage of an object in Bernica for Tech Park Prishtina.

#### **Objective 2:**

Trainings regarding the STIKK Education training programme, and trainings and workshop regarding the CBC project.

#### **Objective 3:**

KosICT 2017 Tech Festival, workshops of the Export Promotion Service & Business Opportunities, B2B events in other countries.

#### **Objective 4:**

Promoting the Kosovo ICT sector as driver for economic growth, employment and innovation - GIZ project

#### **Objective 5:**

Blood donation (February, June, October 2017).

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**2. MAJOR PROJECTS IMPLEMENTED DURING THE PERIOD OF THIS FINANCIAL STATEMENTS**

In 2017, STIKK has accepted funds for projects from donors, as further explaining in this table:

<b>Donor</b>	<b>Implementation Period</b>	<b>Amount</b>
<b>Project: Promoting the Kosovo ICT sector as Driver for economic growth, employment and Innovation</b>		
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany	07.06.2017 – 31.03.2018	139,116.65 €
Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany Throught Youth, Employment and Skills (YES)	04.07.2016 – 10.05.2018	18,304.85 €
Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany	15.06.2017 – 15.07.2017	2,300.00 €

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**2.1 Major Projects Implemented**

**Project:** Promoting the Kosovo ICT sector as driver for economic growth, employment and innovation  
**Donors:** 1. GIZ

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**3. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Basis of preparation**

The financial statements are prepared in accordance with the concept of historical cost convention. Measurement basis of each type of asset, liability, revenue and expense are described in details within this Note.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are based on the information available as at the date of the financial statements and actual results could differ from those estimates.

These financial statements are prepared as at and for the years ended 31 December 2017 and 2016. Current and comparative data stated in these financial statements are expressed in Euros, which is STIKK's functional and reporting currency, unless otherwise stated.

**3.2 Fixed assets**

Fixed assets, consisting mainly of computers, office furniture and equipment, are carried at cost, or fair value for purchased or donated assets, less accumulated depreciation and provision for impairment where required. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the statement of profit and loss. The estimated recoverable amount is the higher of an assets' net selling price and its value-in-use.

The cost or fair value of purchased or donated property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use.

Depreciation is charged on a straight – line basis calculated to write off the recorded cost or fair value or property and equipment over their 5-year estimated useful lives. Leasehold improvements are depreciated with shorter period from the rent period and estimated useful life of the assets, unless it is probable that ownership rights will be transferred to STIKK at the end of the rent period.

# Kosovo Association of Information and Communication Technology ("STIKK")

## Notes to the Financial Statements (continued)

For the year ended December 31, 2017

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### 3.3 Accounts receivable and other

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is recognized when there is objective evidence that the STIKK will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Individually significant debtors are tested for impairment on an individual basis. The remaining debtors are assessed collectively in groups that share similar credit risk characteristic.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Assets with a short maturity are not discounted. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of profit and loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognized as current income in the statement of profit and loss.

### 3.4 Impairment losses

#### *Financial assets carried at amortised cost*

The STIKK assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the STIKK about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the STIKK, including:
  - Adverse changes in the payment status of issuers or debtors in the group; or
  - National or local economic conditions that correlate with defaults on the assets in the group.

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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The STIKK first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss. If loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the STIKK may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

**3.5 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.

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**3.6 Revenue and expense recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognized as follows:

*Rendering of services*

Sales of services are recognised in the period in which services are rendered, by reference to the stage of completion when can be measured reliably. The stage of completion is determined based on surveys of work performed.

Financial income is recognized on a time proportion basis that reflects the effective yield on the assets.

Financial expense comprise of interest expense on borrowings and default interest expense on late payments. Borrowing costs are recognized in profit or loss using the effective interest method.

Operating expenses are recognized in the income statement upon utilization of the service.

**3.7 Grant income**

A grant is recognized in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that STIKK will comply with the conditions attached thereto.

Grants that compensate STIKK for expenses incurred are recognized as revenue in the profit and loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate STIKK for the cost of an asset are recognized in the profit and loss as revenue on a systematic basis over the useful life of the asset.

**3.8 Funds**

Funds are initially created by founders' contributions made in monetary and/or in kind assets carried at their fair values. Subsequently, funds are increased/decreased through additional founders' contributions, and results (surplus/deficit) from operations during the periods.

**3.9 Trade and other liabilities**

Liabilities are recognized initially at their fair value and subsequently measured at their amortized cost by applying the effective interest rate method.

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**3.10 Current and deferred income tax**

Taxation has been provided for in the financial statements in accordance with Kosovo tax regulations currently in force, Law No. 05/L-29 "On Corporate Income Tax".

The income tax charge in the statement of profit and loss for the year comprises current tax and changes in deferred tax. Current tax is calculated on the basis of the expected taxable profit for the year using the tax rates in force at the date of the statement of financial position. Taxable profit differs from profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taxes other than income taxes are recorded within operating expenses.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and STIKK intends to settle its current tax assets and liabilities on a net basis.

**3.11 Employee benefits**

STIKK makes contributions for the benefit of employees to the Kosovo Pension Saving Trust (KPST). The contributions are expensed as incurred.

**3.12 Transactions with related parties**

Related parties consist of founders and directors of STIKK, together with entities which they control, who can exert significant influence over the operations and management of the Organization. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**3.13 Events after reporting date**

Post-year-end events that provide additional information about STIKK's position at the statement of financial position (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are detailed as follows:

	December 31, 2017	December 31, 2016
<b>Procredit Bank</b>		
Main current account	24	6,486
CBC Project account	-	7,166
	<u>24</u>	<u>13,652</u>
Petty cash	931	1,361
<b>Total cash and cash equivalents</b>	<u>955</u>	<u>15,013</u>

**5. ACCOUNTS RECEIVABLES**

Receivables are detailed as follows:

	December 31, 2017	December 31, 2016
GIZ	6,102	6,000
Adaptivit	1,000	1,000
USAID Empower	-	3,728
GIZ - STA	-	2,467
Training fees	-	288
Other receivables	533	-
	<u>7,635</u>	<u>13,483</u>

**6. VAT RECEIVABLES**

During 2017 the Organization received VAT reimbursement from TAK based on the managed EU fund project.



**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**7. FIXED ASSETS**

	In EUR
<b>Cost</b>	
1 January 2016	9,838
Additions during the year	36,567
<b>31 December 2016</b>	<b>46,405</b>
1 January 2017	46,405
Additions during the year	-
<b>31 December 2017</b>	<b>46,405</b>
<b>Accumulated Depreciation</b>	
1 January 2016	5,778
Yearly depreciation	8,129
<b>31 December 2016</b>	<b>13,907</b>
1 January 2017	13,907
Yearly depreciation	8,129
<b>31 December 2017</b>	<b>22,036</b>
<b>Net</b>	
31 December 2016	32,498
<b>31 December 2017</b>	<b>24,369</b>

**Assets pledged as security**

At 31 December 2017, there are no assets, pledged as security on Organization's liabilities. All assets are used in normal course of Organization's business.

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**8. PAYABLES**

Details of payables toward suppliers as at 31 December 2017 and 2016 are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Payables towards suppliers	11,718	34,902
Payables towards donors	21,349	-
Payroll liabilities	4,728	1,472
Rent taxes	74	-
Other payables	800	1,195
	<b>38,669</b>	<b>37,569</b>

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**9. DEFERRED REVENUE**

Deferred revenue as at 31 December 2017 and 2016 is detailed as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
GIZ: Local Subsidy	1,650	-
GIZ	48	-
EUOK: CBC	-	31,426
Norwegian Embassy	-	4,091
	<b>1,698</b>	<b>35,517</b>

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**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**10. INCOME**

Funds received from donors are restricted for use in accordance with specific project agreements. The disbursed amount as pre-financing in amounts was transferred to bank accounts:

Funds received by donors are composed as follows:

	<b>2017</b>	<b>2016</b>
<b>Financed by:</b>		
GIZ	125,162	43,663
EUOK: CBC	31,426	165,918
GIZ: Local subsidy	14,455	-
Norwegian Embassy	4,091	30,903
USAID	-	25,500
Microsoft	-	911
<b>Donors</b>	<b>175,134</b>	<b>266,895</b>
<b>STIKK Income</b>	<b>64,031</b>	<b>55,501</b>
<b>Total income</b>	<b>239,165</b>	<b>322,396</b>

	<b>2017</b>	<b>2016</b>
<b>STIKK income is intended to finance the following expenses:</b>		
STIKK - Membership fees	21,910	10,140
STIKK - Training fees	5,845	7,896
STIKK - Program income	36,276	37,195
STIKK - Other	-	270
	<b>64,031</b>	<b>55,501</b>

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**11. EXPENDITURES**

**11.1 EXPENDITURES BY CLASS**

Expenditures as at 31 December 2017 and 2016 by main class are composed as follows:

	<b>2017</b>	<b>2016</b>
Salaries	58,466	101,107
Training	59,435	42,435
Promotional activities	44,432	25,051
Subgrantees	24,000	-
Consultancies	10,550	2,500
Rent and utilities	10,066	7,204
Depreciation	8,129	8,129
Interns	7,500	288
Audit	3,493	1,056
Marketing	1,850	34,874
Local and travel expenses	1,512	48,850
Communication	858	1,077
Accounting services	684	-
Bank charges	665	670
Equipment	560	768
Partner expenses	-	51,783
Legal services	-	95
Other expenses	7,351	7,384
	<b>239,551</b>	<b>333,271</b>

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**11.2 EXPENDITURES FINANCED BY DONORS AND STIKK**

Project expenses as at 31 December 2017 and 2016 by donors are composed as follows:

	<b>2017</b>	<b>2016</b>
GIZ	125,162	34,663
CBC	31,426	163,851
GIZ: Local subsidy	14,455	-
Norwegian Embassy	4,091	30,903
Microsoft	-	911
<b>Donors</b>	<b>175,134</b>	<b>230,328</b>
<b>STIKK expenses</b>	<b>64,417</b>	<b>102,943</b>
<b>Total</b>	<b>239,551</b>	<b>333,271</b>

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**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

**12. FUNDS BALANCE BY DONOR AND PROJECTS**

The fund balance by Donor and projects as at 31 December 2017 and 2016 are composed as follows:

<b>Financed by</b>	<b>Fund balance 31.12.2016</b>	<b>Funds received in 2017</b>	<b>Total funds in 2017</b>	<b>Expenses</b>	<b>Expenses in long term assets</b>	<b>Funds at 31.12.2017</b>
EUOK: CBC	31,426	-	31,426	(31,426)	-	-
Norwegian Embassy	4,091	-	4,091	(4,091)	-	-
GIZ	-	125,210	125,210	(125,162)	-	48
GIZ Local subsidy	-	16,105	16,105	(14,455)	-	1,650
<b>Deferred revenue</b>	<b>35,517</b>	<b>141,315</b>	<b>176,832</b>	<b>(175,134)</b>	-	<b>1,698</b>
<b>STIKK fund unrestricted</b>	<b>(39,520)</b>	<b>64,031</b>	<b>24,511</b>	<b>(56,288)</b>	-	<b>(31,777)</b>
Capital Fund (in Fixed Assets)	32,498	-	32,498	(8,129)	-	24,369
<b>STIKK Fund</b>	<b>(7,022)</b>	<b>64,031</b>	<b>57,009</b>	<b>(64,417)</b>	-	<b>(7,408)</b>
<b>Total Funds</b>	<b>28,495</b>	<b>205,346</b>	<b>233,841</b>	<b>(239,551)</b>	-	<b>(5,710)</b>

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**13. FINANCIAL RISK MANAGEMENT**

STIKK's activities can be exposed to a variety of financial risks, including credit risk and risks associated with the effects of changes in foreign currency exchange rates and interest rates. The STIKK's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over its business performance.

Risk management is carried out by the STIKK's Management based on certain pre – approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.

**13.1 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. STIKK is exposed to credit risk in respect of training fees and receivable from its candidates.

**13.2 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect STIKK's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

*Foreign exchange risk*

STIKK is not exposed to foreign exchange risk as transactions are undertaken in local currency. The STIKK does not speculate in or engage in the trading with derivative instruments.

**13.3 Interest rate risk**

The STIKK currently is not exposed to interest rate risk.

**13.4 Liquidity risk**

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

**13.5 Fair value of financial instruments**

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

**Kosovo Association of Information and Communication Technology  
("STIKK")**

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2017**

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**14. RELATED PARTIES**

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. Below are transactions with related parties as of and for the year ended 31 December 2017 and 2016:

31 December 2017	Receivables	Liabilities	Revenues	Costs
ICK	-	-	9,720	9,477
Key management short term benefits	-	3,311	-	50,448
	-	<b>3,311</b>	<b>9,720</b>	<b>59,925</b>

31 December 2016	Receivables	Liabilities	Revenues	Costs
ICK	-	1,714	3,000	7,557
Key management short term benefits	-	-	-	57,142
	-	<b>1,714</b>	<b>3,000</b>	<b>64,699</b>

**15. SUBSEQUENT EVENTS**

After 31 December 2017 – the reporting date until the approval of these financial statements, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.

