

**Kosovo Association of Information and
Communication Technology**

**(STIKK)
Prishtina - Kosovo**

Statement of Sources and Uses of Funds
for the period 01 January 2012 up to 31 December 2012

(with independent auditor's report thereon)
Prishtina, July 23, 2013

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N.Sh. "Balluku & Zhaveli", General

Partnership

INDEPENDENT AUDITORS' REPORT

To the Executive Director of

Kosovo Association of Information and Communication Technology (STIKK)

Prishtina - Kosovo

We have audited the accompanying statement of cash receipts and disbursement of the Kosovo Association of Information and Communication Technology (STIKK) (hereinafter: the "STIKK") Prishtina -Kosovo, for the year ended 31 December 2012.

Management's Responsibility for the Financial Report

These statements are the responsibility of the STIKK management. Our responsibility is to express an opinion on these statements based on our audit. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Organization's policy is to prepare financial report income and expenses on an accrual basis. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Auditor's Responsibility

Our responsibility is to express an opinion on this Financial Statements and Notes on Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of qualification

Opinion

In our opinion, we have been able to satisfy ourselves on the accompanying financial statements give a true and fair view of the state of the STIKK's affairs as at and of its comprehensive income for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards

Balluku&Zhaveli
Prishtina, Kosovo

Tomorr Zhaveli

Legal Auditor



Prishtina, July 23, 2013

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

Statement of Financial Position as at December 31, 2012

(amounts in Euro)

	Note	2012	2011
Assets			
Cash and cash equivalents	3	14,737	1,011
Accounts receivable	4	42,562	
Total Current assets		57,299	1,011
Property and equipment	9	1,508	4,080
Total non-current assets		1,508	4,080
Total Assets		58,807	5,090
Liabilities			
Payables	5	6,206	1,179
Deferred revenue	6	16,041	-
Total current liabilities		22,247	1,179
Fund balance		36,560	3,911
Total liabilities and fund balance		58,807	5,090

Authorized for issue by the management on 23.07.2013

Ms. Vjollca Qavolli


Executive Director

Mrs. Fatmire Asllani


Finance Manager

The accompanying notes on pages 4 to 11 form an integral part of this Statement.

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

Statement of Performance for the year ending December 31, 2012

(amounts in Euro)

	Note	2012	2011
Income	7	279,491	142,153
Total Income		279,491	142,153
Program expenses	8	(230,456)	(118,906)
Administrative expenses	8	(15,302)	(29,727)
Depreciation	8	(1,085)	(1,360)
Total Expenses		(246,843)	(149,993)
Net(deficit)/surplus for the year		32,649	(7,840)

The accompanying notes on pages 4 to 11 form an integral part of this Statement.



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

Statement of changes in fund balance ending December 31, 2012

(amounts in Euro)

Balance at 1 January 2010	7,421
Surplus of the year	4,330
Balance at 31 December 2010	11,751
Balance at 1 January 2011	11,751
Surplus/Deficit of the year	(7,840)
Balance at 31 December 2011	3,911
Balance at 1 January 2012	3,911
Surplus/Deficit of the year	32,649
Balance at 31 December 2012	36,560

The accompanying notes on pages 4 to 11 form an integral part of this Statement.

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2012

(amounts in Euro)

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 organisation is domiciled in Rexhep Mala 28a (Building of ICK) Pristina Kosovo, in Prishtina, Kosovo and had 7 employees in full time, (5 average during 2011) as of 31 December 2012.

The founders of the Association are:

- Enver Doko - Comtrade Computers
- Driton Hapciu - CACTTUS
- Visar Dobrosi - IPKO Telekomunikacion Ilc
- Durmishali Smani - Elting Electronics
- Enver Konjuhi - Data Com
- Valon Budima - Pronet

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

STIK Members

In 2012, 8 new companies joined STIKK: Trokit, King ICT, Altima, Ion Coders, Informatika Computers, PTK, Next SEO, Phogen.

After launching the new service of membership for individuals, another group of 23 professional and 35 students joined STIKK.

STIKK's Associate members are three private colleges: Iliria, Universum and Riinvest.

After the review of company members, STIKK currently counts 123 members (60 companies, 23 professionals, 35 students and 5 educational institutions).



STIKK MAIN ACTIVITIES DURING YEAR 2012

The STIKK activities and progress made during year 2012 was present and approve at Annual Convention IV (held on 28th March 2013) during thus convention was approve the annual budget and activity plan for 2013.

The study "Internet usage and penetration in Kosovo" was also presented during this event.

During one year period, one of the main activities of the association was related to the implementation of:

Objective I

"Development of a favorable legal and political environment for an quick development of ITC sector in Kosovo" aiming at amendment of the Law on VAT and Customs on IT equipment import. This law is now in the Parliament of Kosovo, its had just passed the first reading and was sent to the respective committees for adoption. The final adoption by the MPs in the Assembly is expected during the first trimester 2013.

In addition during 2012, STIKK also participated in a workshop organized by DFID related to the project in support of private sector development in Kosovo; in the working group meeting on Innovation organized by OECD; participated in the conference organized by MTI on SMEs on "Initiative to enterprise development and innovative facilitation in Western Balkans; organized several meeting with various businesses and chambers of commerce in Kosovo; and in cooperation with D4D developed the platform for lobbying and advocacy.

Objective II

Developing human resources in compliance to the ITC sector needs

- STIKK implemented 2 trainings for the kosovar researchers,
- organizing the visit of 8 persons in two "brokerage events" (5 in CEBIT and 3 in Warsaw);
- organized a career fairs;
- three professional trainings with 36 participants, 29 of them with international certificates (ISO 9001, ISO 27001 and tester software);
- and another motivating training and a training on public presentations and speeches for women in ITC sector women were held.

During this reporting period, activities continued in implementing.

Objective III

"Service delivery for membership in order to create new business opportunities"– through STIKK and its member companies

- participation in the biggest ITC fair (CeBIT 2011);
- participation in CompuTEX in Taipei;
- co-organization in BIZTECH Fair;
- co-organization in conferences KosowwwbandSFK'12;
- organization of regional conference KosICT;
- organization of meetings B2B Kosovo- Bulgaria in Sofje,
- conference of KosICT and with Norwegian companies in Prishtina;
- Nacional ITC in Prishtina;
- participation in Microsoft events in Skopje and Tirana;
- participation in ICT Summit Euroasiain Turkey;
- participation in regional ITC event in Tirana, and
- active participation in all organized activities by Innovation Centre Kosovo.

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2012

(amounts in Euro)

Objective IV

Providing conditions for sustainable operations - STIKK changed the location and is placed in ICK Building. This provides more space for STIKK staff specially when organizing its trainings. The Work in this new building facilitates development, networking and positive impact among donors and decision-makers. After two years since the establishment of Innovation Centre Kosovo, STIKK has signed two agreements with Athene Project, one with the value 4,166.00 Euro (as of March 2012) and second in annual amount of 3,333.00 Euro (since September 2012).

In addition, STIKK staff has participated in 7 trainings aiming at their capacity building.

s of January 01, STIKK applied "QuickBooks" software for finance management. This software was donated by one of STIKK members ("Melita and Partners"), joined also by a training conducted for the administrative and financial staff on how to use this program.

Objective V

Support of members in applying social responsibility in ITC sector, several activities has been undertaken by engagement of STIKK members in evaluation committees in ICK and ICK Board.

Publication during 2012

- ✓ Internet usage and penetration in Kosovo
- ✓ Standardization in ITC sector: An obstacle or an advantage?
- ✓ Public Procurement Analyses for the period January 2010 - June 2012
- ✓ Report of Technology Audit related to the Project KE/FP7: ICTKOSEU



(amounts in Euro)

2. BASIS OF PREPARATION OF STATEMENTS AND ACCOUNTING PRINCIPLES

2.1. Accounting Convention

The statement has been prepared on the accrual basis. On this basis, income is recognized when earned and expenses are recognized when incurred.

The Financial Report has been prepared by the STIKK, which keeps records in Accounting Software "Quick Books".

2.2. Reporting currency

Funds are received in Euro whereas expenses are sustained in Euro (Kosovo currency). The Financial Report is expressed in Euro, into which is presented the currencies used by the Project in its operations. Transactions in currencies other than Euros are translated into Euros at the relevant exchange rate ruling on the date of the transaction.

2.3. Tax

In accordance with the Framework-Contract, the Projects are exempt from income tax. Taxation is provided in accordance with Kosovo fiscal regulations and is currently calculated at the appointed level of taxable income. The Projects is liable for personnel and social taxes and withholding tax on income according to the Kosovo Regulation.

2.4. Comparatives

Certain comparative figures have been restated to conform to current year presentation due to change of the reporting method from cash basis in accrual basis.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid bank deposits with an original maturity of three months or less.

2.6. Fixed assets

Fixed assets are stated at cost, less accumulated depreciation. All equipment and other fixed assets are capitalized as fixed assets rather than expensed. Depreciation is provided on a straight-line basis at the following annual rates:

	<u>In %</u>
Vehicle	20
Furniture	20
Computers and office supplies	20

For purchases on second half of the year depreciation was calculated 50% of annual rate, according to the new Law applied from 01.01.2010.

2.7. Receivables

Receivables are stated at their net realizable value.

2.8. Payables

Payables represent amounts due in relation to expenses recognized on a accrual basis. Payables are stated at cost. As at 31 December 2010, outstanding payables related to utilities, tax on rent, office salaries, social contributions and employment taxes.

2.9. Income

Funds received are derived principally from different donators. The donations are recognized as deferred revenue when received. Other income is also recorded when earned rather than when received.



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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2012

(amounts in Euro)

3. CASH AND BANK BALANCES

Cash and cash equivalents are detailed as follows:

	<u>31 December, 2012</u>	<u>31 December, 2011</u>
ProCredit Bank – Prishtina Branch		
PCB 11100289774000107	13,399	409
	<u>13,399</u>	<u>409</u>
Petty Cash	<u>1,338</u>	<u>602</u>
Total cash and bank balances	<u>14,737</u>	<u>1,011</u>

4. ACCOUNTS RECEIVABLE

Receivables are detailed as follows:

	<u>31 December, 2012</u>
Crimson Capital	1,598
Crimson Finance Fund	10,814
Foundation European Software Institute	8,460
FP7	7,776
GIZ	2,790
HERD/AEP	3,000
Membership Fees	8,125
Total	<u>42,562</u>

5. PAYABLES

Payables as at 31 December 2012 can be detailed as follows:

	<u>31 December, 2012</u>	<u>31 December, 2011</u>
Accounts Payable	3,989	-
Salary Tax & Pension Liability	2,217	1,179
Total	<u>6,206</u>	<u>1,179</u>

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2012

(amounts in Euro)

6. DEFERRED REVENUE

Deferred Revenue as at 31 December 2012 can be detailed as follows:

	31 December, 2012	31 December, 2011
Project in continuation	16,041	3,911
Total	16,041	3,911

7. GRANT FUNDING BY PROJECTS

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:

	Funds 2012	Funds 2011
Crimson Finance Fund	34,158	69,982
GTZ	-	7,652
KPEP - Kosovo Private Enterprise /Booz Allen Hamilton	-	8,850
SDC	-	3,318
SPARK 2011-1	7,826	35,208
SPARK 2011-2	5,933	-
SPARK 2012	40,046	-
Growth Programme	5,126	-
WomInnovation	3,070	-
ICK	35,721	-
HERD/AEP	7,500	-
GIZ	42,963	-
FP7	26,054	-
STIKK	71,772	17,143
Total	279,491	142,153

STIKK	2012
STIKK-Program Income	33,068
CEBIT-IPAK	3,500
CEBIT-KPEP	3,500
STIKK-Membership Fees	20,858
STIKK-Program Service Fees	3,795
STIKK-Training Fees	7,050
Total	71,772

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2012

(amounts in Euro)

8. EXPENDITURES

8.1. EXPENDITURES BY CLASS

Expenditures as at 31 December 2012 by main Class are composed as follows:

	2,012	2,011
Travel expenses	(11,598)	(16,724)
Marketing	(9,273)	(13,292)
Insurance	(3,065)	(2,367)
Accounting expenses	(4,624)	(2,200)
Consultant's fees	(20,622)	(9,560)
Salaries	(80,957)	(58,556)
Staff Trainings	(1,920)	-
Promotion activities	(55,030)	(28,382)
Trainings	(43,921)	-
Representation	(1,318)	(2,867)
Rent & utilities	(6,541)	(3,300)
Utilities	(1,107)	(1,581)
Communication	(1,725)	(1,858)
Bank charges	(883)	(562)
Audit	(1,150)	-
Depreciation	(1,085)	-
Other	(2,024)	(7,384)
Total expenses	(246,843)	(148,633)

8.2. EXPENDITURE BY PROJECT

Project expenses as at 31 December 2012 by donors are composed as follows:

	2012
Crimson Finance Fund	(34,158)
SPARK 2011-2	(5,255)
SPARK 2012	(40,046)
Growth Programme	(5,126)
WomInnovation	(3,070)
ICK	(35,721)
HERD/AEP	(7,500)
GIZ	(42,963)
FP7	(29,182)
STIKK	(43,821)
Total	(246,843)

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2012

(amounts in Euro)

9. FIXED ASSETS

Fixed assets as at 31 December 2012 can be detailed as follows:

	Total
Cost	
On 1 January, 2011	6,799
Purchases during the year	0
Sales / disposals	(2,438)
On 31 December, 2011	4,361
Accumulated depreciation	
On 1 January, 2012	(2,719)
Depreciation of the year	(1,085)
Adjustments related to sales / disposals	950
On 31 December, 2012	(2,853)
Net book value	
On 1 January, 2011	4,080
On 31 December, 2012	1,508

The Organization keeps an inventory list. All office equipment is include in inventory and could be identified. The equipment used under the Lease agreement with ICK (ICK-CLF 12/12-017) is not included in financial statement.