



AGJENCIA KOSOVARE E PRIVATIZIMIT
KOSOVSKA AGENCIJA ZA PRIVATIZACIJU
PRIVATISATION AGENCY OF KOSOVO

**FINANCIAL STATEMENTS
TRUST FUNDS
FOR THE PERIOD ENDED DECEMBER 31st 2015**

FINANCIAL STATEMENTS

Financial Statements have been drafted in accordance with Financial Regulation no.03/2013 of the Ministry of Finance, article 20.1.1.1. Financial Statements of PAK Accounts of the Law no.04/L-034 on Privatisation Agency of Kosovo. Financial Statements have been authorized by Acting DMD – liquidation Avni J. Jashari and Acting Director of Finance and Budget Department - Adem Selishta.

Date of delivery: 29 January 2016

EXPLANATORY NOTES

Privatization Agency of Kosovo (hereinafter “The Agency”) is established as an independent public body, which shall carry out its functions and responsibilities with full autonomy. The Agency possesses full juridical capacity and in particular the capacity to enter into contracts, acquire, hold and dispose of property and have all implied powers to discharge fully the tasks and powers conferred upon it by the present law; and to sue and be sued in its own name.

PAK is established as the successor of the Kosovo Trust Agency (KTA) regulated by UNMIK Regulation 2002/12 “on establishment of the Kosovo Trust Agency”, as amended, and all assets and liabilities of the latter shall be assets and liabilities of the PAK. The Agency is authorized to administer, while including authorization for sale, transformation and/or liquidation of Socially-owned Enterprises and its assets.

Privatisation Agency of Kosovo is supervised by PAK Board of Directors. PAK reports on annual basis to the Assembly of the Republic of Kosovo.

ANNEX TO THE FINANCIAL STATEMENTS

Tables from 1 to 15 present the details of financial data of the trust fund bank accounts in the Central Bank of Kosovo. Trust Fund Statement is a summary of all revenues and expenditures/distribution from these bank accounts. Disclosures regarding these 15 bank accounts are presented in explanatory notes from page no. 7 to 11. As regards disclosure of revenues and expenditures, numbers of explanatory notes have been presented on these tables which are related with the notes presented at explanatory notes.

PAK REPORT OF ACTIVITIES

PAK Report of Activities presents activities of all Departments, PAK Units. The Agency has the following departments: Sales Department, Department for Coordination of Liquidation, Department for Regional Coordination, Legal Department, Finance and Budget Department, Administration Department and Procurement Department.

The Agency has established Internal Audit Unit and Executive Secretariat of the Board of Directors. PAK headquarter is in Prishtina. It has 5 regional offices (Prishtina, Peja, Prizren, Mitrovica and Gjiilan) and 2 satellite offices (Shtërpce and Leposaviq).

Recommendation implementation plan is presented at the report of activities from page 85 and on. PAK organizational structure is presented at the end of report of PAK activities.

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PRIVATISATION AGENCY OF KOSOVO

FINANCIAL STATEMENTS

- DECLARATION REGARDING PRESENTATION OF FINANCIAL STATEMENTS
- TRUST FUNDS STATEMENT
- BALANCE OF BANK ACCOUNTS
- RECEIVABLE ACCOUNTS
- PAYABLE ACCOUNTS
- CONTINGENT LIABILITIES



DECLARATION REGARDING PRESENTATION OF FINANCIAL STATEMENTS OF TRUST FUNDS

To: Board of Directors, Privatisation Agency of Kosovo

In our opinion, the attached consolidated financial statements of Trust Funds and the explanatory notes to these statements for the period ended on 31 December 2015 have been prepared in accordance with the International Public Sector Accounting Standards "Financial Reporting under the Cash Based Accounting". These financial statements adhere to all reporting requirements of the "Regulation on Reporting Framework of the Financial Statements of the Trust Funds" approved by the Board of Directors of 23rd February 2011 and are based on properly maintained financial records.

This declaration is provided in connection with the presentation of the financial statements of Trust Funds of the budget organisation **Privatisation Agency of Kosovo (PAK)** for the period ended on 31 December 2015.

We confirm, to the best of our knowledge and belief, that:

- There have been no irregularities involving management or employees that could have a material effect on the financial statements;
- The information provided and presented in the financial statements regarding the identification of funds and their expenditure related to the Trust Funds is complete and accurate;
- The information regarding collection of revenues is accurate;
- There are no bank accounts related to the Trust Funds other than the bank accounts specified in the financial statements and this specification is complete and accurate as at 31 December 2015;
- There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance;
- There are no (legal) claims pending that could have a material effect on the financial statements;
- All liabilities, both actual and contingent, and all guarantees that we have given to third parties have been recorded and/or disclosed, as appropriate;
- All loans to external parties have been recorded and/or disclosed, as appropriate;
- There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or Notes thereto.

In our opinion, the attached consolidated financial statements of Trust Funds give a true and fair presentation of the finances and the financial transactions of Trust Funds of the Privatisation Agency of Kosovo for the period ended on 31 December 2015.

Avni J. JASHARI, CA, CFE, IS

a. Deputy Managing Director - Liquidation
Privatisation Agency of Kosovo

signed

Adem SELISHTA

a. Director of Finance and Budget
Privatisation Agency of Kosovo

signed

Date: 29 January 2016

	Explanatory note no.	31-Dec-14	Input/Output during 2015	31-Dec-15
		1	2	3=1+2
ADMISSIONS IN BANK ACCOUNTS				
Sales proceeds	3	665,248,630	(311,758)	664,936,872
Lease income	4	10,080,071	4,796,952	14,877,023
Commercialisation lease	5	5,021,319	-	5,021,319
Interest gained	6	34,839,700	5,000	34,844,700
Sales tender participation fee	7	7,705,480	(193,016)	7,512,464
Other income	8	4,796,689	326,001	5,122,690
Charter capital of the Agency	9	1,013,200	-	1,013,200
TOTAL ADMISSIONS		728,705,088	4,623,179	733,328,267
EXPENSES/DISTRIBUTION				
20% for workers transferred to BSPK	10	96,216,840	8,028,314	104,245,154
PSP (LA)	11	9,006,327	1,704,575	10,710,902
Goods and services	12	7,631,304	2,165,570	9,796,874
Public utilities	13	449,281	378,409	827,690
Taxes	14	1,611,132	746,892	2,358,024
Decisions from courts/private law enforcers (deposits and taxes)	15	978,292	761,709	1,740,001
50% transfer to cover PAK activities	16	20,348,000	5,500,000	25,848,000
Other	17	683,722	8,626	692,348
Payments to SOE creditors	18	45,140	-	45,140
Surplus funds transferred to the Government	19	28,934,282	61,310,628	90,244,911
TOTAL EXPENSES/DISTRIBUTION		165,904,319	80,604,723	246,509,042
BANK BALANCE				
		562,800,768	(75,981,544)	486,819,224

Adem SelishtaActing Director of Finance and Budget
Privatisation Agency of Kosovo**Korab Lufi**Acting Head of Fund Management
Privatisation Agency of Kosovo

CBK TRUST FUNDS BANK ACCOUNTS

			31-Dec-15	31-Dec-14	31-Dec-13
Explanatory note no	DESCRIPTION OF BANK ACCOUNTS	ANNEX	AMOUNT	AMOUNT	AMOUNT
2.1	Privatisation	TABLE 1	9,724,189.38 €	50,614,069.66 €	113,154,007.01 €
2.2	Liquidation	TABLE 2	427,135,392 €	453,109,850 €	362,807,342 €
2.3	SOE trust money	TABLE 3	3,544,638 €	5,070,894 €	6,893,134 €
2.4	Commercialisation	TABLE 4	3,667,287 €	3,667,287 €	3,667,287 €
2.5	Trust funds accounts for workers	TABLE 5	25,021,170 €	24,932,761 €	27,809,806 €
2.6	Privatisation tender deposit	TABLE 6	- €	51,738 €	321,749 €
2.7	Privatisation tender submission fee	TABLE 7	267,527 €	267,527 €	267,537 €
2.8	Liquidation sale tender deposit	TABLE 8	10,000 €	182,325 €	1,043,427 €
2.9	Liquidation bid submission fee	TABLE 9	335,609 €	336,510 €	223,503 €
2.10	Liquidation review committee deposit	TABLE 10	25 €	25 €	25 €
2.11	PAK charter capital	TABLE 11	1,109,549 €	1,109,549 €	1,109,549 €
2.12	PAK reserve fund	TABLE 12	1,000,000 €	1,514,217 €	1,300,459 €
2.13	Donor	TABLE 13	8,463 €	8,463 €	8,463 €
2.14	PAK administrative fee	TABLE 14	14,995,375 €	16,935,553 €	11,722,009 €
2.15	Current account money in time deposit account	TABLE 15	0.6 €	5,000,000.00 €	40,000,000 €
2.16	Investments in securities	TABLE 16	- €	- €	- €
TRUST FUNDS BALANCE			486,819,224.92 €	562,800,769 €	570,328,298 €

EXPLANATORY NOTE NO. 20 - 22
RECEIVABLES SUMMARY*

For the period until 31 December 2015

		1	2	3=1+2	DESCRIPTION OF RECEIVABLE ACCOUNTS 2015		
No.	DESCRIPTION	YEAR 2014	DIFFERENCE BETWEEN 2015 VS 2014	TOTAL 2015	SPECIAL SPIN OFF PENALTIES	PRIATISATION AND LIQUIDATION ASSET SALE	UNCOLLECTED LEASE
1	SOE monitoring unit	34,408,404	29,029	34,437,433	34,437,433		
2	Sales department	1,753,134	(161,000)	1,592,134		1,592,134	
3	RO Prishtina	9,968,434	1,090,196	11,058,630			11,058,630
4	RO Pejë	5,846	74,979	80,824			80,824
5	RO Mitrovicë	285,300	540,766	826,066			826,066
6	RO Gjilan	232,055	297,108	529,163			529,163
7	RO PriROen	39,546	8,471	48,017			48,017
8=Σ(1:7)	Total	46,692,718	1,879,549	48,572,267	34,437,433	1,592,134	12,542,700

Value of receivable accounts increased compared to 2014 and at the end of 2015 since the invoice was issued to leaseholder from 2000 until 2015 for the use of gas station of SOE Ina Trgovina and SOE Jugopetrol. Total value from 2000 with penalties 3.5% for delays is EUR 8,548,163.17. With regard to uncollected lease (without the value of EUR 8,548,163.17) at the amount of EUR 3,994,536.90 (12,542,700.07 - 8,548,163.17), then compared to receivable accounts of 2013 and 2014, we have an increase in collection during 2015. .

EXPLANATORY NOTE NO. 23 - 24
SUMMARY OF UNPAID COMMITMENTS

For the period until 31 Dec 2015

No	DESCRIPTION	Goods and services	PSP	Public Utilities	Total
1	Liquidation Coordination Department	28,683	2,095,545	-	2,124,228
2	RO Prishtinë	11,735	-	-	11,735
3	RO Mitrovicë	6,451	-	-	6,451
4	RO Pejë	493	-	-	493
5	RO Gjiilan	14,673	-	-	14,673
6	RO Prizren	1,536	-	-	1,536
7=Σ(1:6)	Total	63,570	2,095,545	-	2,159,115

During January 2016 with regard to PSP from the amount presented in the table, after the analysis and claim review, the amount paid was EUR 1,110,123. Whereas, the remaining part of EUR 982,407 are fixed bills not processed due to absence of the Committee to Steering Board.

EXPLANATORY NOTES NO. 25
REPORT ON CONTINGENCY COMMITMENTS

For the period until 31 Dec 2015

Contingency commitments that may influence PAK trust funds are displayed in the table below. These commitments are related to a large number of SOE's not placed in liquidation yet.

Nature of contingency	Year of occurrence	Reason	3=1+2	Category of possibility	1	2
			Overall potential value		Potential value 2015	Potential value transferred from 2014
Contract	different	Injunction P.no.479/15, compensation at the amount of 8.216.91 Euro	8,216.91	low	8,216.91	-
Contract	different	Injunction P. nr.397/2015, compensation at the amount of 2.640.00 Euro	2,640.00	low	2,640.00	-
Contract	different	Injunction P. nr.1342/11, compensation at the amount of 3.440.00 Euro	3,440.00	low	3,440.00	-
Contract cancellation claim	different	Judgment SCC-09-0135, procedural expenses at the amount of 1500 Euro	1,500.00	low	1,500.00	-
Contract	different	Judgment SCC-08-0095 -Profit loss, compensation at the amount of 14,478,50 and attorney 365,04 Euro.	14,843.54	low	-	14,843.54
compensation claim	different	Judgment SCC-07-0059-KTA ordered to pay 59,807,04 E, and court expenses 780 eurove. SOE Famipa	60,587.04	low	-	60,587.04
compensation claim	different	Judgment SCC-10-00214, PAK obliged to pay 35400. SOE Magjistrálja Peje	35,400.00	low	-	35,400.00
compensation claim	different	Judgment SCC-06-0348, SOE Ratko Mitrovic	122,994.00	low	-	122,994.00
compensation claim	different	Judgment SCC-10-0091, PAK obliged to pay 113.794	113,794.00	low	-	113,794.00
compensation claim	different	Judgment Cnr.190/2007 SOE Auto Prishtina	35,725.00	low	-	35,725.00
compensation claim	different	Judgment Cnr.185/2009 for SOE Ujmiri in liquidation	70,000.00	low	-	70,000.00
Contract cancellation claim	different	Decision SCC-09-0135, PAK obliged to pay 500.00 euro.	500.00	low	-	500.00
TOTAL			€ 469,640.49		€ 15,796.91	€ 453,843.58

1. There is the decision of Constitutional Court Ref.no. AGJ 75/10 regarding workers of SOE Pipe Factory Ferizaj. This decision will be reviewed during the SOE liquidation process and upon appointment of BoD.



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EXPLANATORY NOTES

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INTRODUCTION

1.1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

Financial Statements of Privatisation Agency of Kosovo (PAK) have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on cash basis – Financial Reporting under the cash basis of accounting.

The present Financial Statements meet all reporting obligations stemming from “Regulation on Reporting Framework to Financial Statements of Trust Funds” approved by Board of Directors on 23 February 2011, and are grounded on duly held financial notes.

Explanatory notes to financial statements form an integral part of these financial statements and should be read in conjunction with these financial statements.

1.2. REPORTING ENTITY

Privatisation Agency of Kosovo is established in accordance with Law no. 03/L-067 on Privatisation Agency of Kosovo which entered into force on 01 July 2008 amended by law no. 04/L-034 which entered into force on 21 September 2011 (hereinafter the “Law”), and amended by Law no. 080 dated 24 December 2015.

Pursuant to the Law on establishment of PAK, the main activity of PAK is to privatise Socially Owned Enterprises (SOEs) through spin off, liquidation and long-term leasing methods.

Some of the other activities the PAK is involved are administration, restructuring and liquidation of Socially Owned Enterprises.

Privatisation Agency of Kosovo administers Socially Owned Enterprises within Kosovo and holds these Enterprises in trust. As a trustworthy administrator, PAK is tasked to “preserve and enhance” the value of SOEs.

Privatisation Agency of Kosovo does not control other entities whose activities are/ or may be consolidated in the present financial statements.

The present financial statements of Privatisation Agency of Kosovo cover reporting period from 01 January 2015 to 31 December 2015. Along with these financial statements are also presented the reports which represent financial data from 01 July 2003 to 31 December 2015.

The present Financial Statements represent Privatisation Agency of Kosovo (PAK) Trust Funds. Financial Statements represent reporting entity specified in the Law on Public Financial Management and Accountability and article 20 of the Law on Privatisation Agency of Kosovo.

Privatisation Agency of Kosovo is controlled by the Board of Directors of Privatisation Agency of Kosovo. PAK reports to the Assembly of Republic of Kosovo on annual basis.

1.3. PAK ACCOUNT TRANSACTION REPORT

PAK administers and controls trust fund expenditures and revenues through trust accounts opened in the Central Bank of Kosovo. PAK conducts the transfer of payments as soon as authorization of bank transfer orders are made in accordance with PAK Banking Procedures is made.

1.4. REPORTING CURRENCY

Reporting currency is €o (€). All values presented in financial statements are presented on current values but not in thousands ('000), unless otherwise noted in a relevant report.

1.5. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

Trust Fund Financial Statements are authorized for issue on 29 January 2016 from Avni Jashari, Acting Deputy Managing Director - liquidation and Adem Selishta, Acting Director of Budget and Finances in Privatisation Agency of Kosovo.

1.6. FINANCIAL STATEMENTS AND FINANCIAL REPORTING SOFTWARE

The Directors of Budget and Finances has designed a program in Microsoft Excel for administration of trust funds in order to prepare financial reports as well as Financial Statements. It is still on use and meets all requirements as banking reconciliation software, and to generate various financial statements as specified in the Law on Public Finance Management and Accountability, and article 20 of the Law on Privatisation Agency of Kosovo.

PAK personnel involved for operating with this software consists of:

- Adem Selishta, acting Director of Budget and Finances: updates, solves software problems, supervises bank reconciliation;
- Korab Lufi, acting Head of Funds Management Unit: solves software problems, supervises bank reconciliation, enters data and categorises all transactions, reconciles bank accounts;
- Valon Fetahu, until 12 October 2015 has made categorization of transactions and harmonization of bank accounts. After this period, the categorization is made by Korab Lufi;
- Melita Cana, Korab Lufi and Nora Budima: prepare bank transfers.

Backup software: Saving of financial report file name is made by making reference to their dates (i.e. reference “151231 – bank account report at CBK” should be read as follows: Bank account report at CBK dated 31 December 2015). File backup can be made in the main disk of two different computers, in the PAK information technology server, and in the network sharing Financial Reports folder. Information Technology Unit automatically creates a shadow copy volume in the server to back up data in electronic form on daily basis, and also to back up data to a magnetic tape on weekly basis. Three CD (Compact Disk) copies are created after submission of Financial Statements.

1.7. AUTOMATIC ERROR DETECTION TABLES

Detection tables have been designed to automatically control generation of identical data collected from different reference points. If erroneous data are registered in the software, then, these tables will automatically generate any erroneous data in bold, red format.

1.8. AUTHORISATION FOR OPERATING IN BANK ACCOUNTS

Signatory rights in a bank account for trust funds are defined in PAK banking procedures approved by PAK Board of Directors.

Pursuant to article 11 and 15 of the Law on the Agency, the Board of Directors appoints Managing Director of the Agency and two Deputy Managing Directors, and the appointment decisions are made by at least five affirmative votes. The Agency does not have a Managing Director since from 26.01.2014. However, in accordance with Agency’s Establishment Act, his duties have been carried out jointly by two Deputy Managing Directors. Due to certain circumstances developed by the end of April 2014, on 07 May 2014, the Board of Directors took a decision to suspend one of the Deputy Managing Directors and appointed an acting officer in his place (acting Deputy Managing Director – liquidation). Board of Directors in its meeting held on 26 and 31 August 2014 resolved to extend the mandate of acting Deputy Managing Director until further decision of Board of Directors.

On 17.09.2014, Deputy Managing Director of the Agency in the Sales Division resigned irrevocably and with immediate effect.

After 31 August 2014, the Board of Directors of the Agency consisted of three members only (Vice Chairman of the Board and two members) whereas in the capacity of Management there was an acting Deputy Managing Director.

On 25 September 2014, PAK submitted a request for legal opinion to the Ministry of Public Administration if only one Deputy Managing Director of the Agency should sign relevant documents in the capacity of Chief Administrative Officer.

On 16 October 2014, the Ministry of Public Administration submitted its legal opinion noting that “*in the meaning of legal provisions, PAK Managing Director’s absence should be replaced with PAK Deputy Managing Director who, according to the hierarchy is the highest position in your organisation and is immediately after the position of Director*”.

Agency’s Certification Officer signs every transaction after verification, and after he is assured that the transaction concerned contains all due elements in compliance with the law, policies, and procedures of the Agency. During the reporting period, Mrs. Sahare Miftari was banking transfer certification officer; Alternative Certification Officer is Valon Fetahu.

PAK TRUST FUND BANK ACCOUNTS

2. BANK ACCOUNTS

All trust accounts are kept in special bank accounts (separate) in Central Bank of Kosovo (CBK), whereas, in Procredit Bank and Raiffeisen Bank are kept those bank accounts in which are kept half of charter capital of New Cos which are placed in privatization process through regular spin off.

There are sixteen (16) types of bank accounts opened in CBK by Privatisation Agency of Kosovo. These bank accounts are presented as follows:

2.1. PRIVATISATION ACCOUNTS

Privatisation accounts are used to deposit the money from privatization¹ sales through spin off method, and then New Cos are established. Establishment of New Cos is made from the assets of Socially Owned Enterprises.

The funds generated from the sale of New Cos are distributed as follows:

- 20% of sales fund is distributed to the workers of Socially Owned Enterprises;
- 5% for PAK administrative fee;
- 75% is transferred for the benefit of the bank account of Socially Owned Enterprise in Liquidation; and
- Return of funds to the Budget of Kosovo for payment of Agency's charter capital.

Revenues collected from the sales of New Cos;

- asset purchase price PLUS part of charter capital (until wave 53)²;
- transfer of deposits from the account of BID Privatisation Deposits paid by the buyer in the course of participation in the bid and is part of purchase price;

Besides sales revenues, the interest earned is also considered as revenue in the privatization bank accounts.

2.2. LIQUIDATION ACCOUNTS

As soon as the Socially Owned Enterprise is placed in liquidation³, Privatisation Agency of Kosovo opens a bank account at the Central Bank of Kosovo.

¹ See table 1 in the annex of trust fund financial statements.

² See note no. 2 Bank Accounts in commercial banks.

³ See table 2 in the annex of trust fund financial statements.

In the bank account of the SOE in liquidation are transferred the funds from all bank accounts such as:

- Residual funds or 75% from the sale of New Cos – privatisation waves;
- Balance of bank accounts of SOEs in transition in CBK;
- Balance of bank accounts in commercial banks after placement of SOEs in liquidation.

Besides fund transfers, in liquidation accounts are also generated revenues from liquidation asset sales, interest revenues, lease revenues, etc.

Sales price consists of buyers payment and the transfer of BID liquidation deposits submitted by the buyer during the bidding process.

2.3. SOEs MONEY IN TRUST OR TRANSITION ACCOUNTS

SOEs bank accounts money in trust⁴. Bank accounts for these SOEs have been opened by the Agency to deposit revenues generated as a result of the following:

- Sale of SOEs assets by TAK due to tax burden. Residual funds generated from sales after covering of tax burden have been transferred in these accounts;
- From SOEs which were inactive but that their assets have been leased; and
- Other revenues such as; share sales or from transfer of funds from other funds of active SOEs (cases where SOE's management is operational).

2.4. COMMERCIALISATION ACCOUNTS

In these accounts are deposited the money generated from commercialization lease agreements⁵ signed during 2000 by UNMIK.

There are no commercialisation contracts.

2.5. TRUST ACCOUNT FOR 20% OF EMPLOYEE ENTITLEMENTS

If there are claims against workers lists, PAK distributes to UITUK a part of 90% of 20% to entitled workers. Undistributed remaining funds are transferred in the Agency's bank accounts opened at CBK to keep the funds in trust until all claims have been reviewed by the Special Chamber of Supreme Court of Kosovo (see details in table 5).

Remaining funds⁶, which are kept in trust fund until all claims are reviewed by SCSC, are used for distribution of 20% and are kept in the following accounts:

- Privatisation accounts;
- Liquidation accounts; and

⁴ See table 3 in the annex of trust fund financial statements.

⁵ See table 4 in the annex of trust fund financial statements.

⁶ See table 5 in the annex of trust fund financial statements.

- Accounts of SOEs in transition

2.6. PRIVATISATION BID DEPOSIT ACCOUNT

This account is used to keep bid deposits⁷ submitted by bidders during privatisation bidding process. This is a provisional account which is used to refund the deposits of unsuccessful bidders. Once the sales contract is signed, the bid deposit of successful bidder is transferred to privatisation account which is opened particularly for New Cos in privatisation. If the bidders withdraw their bids (except for specific cases subject to Court decision) their bid deposit shall be transferred to PAK's reserve fund account.

2.7. PRIVATISATION BID SUBMISSION FEE ACCOUNT

This account is used to deposit non refundable bid submission fees⁸ submitted by bidders during privatisation process. These funds are accounted as PAK own source revenues.

2.8. LIQUIDATION SALES BID DEPOSIT ACCOUNT

This account is used to keep bid deposits⁹ paid by bidders during liquidation asset sales of SOEs. This is a provisional account used to keep unsuccessful bidders' deposits. Bid deposits submitted by successful bidders are transferred in liquidation bank account opened for liquidation of specific SOEs for which the bidders have won their bids and signed sales contracts. In the event that bidders withdraw their bids (except for threat cases evidenced by police or court report), their bid deposits shall be confiscated and transferred to PAK's reserve fund account.

2.9. LIQUIDATION SALES BID SUBMISSION FEE

In this account are kept non refundable bid submission fee¹⁰ deposits submitted by bidders during liquidation process. These funds are accounted as PAK own source revenues.

2.10. LIQUIDATION REVIEW COMMITTEE DEPOSIT ACCOUNT

In this account are held deposits¹¹ paid by creditors for reviewing of claims submitted by creditors to the Claims Review Committee in the course of liquidation process.

2.11. PAK CHARTER CAPITAL

Pursuant to article 17 of the Law no. 04/L-034, the Agency has opened a charter capital¹² bank account. The total amount of charter capital is € 10,000,000.00, whereas, the amount of funds transferred by the Government is € 1,000,000.00. The remaining part may be requested by the Board when necessary and as required to fulfil the obligations of the Agency.

⁷ See table 6 in the annex of trust fund financial statements.

⁸ See table 7 in the annex of trust fund financial statements.

⁹ See table 8 in the annex of trust fund financial statements.

¹⁰ See table 9 in the annex of trust fund financial statements.

¹¹ See table 10 in the annex of trust fund financial statements.

¹² See table 11 in the annex of trust fund financial statements.

2.12. PAK RESERVE FUND ACCOUNT

This account is used for confiscated bid deposits¹³ during privatisation bidding process and liquidation sales. In this account are transferred own source revenues from:

- Privatisation bid submission fee
- Liquidation sales bid submission fee
- Interest gained from privatisation deposit accounts; and
- Interest gained from liquidation deposit account.

2.13. DONOR ACCOUNT

In this account is deposited donors¹⁴ money when the money is channelled through PAK accounts. Currently, there is only one bank account of this type regarding a project executed years ago from former KTA. PAK is under the process for identification of narrative reports and donor's contract entered into between former KTA and donors with regard to this project.

2.14. PAK ADMINISTRATIVE FEE

In this account is transferred Agency's administrative fee¹⁵ in accordance with article 21 of the Law no. 04/L-034 on Privatisation Agency of Kosovo. Handling of revenues and transfer of funds to the Government is presented in detail in the financial statements.

2.15. MONEY TRANSFERS FROM CURRENT ACCOUNT TO TIME DEPOSIT ACCOUNT

In this account are deposited PAK funds transferred from individual accounts to time deposit accounts¹⁶. Following PAK written authorizations, the funds are transferred by Central Bank of Kosovo to time deposits with different maturity periods.

2.16. INVESTMENTS IN SECURITIES

PAK Board of Directors in its meeting held on 21 June 2012 resolved to allow the management to discuss and sign the Memorandum of Understanding with the Ministry of Finances and Central Bank of the Republic of Kosovo in order to enable investment of trust funds in the primary and secondary market of securities issued by the Government.

No investment or participation in Government securities market has taken place because Agency's endeavors have ended unsuccessfully with regard to these investments due to unknown reasons to the Agency.

¹³ See table 12 in the annex of trust fund financial statements.

¹⁴ See table 13 in the annex of trust fund financial statements.

¹⁵ See table 14 in the annex of trust fund financial statements.

¹⁶ See table 15 in the annex of trust fund financial statements.

2.17. ACCOUNTS IN COMMERCIAL BANKS OF KOSOVO

Other bank accounts opened in commercial banks are used to keep half of shareholders capital (€ 1,250 or 1,000 depending on the period of registration of Enterprises) of the New Co during the privatisation process. PAK is a shareholder until the completion of the sale. At the moment of completion of the sale and contract signing, PAK transfers the shares to the buyer of the New Co. In accordance with the new law on business organisations, charter capital is not required to be paid since from Wave 53.

Until the end of reporting period, PAK has 4 more bank accounts for New Cos awaiting to be transferred to the buyers after signing of sales contracts.

The remaining part is kept as petty cash for the SOEs in liquidation.

SUMMARY OF ACCOUNTS IN COMMERCIAL BANKS	PROCREDIT BANK	RAIFFEISEN BANK
PAK SOE	294.00	0.00
Accounts of New Enterprises (4 accounts not yet transferred to the owners)	4,749	0.00
Liquidation	1.70	0.00
Total	5,044.70	0.00

PAK has withdrawn all funds from the accounts in which have been deposited half of shareholder's capital in the amount of € 54,929 (€ 1.250 or 1,000 depending on the period of registration of Enterprises) and the funds have been transferred in the Main Treasury Account and in PAK Administrative Fee. The transfer of funds is a result of amendments to the law on establishment of New Enterprises.

REVENUES

3. SALES REVENUES

Sales revenues are generated from the following sales:

1. New Enterprises through privatisation waves;
2. Sale of assets of SOEs in liquidation;
3. Residual funds from the sales of confiscated assets by TAK; and
4. Revenues from the sale of apartments of SOEs in transition or liquidation.

The total amount of revenues earned during fiscal year 2015 is € 311,758 and is a result of the following accounts:

- € 349,251 in privatisation accounts (see note 3.1);
- € (680,083) in liquidation accounts (see note 3.2);
- € 19,074 from apartment sales (16,719 Liquidation + 2,355 transition)

3.1. SALE OF NEW ENTERPRISES THROUGH PRIVATISATION WAVES

During 2015, the total amount of inflows in current accounts is € 505,026.00 is as in the following:

- The amount paid by buyers is € 162,251.00 and involves only one sale during 2014 – New Co AC Shtime Administration Office. Sales contract has not yet been signed;
- The amount of € 190,000.00 has been generated in the BID deposit account; and

The total amount of outflows from privatisation accounts is € 155,775.00 and involves the following cases:

- The amount of € 152,775.00 between privatisation accounts as presented above; and
- The amount of € 3,000.00 has been transferred in the Budget of Kosovo as a refund for charter capital.

The total amount of balance of cash inflows and outflows generated from sales deposited in privatisation accounts is € 349,251.00.

3.2. SALE OF ASSETS OF SOEs IN LIQUIDATION

During 2015, the total amount of cash inflows generated from current accounts is € 125,000 as in the following:

- The amount of € 125,000 has been generated from BID Liquidation Deposits account; and

The total amount of cash outflows from liquidation account is € 805,083 is as in the following;

- The amount of € 622,199 has been returned to the buyer for purchasing of the asset through liquidation wave 26; and
- The amount of € 32,884 is transaction adjustment between liquidation account and BID liquidation deposit account. The total amount of cash outflows for these cases is (see above) € 655,083 (622,199+32,884);
- The amount of € 150,000 is transaction adjustment between liquidation account and BID Liquidation deposit account (see cash inflows above);

The total amount of balance of cash inflows and outflows

The total amount of balance of cash inflows and outflows generated from sales deposited in liquidation accounts is € (655,083+25,000 =**680,083**).

3.3. SALE OF ASSETS OF SOEs IN TRANSITION

This includes the sale of assets of Socially Owned Enterprises by Kosovo Tax Administration. Funds received from TAK are generated from the sale of confiscated assets. Residual funds are transferred by TAK in the respective SOE account.

No sale of assets from Socially owned Enterprises or sale of assets confiscated by TAK has taken place during fiscal year 2015.

3.4. SALE OF APARTMENTS

These revenues involve collection of payments made by holders of tenure rights.

The total amount of revenues generated from the sale of apartments as at 31 December 2015 is € 243,550;

- SOEs in liquidation in the amount of € 156,032; and
- SOEs in transition in the amount of € 87,518.

Whereas, as regards period from January – December 2015, the total amount of revenues generated in the bank accounts of SOEs in transition or SOEs in liquidation are € 19,074, as presented below:

- The amount of revenues generated in the bank accounts of SOEs in liquidation is € 18,586. Cash outflows from liquidation account in the amount of € 1,867 are bank transaction adjustments between bank accounts of SOEs in liquidation. This amount is included as cash inflow in the abovementioned item a; and
- Revenues in the amount of € 2,355 have been generated in the bank accounts of SOEs in transition.

4. LEASE REVENUES

These revenues involve leasing of the assets of SOEs in transition and SOEs in liquidation. In general, the assets of these SOEs are the following:

- Business premises;
- Apartments;
- Agricultural lands;
- Fuel station points of sale;
- Warehouses; and
- Others

Revenues generated from leasing of assets of SOEs in transition and SOEs in liquidation during fiscal year 2015 is € 4,796,952. This very high collection of revenues amounting to 67.50 % of general lease collections (3,237,821/4,796,952) during the period of one year is a result of decision for vacating of assets issued on 21 November 2015.

Revenues in the amount of € 1,559,131 have been generated from SOEs whose primary and daily activity is leasing of assets as in the following:

- The amount of lease collections generated from leasing of SOE Palace of Youth, Culture and Sports is € 496,908;
- The amount of lease collections generated from leasing of SOE Tregu in liquidation is € 573,466;
- The amount of lease collections generated from leasing of SOE Grand Hotel in liquidation is € 381,009; and
- The amount of lease collections generated from leasing of SOE ABC Genci in liquidation is € 107,748

In addition, as regards comparison of results according to periods before and after decision was taken by acting DMD – Liquidation, excluding SOEs with ongoing activities, then the results are as follows:

	A	B	C=A+B	D=A/C	E=B/C
Type of bank account	1 January 2003 – 20 November 2014 (approximately 12 years)	After the decision was taken 21 November 2014 – 31 December 2015 (within 1 year)	Total of lease revenues	Percentage of total amount of collected revenues	Percentage of total amount of collected revenues
Transition	6,866,643	1,494,154	8,360,797	82.13%	17.87%
Liquidation	2,070,803	1,962,679	4,033,482	51.34%	48.66%
Total	8,937,446	3,456,833	12,394,279	72.11%	27.89%

The amount of funds collected from leases from 2002 to 21 November 2014 is 8.9 million €os out of which 4.5 million have been collected through agreements entered with international institutions for payment of outstanding debts against SOEs, whereas 4.4 million €os have been collected from other leaseholders.

In accordance with decision for vacating of assets issued on 21 November 2014, only during the 12 months reporting period (21 November 2014 to 31 December 2015) have been collected 3.4 million €os from leasing of assets or 77 % of overall lease collection (4.4 million €os) generated in the previous 12 years.

Decision for vacating of usurped assets contributed to an outstanding performance in administration of assets and their management during 2015.

4.1. LEASE REVENUES FROM SOEs IN TRANSITION

Total amount of lease collected in the account of SOEs in transition during fiscal year 2015 is € 1,895,712.

If we exclude lease collected from SOE Palace of Youth, Culture and Sports amounting to € 496,908 (lease revenues from Palace of Youth have been excluded because it is not part of decision for vacating of usurped assets), then the effects of the decision for vacating of assets issued by acting DMD – liquidation resulted in significant increase of percentage 194.23% of lease collections or € 923,397.

The table below is a comparison of lease collections:

Revenues from lease collections Year 2015	Revenues from lease collections Year 2014	Increase of lease collection	Increased by %
1,398,804	475,407	923,397	194.23%

4.2. LEASE REVENUES FROM SOEs IN LIQUIDATION

Total amount of lease collected in the account of SOEs in liquidation during fiscal year 2015 is € 2,908,097. From the total amount of lease outflows¹⁷ amounting to € 6,857 are result of the following payments:

- 4,956 € have been returned to leaseholders as a result of corrections made due to over payments made exceeding the amount set out under the contract. Whereas the amount of € 1,901 is transaction adjustment between the accounts of SOEs in liquidation.

Compared with previous years, collection of lease is an important factor for increasing of the value of SOEs' assets as a result of Agency's good performance during the reporting period, which is the merit of the decision taken by acting DMD – liquidation for vacating of assets from usurpers issued on 21 November 2014. Excluding SOEs which have continued their activity even after placement in liquidation, the results are presented in the following table:

Revenues from lease collection Year 2015	Revenues from lease collection Year 2014	Increase of lease collection	Increase in %
1,839,017	975,844	863,173	88.45%

¹⁷ See table 2 in the annex of financial statements.

5. REVENUES GENERATED FROM COMMERCIAL LEASES

This account is used to keep revenues generated from commercial lease agreements¹⁸ signed during 2000 by UNMIK. Total amount of collections as at reporting date is € 5,021,319.

During fiscal year 2015, no collections have been generated from commercial leases.

6. INTEREST EARNED

Total amount of interest earned¹⁹ on all bank accounts opened in CBK from 2013 to the reporting date is € 34,844,700.

6.1. INTEREST EARNED FROM CURRENT ACCOUNTS

Interest earned in CBK is paid in current accounts of PAK trust funds at the end of each month. During the period January – December 2015, the interest rate for current accounts was ZERO%.

Total amount of interest earned in the current accounts as at 11 July 2012 is € 27,611,013. After 11 July 2012, CBK did not offer interest rates for PAK current accounts.

6.2. INTEREST EARNED FROM TIME DEPOSIT ACCOUNTS

In accordance with the decision of the Board of Directors, from 24 August 2010, Department of Budget and Finances has made short term deposits for trust funds with different maturity periods from 1 month to 12 months.

The amount of interest earned during the reporting period²⁰ is € 5,000.00 generated from time deposit accounts in Raiffeisen Bank (12 months) deposited on 05 July 2014 in the amount of € 5,000,000 (5 million) matured on 05 July 2015.

Number of Time Deposits	Time deposit amount	Interest earned
52	2,569,124,816	7,233,687

The trend of interest rates in the market, in the recent years was very low. Last interest rate offer received from a commercial bank was 0.01% (offer made on 19 December 2014), whereas, from Central Bank of Kosovo we did not have any offer due to the interest rate.

During the reporting period January – December 2015, we did not receive any offer for depositing of trust funds in time deposits from the Central Bank of Kosovo or any commercial bank.

¹⁸ See table 4 in the annex of financial statements.

¹⁹ See tables 1-15 2 in the annex of financial statements

²⁰ See table 15 – outflows of time deposits in the annex of financial statements.

6.3. INVESTMENTS IN SECURITIES ISSUED BY THE GOVERNMENT OF KOSOVO

PAK Board of Directors in its meeting held on 21 June 2012 resolved to allow the management to discuss and sign the Memorandum of Understanding with the Ministry of Finances and Central Bank of the Republic of Kosovo in order to enable investment of trust funds in primary and secondary market of securities issued by Government.

No investment or participation in Government securities market has taken place because Agency's endeavors have ended unsuccessfully with regard to these investments due to unknown reasons to the Agency.

In August 2014, a meeting was held in Central Bank of Kosovo for improvement of conditions and creation of opportunities for all important actors of capital investment in Kosovo. This initiative has been undertaken by the Counsellor of the Governor of Central Bank of Kosovo. The purpose of creating this opportunities is to change technical and legislative conditions for participation in the market. The Agency has been considered as an important actor in capital market of securities issued by the Government. It is expected to establish a working group which shall also include other actors such as Pension Trust of Kosovo. The Agency has expressed its willingness to give its contribution in creating of opportunities for PAK to participate in the market securities issued by the Government.

7. SALES BID SUBMISSION FEE

In general, these accounts²¹ include revenues generated from bid submission fees or from confiscation of bid deposits from the bidders who have failed to fulfil payment obligations.

These accounts include:

- Privatisation BID deposit accounts;
- Privatisation bid submission fee;
- Liquidation BID deposit account;
- Liquidation bid submission fee;

During fiscal year 2015, the revenues have been reduced to € 193,224 for the following reasons:

- Revenues from interest earned transferred from privatisation and liquidation BID deposit accounts in the amount of 1,794 €;
- PAK reserve fund account increased in the amount of € 30,000 from confiscations;
- 60,000 € have been returned to the bidders when the Special Chamber of the Supreme Court lifted the preliminary injunction;
- € 190,000 has been transferred from privatisation BID deposit account to the account of New Enterprises as part of sales price, whereas, € 90,000 are used as adjustments to bank transfers between reserve fund accounts. At the same time, € 50,000 have been used as adjustments to bank transfers between liquidation BID deposits account to privatisation BID deposit account; and

²¹ See notes 1.6 to 1.9 and tables 6 to 9 in the annex of financial statements.

- Other bank adjustments between the following three bank accounts: privatisation BID deposit account, liquidation BID deposit account, and PAK reserve fund.

8. OTHER REVENUES

The amount of these revenues collected in the accounts of SOEs in transition, SOEs in liquidation, Donors, etc. is € 5,124,557.

Since 2003, these revenues have been generated from the following services:

- Sales of goods and services;
- Dividend and share sales;
- Transfer of bank accounts of active SOEs into commercial banks;

Funds in the amount of € 327,868 collected during the fiscal year have been generated from the activities of SOEs in liquidation such as SOE Grand Hotel and ABC Genci.

9. PRIVATISATION AGENCY OF KOSOVO CHARTER CAPITAL

Pursuant to article 17 of the Law no. 04/L-034, the Agency has opened a charter capital bank account. Total amount of charter capital is € 10,000,000.00, whereas, the amount of funds transferred by the Government is € 1,000,000.00. The remaining funds may be requested by PAK Board of Directors in due time and in the amount necessary to fulfil Agency's obligations.

EXPENDITURES/DISTRIBUTION

10. 20% OF EMPLOYEE ENTITLEMENTS TRANSFERRED TO UITUK

As at 31 December 2015, the amount of 20% of proceeds transferred²² to UITUK is € 104,245,154. All these funds have been transferred from the following bank accounts:

- Privatisation account;
- Liquidation account;
- SOEs in transition account; and
- Trust account for the workers²³ of SOEs.

Whereas, as regards fiscal year 2015, the amount of funds transferred in the account of UITUK is € 8,028,314.

11. PROFESSIONAL SERVICE PROVIDER

Payments to “Deloitte” have been made since October 2012. “Deloitte” has been contracted on July 2012 to provide professional services and is part of Liquidation Authority for Socially Owned Enterprises. There are two types of payments: Fixed (quarterly) and variable payments. The table below represents payments executed as at 31 December 2015:

Description	Contracted amount	Executed payments	Amount remaining from contract	% of expenditures / contracted amount
Fixed costs	4,912,036.00	3,192,823.40 €	1,719,212.60 €	65.00%
Variable costs	15,008,268.00	7,518,078.37 €	7,490,189.63 €	50.09%
Total	19,920,304.00	10,710,901.77	9,209,402.23 €	53.77%

*contracted amount presented in the table also includes 16% VAT payment. Standard VAT rate after September 2015 has become 18%.

The amount of payments for fixed and variable costs during 2015 is € 1,704,575.

²² See tables 1, 2, 3 and 5 in the annex of financial statements.

²³ See note 1.5 in explanatory notes.

According to Board of Directors' resolution dated 21 June 2012, financing of liquidation costs (articles 40.1.1.1 and 40.1.1.3 of the Annex of the Law on the Agency) is made as follows:

- a) Fixed Fee is temporarily paid to Liquidation Authority from Agency's administrative fee bank account through Central Bank of Kosovo. When fixed fee is proportionally allocated to each socially owned enterprises in liquidation, then Agency's administrative fee account is compensated by the bank account of the enterprise in liquidation;
- b) Variable fee (for reviewed claims) and other costs presented under costs 1.1 and 1.3 of article 40.1 of the annex of the Law no. 04/L-034 are paid to Liquidation Authority from the funds of the enterprise in liquidation. If there are no sufficient funds in the liquidation bank account, then variable fee is temporarily paid from Agency's administrative fee bank account through Central Bank of Kosovo. When sufficient funds become available in the liquidation fund, then Agency's administrative fee account is compensated from the bank account of the enterprise in liquidation.

11.1. FIXED COSTS

Total amount of fixed costs to be paid to "Deloitte" in accordance with Contract no. 239/11/068/211 is € 4,900,000.00. This amount is to be paid by each SOE in liquidation through stepped fixed method and the report approved by Project Steering Committee for contract entered into with PSP for liquidation of SOEs.

The amount of fixed costs paid during 2015 is € 245,601.80.

11.2. VARIABLE COSTS

According to the contract entered into with Professional Service Provider, besides payments of fixed costs there are also payments to be made for each creditor reviewed claim (approved/rejected).

There are four types of categorised creditor claims. The amount of each decision according to the contract is € 299.00 (ownership of specific assets and owners claims..). The amount of other creditor claims is € 99.00.

In accordance with the contract, firstly, only 80% of contracted amount should be paid e. g. $€ 99 \times 80\% = 79.20$, whereas the remaining 20% is to be paid after termination of deadline for filing of claims with the Special Chamber of the Supreme Court of the Republic of Kosovo. If the creditor has submitted his claim within the legal deadline, then, 20% shall be paid after completion of claim reviewed by SCSC. We should take into account that following the amendment of the Law on VAT namely, standard VAT rate of 16% has become 18%, thus, it has also effected in the price of claims.

The amount of variable costs paid during 2015 is € 1,458,972.91.

11.3. AUDITOR COMMENTS

The auditor in its previous audit reports presented as a finding the issue of payment to professional service providers.

Agency's arguments, which have also been presented in the comments of OAG audit reports, that Liquidation Authority should be financed by trust funds are the following:

1. The expenditures of Liquidation Authority and supporting advisors are defined as a priority under article 40 paragraph 1.3.2 of the Annex of the Law no. 04/L-034 on PAK. PAK Law (article 40 of the annex) defines that liquidation costs are financed by liquidation funds (this is an international practice of financing of expenditures of administrator for liquidation of enterprises). PAK would only request for additional budget from Kosovo Budget or donors in cases when SOEs have not sufficient funds, (article 16 of the annex of PAK Law), and the Agency or donors paying such fees would be entitled to reimbursement of such fees or expenses according to the priority specified under article 40 of the annex of the law on PAK in liquidation proceedings.
2. If these expenses would be executed without using trust funds but other sources (Agency, Government or Donors) then the results would be as follows:
 - PAK should represent itself as creditor of Socially Owned Enterprise in liquidation in accordance with priority defined in article 40 of the annex of the Law on PAK in the course of liquidation proceedings;
 - Professional Service Provider (contractor – private company) should review each claim for reimbursement by PAK and it should invoice Socially Owned Enterprises with additional costs for reviewing of claims submitted to PAK for reimbursement; and

Liquidation fund of Socially Owned Enterprises would be damaged by this process, charging with unnecessary costs regarding claims for reimbursement by PAK.

In PAK budget financial statements is attached the report on payments to Professional Service Providers for liquidation issues and liquidation costs in accordance with resolution dated 21 June 2012 issued by PAK Board of Directors 'Budget semi-annual review and reduction of allocations according to Government Decision no. 01/200'. Agency's requests submitted to the Ministry of Finances during these years to cover financial costs for PSP have not been approved.

11.4. BANK GUARANTEE

In July 2012, Privatisation Agency of Kosovo received a bank guaranty regarding the performance of the contract with Deloitte Central Europe Limited for provision of Professional Services for liquidation of the portfolio of SOEs (no. of procurement 239-11-068-211). The details of bank guaranty are as follows: date of guaranty; 9 July 2012, amount of guaranty € 1, 992,000, the guaranty is valid as at 10 September 2016, name of bank issuing the guaranty - ING Bank N.V. PO BOX 350, 1000 Amsterdam, The Netherlands.

12. GOODS AND SERVICES

Total amount of payments for goods and services²⁴ from 2003 to 31 December 2015 is € 9,796,874.

In general, in this category are included the following payments:

- Payments to Service Providers of SOEs in Liquidation;
- Lease payments;
- Advertisement expenditures;
- Professional Services;
- Maintenance and protection of assets;
- Workers salaries – SOEs in transition; and
- Others

These payments have been carried out from the accounts of SOEs in transition, liquidation, and Agency's administrative fee.

The amount of payments made during fiscal year 2015 is € 2,165,570 as in the following:

- Payments from SOEs in transition in the amount of € 238,599. Payments to workers salaries, workers trade union, and other services have been made from the funds generated from Palace of Youth, Culture and Sports;
- Payments/distribution to Service Providers, maintenance and protection of assets, postage and other services have been made from liquidation bank accounts in the amount of € 1,774,287;

In this sum is also included compensation to administrative fee account in the amount of € 361,433.62 (see table 14 – administrative fee cash flow);

- Payments made from administrative fee account in the amount of € 520,786. These payments are dedicated for liquidation issues. When Enterprises, which do not have bank liquidity, generate revenues then, they will immediately compensate administrative fee account. As noted above, the amount of compensations from liquidation accounts to administrative fee account during 2015 is € 361,433.62.
- Compensation in the amount of € 550,000 for payments made to SOEs in liquidation in different years from administrative fee account shall be made in the future.

Besides fund compensation, petty cash, held in Regional Offices in the amount of € 6,669, has been returned in administrative fee account. The amount of petty cash is € 39,826.24.

Description	From Administrative Fee
Petty cash - Advances	39,326.24
Petty cash – return of funds	(6,668.76)
Petty cash - expenditures	(32,657.48)

²⁴ See tables 2, 3 and 14 in the annex of financial statements.

Unclosed advances	0.00
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13. UTILITIES

The amount of funds executed during 2015 for utilities²⁵ (electricity, water, telephone) for Enterprises in liquidation and transition is € 378,409.

14. TAXES

Tax payments²⁶ in the amount of € 746,892 to Kosovo Tax Administration carried out during 2015 have been applied against SOEs in transition and SOEs in liquidation for lease revenue collections, VAT, and withholding tax and contributions for payment of Service Providers.

15. COURT/ENFORCEMENT AGENTS DECISIONS (DEPOSITS AND TAXES)

Total amount of payments for court fees and enforcement agents²⁷ during 2015 is € 761,709.

The decision no. 163/2015 issued by private enforcement agent has been executed against Palace of Youth in the amount of € 738,990.

Court fees from SOEs in liquidation amount to € 22,719.

16. TRANSFER OF 5% OF FUNDS TO COVER PAK ACTIVITIES

From 2011 to 31 December 2015, Privatisation Agency of Kosovo has transferred ²⁸ 25,848,000.00 € (twenty five million eight hundred forty eight thousand €os) to treasury bank account (noted above).

1. During 2011 the Agency transferred 1.8 million € to finance administrative and operational activities;
2. During fiscal year 2012, the amount of funds transferred on 28 May 2012 to finance administrative and operational activities is € 8,200,000.00 (eight million, two hundred thousand €);
3. During fiscal year 2013, the amount of funds transferred on 28 December 2012 to finance administrative and operational activities is € 8,048,000.00 (eight million, forty eight thousand €);
4. Following analysis and reconciliation of Administrative Fee account with Treasury account for fiscal year 2014, the Agency, on 18 November 2014, transferred € 2,300,000.00 (two million, three hundred thousand €) to finance administrative and operational activities in accordance with budget approved for 2014; and

²⁵ See tables 2 and 3 in the annex of financial statements.

²⁶ See tables 2 and 3 in the annex of financial statements.

²⁷ See tables 2 and 3 in the annex of financial statements.

²⁸ See tables 12 and 14 in the annex of financial statements.

5. During fiscal year 2015, the Agency, on 15 January 2015, transferred € 5,500,000.00 (five million, five hundred thousand €) to finance administrative and operational activities in accordance with budget approved for 2015.

17. OTHER EXPENDITURES

Total amount paid during 2015 is € 8,626. These expenditures²⁹ include official travel advances (SOEs in liquidation, defences outside the territory of Kosovo) and payment of fees for outgoing transactions from trust fund bank accounts applicable by CBK.

18. PAYMENTS TO CREDITORS OF SOEs IN LIQUIDATION

During reporting period no payment to SOEs' creditors³⁰ have been made.

19. RESIDUAL FUNDS TRANSFERRED TO THE GOVERNMENT OF KOSOVO

Pursuant to article 19.3.3 of the Law on PAK, so far the amount of transfer in the form of residual funds³¹ is € 90,244,911 .

In accordance with PAK Board of Directors, the amount of funds transferred to the Government of the Republic of Kosovo on 30 December 2015 is € 61,310,628.

The remaining funds in the amount of 28.9 million € has been transferred in July 2012.

²⁹ See tables 2 and 3 in the annex of financial statements.

³⁰ See table 2 in the annex of financial statements.

³¹ See table 2 in the annex of financial statements.

ACCOUNTS RECEIVABLE

Accounts receivable are third party outstanding liabilities owed to the Agency. The following are the types of Agency's revenues from accounts receivable:

- Financial penalties for "special spin-off" waves;
- Outstanding payments from privatisation and liquidation waves; and
- Leases or other revenues from SOEs assets.

The balance of accounts receivable is € 48,572,268 for all the above noted cases.

20. PENALTIES AGAINST ENTERPRISES PRIVATISED THROUGH SPECIAL SPIN OFF METHOD

By the end of 2014, the management has approved a regulation on Account Receivable, however, treatment of these accounts continued to be similar, due to the lack of Board of Directors.

The following are penalties imposed against bidders who have entered into contract with New privatised Enterprises. Besides bid price, the bidders have also submitted their offers on investments in these Enterprises. Due to non fulfilment of commitments, until now financial penalties have been imposed against those buyers who have failed to fulfil their commitments.

Total amount of penalties against 5 enterprises privatised through Special Spin Off method		
New Enterprise	Penalties January - December 2015	From the beginning until 31 December 2015
New Enterprise "Grand Hotel"	0	8,822,314.97
New Enterprise " IDGJ Tobacco"	0	4,573,649.11
New Enterprise "Xim Strezovc"	0	7,298,170.76
New Enterprise " MIM Golesh"	0	8,447,812.27
New Enterprise "Agrokosova Holding"	0	3,579,997.53
New Enterprise "Llamkos"	29,029.28	1,715,488.79
Total	29,029.28	34,437,433.43

21. ASSET SALES THROUGH PRIVATISATION WAVES

During the present reporting period, no asset sale has taken place through privatisation or liquidation waves.

The amount of € 1,592,134 collected in receivable accounts have been generated from sales approved by PAK Board, however, these sales are subject to preliminary injunction issued by the Special Chamber of Supreme Court of Kosovo.

Accounts receivable presented at the end of December 2014 differ from accounts receivable of 2015 due to payments executed in the bank accounts of SOEs in privatisation and liquidation as in the following:

- The amount³² € 161,000 collected in wave 42.

22. LEASES OR OTHER REVENUES

Taking into account Agency's nature of work, the following are the factors influencing in the accounts receivable:

1. Extending Agency's activity in administration of SOEs assets;
 - 1.1. The number of signed lease contracts for using of SOEs assets has increased if compared with previous years. The main factor in increasing of accounts receivable and high collection of lease revenues is the decision for vacating of usurped assets issued by acting DMD –liquidation;
2. Legal disputes such as the dispute against Kosova Petrol regarding the invoice issued for period February 2000 to 31 December 2015. The amount of funds for using of the assets of SOEs "INA TRGOVINA" and "JUGOPETROL" is € 8,548,163. First invoice for using of these assets has been issued in 2014;

Total amount of accounts receivable for leases is € 12,542,700. Claims have been filed with the court with regard to all these funds.

The analysis should have been oriented in collection of lease funds presented in Agency's activity report. In comparison with lease collections executed in the previous years is higher and is an important factor in increasing of the value of assets. This is a result of Agency's good performance during the present reporting period, which is also the merit of decision for vacating of usurped assets.

³² See note no. 3.1 of explanatory notes

PAYABLE ACCOUNTS

Outstanding liabilities are the summary of amounts of invoices in the amount of € 2,159,115.

23. GOODS AND SERVICES

The amount of € 63,570 is dedicated to professional service providers engaged for respective SOEs, services for physical securing of assets, publication of liquidation asset sales in newspapers, publication of notices for creditor claims.

During January 2016, a part of payments for securing of assets has been settled.

24. PROFESSIONAL SERVICE PROVIDER

Liabilities in the amount of € 2,095,545.45 to Profesional Service Providers contracted as part of Liquidation Authority is for fixed or variable fee. The amount of 2 invoices received in December 2015 is € 1,110,123.

During Janaury 2016, the amount of liabilities in the amount of € 1,110,123, presented in the table, have been paid following the analysis and reviews of claims. Whereas, the remaining part are fixed invoices which have not yet been processed due to the lack of the Board of Directors.

25. CONTINGENT LIABILITIES

Contingent liabilities involve a number of Socially Owned Enterprises which have not yet been placed in liquidation due to court disputes.

A detailed explanation on contingent liabilities is presented in page 5 of financial statements.

TRANSFERS WITHIN TRUST FUND BANK ACCOUNTS

26. TRANSFERS WITHIN TRUST FUND BANK ACCOUNTS

These transfers are bank transactions between trust fund bank accounts in CBK. As presented above, these transactions take place due to the following:

1. Distribution of 75% from privatisation account to liquidation bank account;
2. Transfer of bank balance of SOEs in transition to liquidation bank accounts;
3. Transfer of 5% from privatisation, liquidation or any other asset sale and interest rate;
4. Confiscation of deposits from BID deposits of privatisation and liquidation (recorded in note no. 5 – see tables);
5. Transfer of BID deposits from privatisation and liquidation BID deposit accounts to respective SOEs accounts (privatisation or liquidation). These cases are presented in note 3.
6. Transfer of undistributed funds as part of 20% to trust fund account for the workers of SOEs. (see table 5 in the annex of financial statements);
7. Transfer of privatisation and liquidation accounts in workers' bank accounts;
8. Payment of liquidation funds from Administrative Fee and then compensation of fee account from liquidation accounts;
9. Others.



AGJENCIA KOSOVARE E PRIVATIZIMIT
KOSOVSKA AGENCIJA ZA PRIVATIZACIJU
PRIVATISATION AGENCY OF KOSOVO

ANNEX OF FINANCIAL STATEMENT

- TABLES OF FINANCIAL STATEMENT OF TRUST FUNDS

TABLE 1

PRIVATISATION BANK ACCOUNTS

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income in privatisation accounts		597,312,522	517,430	167,988	349,441	597,661,964
	Explanatory note					
	pi1 - sales price 3	547,824,572	315,026	155,775	159,251	547,983,823
	pi3 - Deposits from tender deposit account 3	24,990,000	190,000	-	190,000	25,180,000
	pi2 - interest gained 6	24,497,950	12,404	12,213	190	24,498,141
Total expenses/distribution from privatisation accounts based on accounting plan		(546,507,999)	134,520	41,564,295	(41,429,776)	(587,937,774)
	Explanatory note					
	pe3 - 20% privatisation proceeds transferred to BSPK 10	(70,656,529)	-	3,542,035	(3,542,035)	(74,198,564)
	pe1 - bank expenses 17	(52,007)	-	14	(14)	(52,021)
	pe4 - Portion of 20% privatisation proceeds transferred to workers' accounts 26	(37,256,135)	5,575	3,380,012	(3,374,437)	(40,630,572)
	pe5 - 75% privatisation proceeds transferred to liquidation 26	(408,617,220)	120,671	34,602,554	(34,481,882)	(443,099,102)
	pe2 - administrative fee (5% from privatisation sales) 26	(29,926,109)	8,274	39,680	(31,407)	(29,957,515)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		50,804,524	651,950	41,732,284	(41,080,334)	9,724,189
	p1 - transaction controlling account*	-	1,837	1,837	-	-
	p2 - preliminary transfer from other trust accounts*	(0)	-	-	-	(0)
	p3 - time deposits*	(190,454)	190,454	-	190,454	0
Bank balance		50,614,070	844,241	41,734,121	(40,889,880)	9,724,189

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category p1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 2.
LIQUIDATION BANK ACCOUNTS

			31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15	
			Balance	Input	Output	Balance Input vs output	Balance	
			EUR	EUR	EUR	EUR	EUR	
Total income in liquidation accounts			Explanator y note	513,532,993	39,852,111	936,499	38,915,613	552,448,606
i1 - Liquidation sale			3	81,883,926	-	655,083	(655,083)	81,228,843
i3 - Deposit transferred from tender deposit account			3	6,191,550	125,000	150,000	(25,000)	6,166,550
i1a - Apartment sale			3	139,313	18,586	1,867	16,719	156,032
i12 - Lease proceeds			4	2,247,523	2,908,097	6,857	2,901,240	5,148,763
i2 - Interest gained			6	8,384,316	4,311	1	4,310	8,388,625
i4 - VAT income			8	532,714	-	-	-	532,714
i8 - Cash deposit transfer			8	23,029	-	-	-	23,029
i13 - Other revenue			8	13,598	298,392	2,019	296,374	309,972
i9 - Transfer from SOE bank accounts			8	614,759	30,128	-	30,128	644,887
i6 - 75% transfer from privatisation sales			26	408,617,220	34,602,554	120,671	34,481,882	443,099,102
i7 - SOE trust money transfer			26	4,885,046	1,865,044	-	1,865,044	6,750,089

Total expenses/distribution from liquidation accounts			Note	(56,113,597)	97,732	69,297,350	(69,199,617)	(125,313,214)
e2 - Transfer to workers (BSPK)			10	(8,643,316)	35,190	936,299	(901,109)	(9,544,425)
e16 - PSP (LA)			11	(6,324,543)	5,548	4,369,220	(4,363,672)	(10,688,214)
e17 - Service provider (gross payment)			12	(985,384)	300	501,173	(500,873)	(1,486,257)
e18 - Service provider net payment))			12	(11,430)	-	133,939	(133,939)	(145,369)
e25 - Paid lease (gross)			12	(6,122)	-	39,000	(39,000)	(45,122)
e26 - Paid lease (net after lease tax)			12	(35,736)	-	-	-	(35,736)
e6 - Marketing expenses			12	(469,088)	-	155,535	(155,535)	(624,623)
e7 - Asset liquidation sale cost			12	(32,649)	-	3,108	(3,108)	(35,757)
e8 - Stationary, small expenses for the office and postage			12	(137,003)	-	100,527	(100,527)	(237,530)
e9 - SOE documentation storage and transportation			12	(2,266)	-	1,335	(1,335)	(3,601)
e20 - Professional services			12	(63,230)	-	12,343	(12,343)	(75,573)
e21 - Asset maintenance services			12	(1,888)	-	340	(340)	(2,228)
e22 - Property and asset protection services			12	(548,441)	3,389	667,086	(663,697)	(1,212,138)
e27 - Goods			12	(2,082)	-	44,148	(44,148)	(46,230)
e28 - Pre liquidation transit goods			12	-	-	-	-	-
e29 - Service			12	(4,644)	-	119,441	(119,441)	(124,085)
e30 - Water			13	(2,165)	-	2,235	(2,235)	(4,401)
e31 - Electricity			13	(42,094)	-	120,104	(120,104)	(162,199)
e32 - Waste			13	(1,040)	-	37,858	(37,858)	(38,899)

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
e33 - Telecommunication (Internet, telephone)	13	(6,222)	-	2,896	(2,896)	(9,118)
e19 - Service provider personal income tax	14	(2,998)	-	2,192	(2,192)	(5,190)
e34 - Withheld tax on paid lease	14	(2,995)	-	-	-	(2,995)
e35 - Tax paid for received lease	14	(5,799)	-	49,576	(49,576)	(55,376)
e36 - Municipal property tax	14	(14,242)	-	-	-	(14,242)
e38 - Corporate tax	14	-	-	79,813	(79,813)	(79,813)
e39 - VAT paid to TAK	14	(514,856)	-	249,723	(249,723)	(764,580)
e14 - Court expenses	15	(11,627)	100	22,818	(22,718)	(34,346)
e1 - Bank expenses	17	(8,193)	0	2,296	(2,295)	(10,488)
e10 - ADVANCE petty cash for small liquidation costs	17	(421)	-	-	-	(421)
e11 - CLOSED small expenses - current expenses for small liquidation costs	17	(60,502)	-	-	-	(60,502)
e23 - Advance payments for business travels	17	(624)	3,465	3,465	-	(624)
e24 - Business travels	17	(495)	-	4,554	(4,554)	(5,049)
e46 - Severance pay (net) preferential creditors	18	(21,681)	-	-	-	(21,681)
e49 - Salaries (net) Pagat (neto) unsecured creditors	18	(1,483)	-	-	-	(1,483)
e51 - Pension contribution unsecured creditors	18	(928)	-	-	-	(928)
e54 - Local suppliers unsecured creditors	18	(510)	-	-	-	(510)
e56 - Property tax - unsecured creditors	18	(14,139)	-	-	-	(14,139)
e58 - Corporate tax unsecured creditors	18	(1,480)	-	-	-	(1,480)
e59 - VAT unsecured creditors	18	(1,127)	-	-	-	(1,127)
e61 - Electricity unsecured creditors	18	(1,780)	-	-	-	(1,780)
e62 - Water unsecured creditors	18	(670)	-	-	-	(670)
e64 - Telecommunication and internet unsecured creditors	18	(568)	-	-	-	(568)
e65 - Other unsecured creditor	18	(775)	-	-	-	(775)
e0 - Surplus funds to Kosovo Government - Article 19.3.3 of PAK Law	19	(28,934,282)	-	61,310,628	(61,310,628)	(90,244,911)
e3 - Transfer to trust accounts for workers	26	(4,378,332)	-	299,158	(299,158)	(4,677,490)
e4 - Agency administrative fee (5% of liquidation sale)	26	(4,399,803)	2,295	21,054	(18,759)	(4,418,561)
e4a - Agency administrative fee (5% of the interest on liquidation bank account	26	(413,944)	47,445	5,483	41,962	(371,982)
Balance of income and expenses / distribution from liquidation accounts		457,419,396	39,949,844	70,233,848	(30,284,005)	427,135,392
L1 - Controlling account*		-	-	-	-	-
L2 - preliminary transfer from other trust accounts*		-	-	-	-	-
L3 - time deposits*		(4,309,546)	4,309,546	-	4,309,546	0
Bank balance		453,109,850	44,259,390	70,233,848	(25,974,458)	427,135,392

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category L1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 3.
BANK ACCOUNTS OF SOE's IN TRANSITION

			31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
			Balance	Input	Output	Balance Input vs output	Balance
			EUR	EUR	EUR	EUR	EUR
Total income in accounts of SOE's in transition	Explanatory note		16,032,308	1,898,067	500	1,897,567	17,929,875
si7 - SOE asset sale	3		2,448,044	-	-	-	2,448,044
si3 - TAK sale through SOE asset confiscation	3		1,686,063	-	-	-	1,686,063
si13 - PAK apartment sale	3		85,164	2,355	-	2,355	87,518
si2 - received lease	4		7,832,548	1,895,712	-	1,895,712	9,728,260
si1 - interest gained	6		383,655	-	-	-	383,655
si4 - SOE shares dividends in other enterprises	8		22,141	-	-	-	22,141
si5 - SOE share sales in other enterprises	8		450,594	-	-	-	450,594
si6 - VAT income from other enterprises	8		75,812	-	-	-	75,812
si8 - SOE goods and services sale	8		314,825	-	500	(500)	314,325
si11 - Kosovo Budget compensation for expenses	8		52,807	-	-	-	52,807
si10 - fund transfer from other SOE funds	8		2,680,657	-	-	-	2,680,657

Total expenses/distribution from SOE accounts in transition	Shënimi Shpjegues	(11,149,847)	0	3,423,823	(3,423,823)	(14,573,670)
se4 - transfer to BSPK from SOE trust accounts	10	(11,250)	-	-	-	(11,250)
se10 - Service provider	12	(10,318)	-	-	-	(10,318)
se17 - salaries to SOE workers	12	(3,589,917)	-	177,871	(177,871)	(3,767,787)
se9 - transfer to Bankkos management council	12	(511,612)	-	-	-	(511,612)
se22 - transfer to SOE's for operations	12	(5,018)	-	-	-	(5,018)
se19 - Paid lease	12	(13,188)	-	-	-	(13,188)
se18 - Goods and services	12	(79,829)	-	60,728	(60,728)	(140,558)
se11 - Water	13	(18,442)	-	23,977	(23,977)	(42,418)
se12 - Waste	13	(6,544)	-	3,484	(3,484)	(10,027)
se13 - Telecommunication (Internet, telephone)	13	(542)	-	1,395	(1,395)	(1,937)
se14 - Electricity	13	(372,231)	-	186,460	(186,460)	(558,691)
se5 - personal income tax	14	(113,084)	-	15,485	(15,485)	(128,569)
se6 - pension contribution	14	(272,335)	-	27,408	(27,408)	(299,743)
se7 - municipal property tax	14	(122,660)	-	77,942	(77,942)	(200,602)
se8 - VAT paid to TAK	14	(340,791)	-	209,065	(209,065)	(549,856)
se20 - withheld tax	14	-	-	-	-	-
se21 - generated income tax	14	(90,103)	-	35,687	(35,687)	(125,790)
se26 - Presumptive tax	14	(57,046)	-	-	-	(57,046)

se27 - transfer to SOE debtors	15	(346,628)	-	-	-	(346,628)
se16 - Court order for attorneys	15	(3,650)	-	-	-	(3,650)
se25 - payment for the court or private law enforcers	15	-	-	738,990	(738,990)	(738,990)
se2 - bank expenses	17	(845)	0	287	(287)	(1,132)
se15 - petty cash expenses	17	-	-	-	-	-
se24 - transfer to Kosovo Budget	17	(53,580)	-	-	-	(53,580)
se23 - transfer to the account for employee entitlements	26	(5,874)	-	-	-	(5,874)
se1 - SOE money in trust transferred to liquidation	26	(4,878,254)	-	1,865,044	(1,865,044)	(6,743,298)
se3 - Agency administrative fee (5% of SOE other revenue if applicable)	26	(246,107)	-	-	-	(246,107)

Balance of income and expenses / distribution from accounts of SOE's in transition	4,882,461	1,898,067	3,424,323	(1,526,256)	3,356,205
s1 - Controlling account*	-	-	-	-	-
s2 - preliminary transfer from other trust accounts*	188,433	-	-	-	188,433
s3 - time deposits*	0	-	-	-	(0)
Bank balance	5,070,894	1,898,067	3,424,323	(1,526,256)	3,544,638

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category s1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

The provisional transfer of EUR 188,433 is made from the commercialisation account Sharrcem for the payment based on the social scheme for the workers of this enterprise

Transfer is within Sharrcem accounts, the amount of EUR 171,563.85 was paid for salaries whereas the amount of EUR 16,869.39 was paid for salary tax. This amount was reflected with the minus to the commercialisation account in 2011

TABLE 4.
COMMERCIALISATION BANK ACCOUNTS

			31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15	
			Balance	Input	Output	Balance Input vs output	Balance	
			EUR	EUR	EUR	EUR	EUR	
Total income from privatisation accounts			5,507,161	-	-	-	5,507,161	
ci1 - lease gained from commercialisation	5	5,021,319	-	-	-	-	5,021,319	
ci2 - interest gained	6	290,465	-	-	-	-	290,465	
ci3 - commercialisation tender submission fee	7	195,378	-	-	-	-	195,378	
Total expenses/distribution from privatisation accounts based on accounting plan			Shënimi Shpjegues	(1,651,441)	-	-	-	(1,651,441)
ce3 - commercialisation fee transfer to agency reserve fund	7	(206,510)	-	-	-	-	(206,510)	
ce11 - services	12	(500,000)	-	-	-	-	(500,000)	
ce8 - municipal property tax	14	(74,223)	-	-	-	-	(74,223)	
ce7 - debtor payment	15	(590,110)	-	-	-	-	(590,110)	
ce9 - court deposit	15	-	-	-	-	-	-	
ce10 - non-refundable court expenses	15	(121)	-	-	-	-	(121)	
ce6 - service provider for SOE's in commercialisation	17	(8,393)	-	-	-	-	(8,393)	
ce5 - bank expenses	17	(464)	-	-	-	-	(464)	
ce1 - commercialisation proceeds transferred to liquidation	26	(6,792)	-	-	-	-	(6,792)	
ce2 - agency administrative fee (5% commercialisation proceeds)	26	(264,830)	-	-	-	-	(264,830)	
Balance of income and expenses/distribution from privatisation accounts based on accounting plan			3,855,720	-	-	-	3,855,720	
c1 - Controlling account*		-	-	-	-	-	-	
c2 - preliminary transfer from other trust accounts*		(188,433)	-	-	-	-	(188,433)	
c3 - time deposits*		(0)	-	-	-	-	(0)	
Bank balance			3,667,287	-	-	-	3,667,287	

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category c1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

The provisional transfer of EUR 188,433 is made from the commercialisation account Sharrcem for the payment based on the social scheme for the workers of this enterprise

Transfer is within Sharrcem accounts, the amount of EUR 171,563.85 was paid for salaries whereas the amount of EUR 16,869.39 was paid for salary tax. This amount was reflected with the minus to the commercialisation account in 2011

TABLE 5.
EMPLOYEE BANK ACCOUNTS

			31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
			Balance	Input	Output	Balance Input vs output	Balance
			EUR	EUR	EUR	EUR	EUR
Total income in privatisation accounts	Explanatory note		41,838,558	3,679,170	5,575	3,673,595	45,512,153
emi3 - interest gained	6		198,217	-	-	-	198,217
emi1 - employee entitlements transferred from privatisation	26		37,256,135	3,380,012	5,575	3,374,437	40,630,572
emi2 - employee entitlements transferred from liquidation	26		4,378,332	299,158	-	299,158	4,677,490
emi4 - employee entitlements transferred from SOE money in trust	26		5,874	-	-	-	5,874

Gjithsej shpenzimet/shpërndarja nga llogaritë e privatizimit sipas planit kontabël	Shënimi Shpjegues	(16,905,797)	14,282	3,599,468	(3,585,186)	(20,490,983)
eme1 - pjesa e punëtorëve transferuar tek BSPK	10	(16,905,745)	14,281	3,599,451	(3,585,170)	(20,490,915)
eme2 - shpenzime bankare	17	(52)	0	17	(16)	(68)

Balance of income and expenses/distribution from privatisation accounts based on accounting plan	24,932,761	3,693,452	3,605,043	88,409	25,021,170
em1 - Controlling account*	-	-	-	-	-
em2 - preliminary transfer from other trust accounts*	-	-	-	-	-
em3 - time deposits*	-	-	-	-	-
Bank balance	24,932,761	3,693,452	3,605,043	88,409	25,021,170

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category em1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 6.
PRIVATISATION BID DEPOSIT BANK ACCOUNTS

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income in privatisation bid deposit accounts	Explanatory note	173,872,241	50,000	-	50,000	173,922,241
pbd2 - interest gained	6	602,080	-	-	-	602,080
pbd1 - tender deposit	7	170,117,321	50,000	-	50,000	170,167,321
pbd3 - payment of sales price into privatisation tender deposit account	7	1,617,210	-	-	-	1,617,210
pbd4 - payment of tender submission fee into privatisation tender deposit account	7	16,950	-	-	-	16,950
pbd5 - deposit transfer for privatisation tender submission	7	330,000	-	-	-	330,000
pbd6 - previous trf correction of sales prices from tender deposit account	7	1,188,680	-	-	-	1,188,680
Total expense/distribution from privatisation bid deposit account	Explanatory note	(173,820,503)	90,000	191,738	(101,738)	(173,922,241)
pbde2 - transfer of interest on privatisation tender deposit account into reserve fund of the agency	7	(601,756)	-	1,738	(1,738)	(603,494)
pbde2a - transfer of interest for privatisation bid submission into administrative fee account	7	(324)	-	-	-	(324)
pbde3 - deposit return to bidder	7	(141,427,425)	-	-	-	(141,427,425)
pbde4 - privatisation tender deposit confiscation	7	(3,529,788)	90,000	-	90,000	(3,439,788)
pbde5 - deposit transfer to privatisation account	7	(24,990,000)	-	190,000	(190,000)	(25,180,000)
pbde6 - transfer of sales price from tender deposit to privatisation account	7	(1,899,929)	-	-	-	(1,899,929)
pbde7 - return of sales price to bidder from tender deposit	7	(1,227,040)	-	-	-	(1,227,040)
pbde8 - transfer of tender submission fee from tender deposit	7	(3,500)	-	-	-	(3,500)
pbde9 - transfer of submission fee to privatisation submission fee	7	(8,300)	-	-	-	(8,300)
pbde10 - transfer of liquidation deposit to bidder	7	(49,000)	-	-	-	(49,000)
pbde11 - correction of double transfer	7	(20,000)	-	-	-	(20,000)
pbde1 - bank expenses	17	(60,141)	-	-	-	(60,141)
pbde12 - transfer to Kosovo Budget	17	(3,300)	-	-	-	(3,300)
Balance of income and expenses/distribution from privatisation bid deposit account		51,738	140,000	191,738	(51,738)	-
pbd1 - Controlling account*		-	-	-	-	-
pbd2 - preliminary transfer from other trust accounts*		(0)	-	-	-	(0)
pbd3 - time deposits*		0	-	-	-	(0)
Bank balance		51,738	140,000	191,738	(51,738)	(0)

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category pbd1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABELA 7.
PRIVATISATION BID SUBMISSION FEE BANK ACCOUNT

			31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
			Balance	Input	Output	Balance Input vs output	Balance
			EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts			3,708,168	-	-	-	3,708,168
	Explanator y note						
	ptsi2 - interest gained	6	79,535	-	-	-	79,535
	ptsi1 - tender submission fee	7	2,905,787	-	-	-	2,905,787
	ptsi3 - tender deposit transferred to privatisation tender submission fee	7	722,845	-	-	-	722,845
Total expenses/distribution from privatisation accounts based on accounting plan			(3,440,640)	-	-	-	(3,440,640)
	Explanator y note						
	ptse2 - privatisation bid submission fee transfer to reserve fund of the agency	7	(2,079,337)	-	-	-	(2,079,337)
	ptse2a - transfer of the fee from privatisation bid submission account into administrative fee	7	(94,028)	-	-	-	(94,028)
	ptse3 - tender submission fee return to the bidder	7	(76,750)	-	-	-	(76,750)
	ptse4 - transfer to PAK reserve fund	7	-	-	-	-	-
	ptse5 - transfer of tender submission fee to Kosovo Budget	7	(362,035)	-	-	-	(362,035)
	ptse6 - transfer correction to other trust accounts	7	(1,176)	-	-	-	(1,176)
	ptse8 - bid deposit returend to bidder from privatisation tender with submission fee	7	(270,000)	-	-	-	(270,000)
	ptse11 - deposit transfer to privatisation tender deposit account	7	(530,000)	-	-	-	(530,000)
	ptse12 - transfer of sales price from submission fee to privatisation	7	(22,845)	-	-	-	(22,845)
	ptse13 - services paid from privatisation tender submission fee	7	(1,525)	-	-	-	(1,525)
	ptse9 - court deposit	15	(1,500)	-	-	-	(1,500)
	ptse10 - court expenses (non refundable)	15	(40)	-	-	-	(40)
	ptse1 - bank expenses	17	(1,381)	-	-	-	(1,381)
	ptse7 - petty cash expenses from privatisation tender submission	17	(23)	-	-	-	(23)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan			267,527	-	-	-	267,527
	pts1 - Controlling account*		-	-	-	-	-
	pts2 - preliminary transfer from other trust accounts*		-	-	-	-	-
	pts3 - time deposits*		(0)	-	-	-	(0)
Bank balance			267,527	-	-	-	267,527

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category pts1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 8

LIQUIDATION BID DEPOSIT BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts		39,642,660	-	50,000	(50,000)	39,592,660
	Explanatory note					
	lbd2 - interest gained	6	84,881	-	-	84,881
	lbd1 - tender deposit	7	39,508,989	-	50,000	39,458,989
	lbd3 - sale price deposit to liquidation deposit account	7	28,009	-	-	28,009
	lbd4 - registration fee deposit to liquidation tender deposit account	7	780	-	-	780
	lbd5 - liquidation registration fee deposit transfer	7	20,000	-	-	20,000
Total expenses/distribution from privatisation accounts based on accounting plan		(39,460,335)	182,884	305,209	(122,325)	(39,582,660)
	Explanatory note					
	lbde2 - liquidation bid submission fee transfer to reserve fund of the agency	7	(84,573)	-	208	(84,781)
	lbde2a - transfer of the fee from liquidation bid submission account into administrative fee	7	(308)	-	-	(308)
	lbde3 - deposit return to the bidder	7	(32,352,722)	9,999	60,000	(32,402,723)
	lbde4 - liquidation tender deposit confiscation	7	(575,550)	-	120,000	(695,550)
	lbde5 - deposit transfer to liquidation	7	(6,191,550)	150,000	125,000	(6,166,550)
	lbde6 - transfer to Kosovo Budget	7	-	-	-	-
	lbde7 - registration fee returned to bidder from liquidation tender deposit	7	(2,050)	-	-	(2,050)
	lbde9 - sales price transfer to liquidation account	7	(250,259)	22,885	-	(227,374)
	lbde10 - registration fee transfer to liquidation registration fee	7	(1,530)	-	-	(1,530)
	lbde8 - service providers paid from liquidation deposit	12	(700)	-	-	(700)
	lbde1 - court expenses	17	(1,092)	-	1	(1,093)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		182,325	182,884	355,209	(172,325)	10,000
	lbd1 - Controlling account*	-	-	-	-	-
	lbd2 - preliminary transfer from other trust accounts*	-	-	-	-	-
	lbd3 - time deposits*	(0)	-	-	-	(0)
Bank balance		182,325	182,884	355,209	(172,325)	10,000

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category lbd1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 9
LIQUIDATION BID SUBMISSION FEE BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts	Explanatory note	869,415	-	-	-	869,415
Irfi2 - interest gained	6	4,354	-	-	-	4,354
Irfi1 - registration fee	7	759,061	-	-	-	759,061
Irfi3 - tender deposit transferred to liquidation registration fee	7	106,000	-	-	-	106,000
Total expenses/distribution from privatisation accounts based on accounting plan	Explanatory note	(532,905)	-	901	(901)	(533,806)
Irf2 - liquidation bid submission fee transfer to reserve fund of the agency	7	(304,325)	-	-	-	(304,325)
Irf2a - liquidation registration fee transfer to administrative fee	7	(78,630)	-	-	-	(78,630)
Irf3 - registration fee return to bidder	7	(40,600)	-	900	(900)	(41,500)
Irf4 - transfer to PAK reserve fund	7	-	-	-	-	-
Irf5 - liquidation registration fee transfer to Kosovo budget	7	(160)	-	-	-	(160)
Irf6 - tender deposit returned to bidder from liquidation registration fee	7	(69,000)	-	-	-	(69,000)
Irf11 - deposit transferred from liquidation registration fee to liquidation tender deposit	7	(37,000)	-	-	-	(37,000)
Irf12 - transfer of sales price from liquidation registration fee	7	-	-	-	-	-
Irf10 - service provider paid from liquidation registration fee	12	-	-	-	-	-
Irf7 - court deposit	15	(2,000)	-	-	-	(2,000)
Irf8 - court expenses (non refundable)	15	-	-	-	-	-
Irf1 - bank expenses	17	(743)	-	1	(1)	(744)
Irf9 - petty cash expenses from liquidation registration fee	17	(446)	-	-	-	(446)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		336,510	-	901	(901)	335,609
Irf1 - Controlling account*		-	-	-	-	-
Irf2 - preliminary transfer from other trust accounts*		-	-	-	-	-
Irf3 - time deposits*		0	-	-	-	(0)
Bank balance		336,510	-	901	(901)	335,609

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category irf1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

The amount of 900 EUR at Irf3 - registration fee return to bidder is return of fee with 300 EUR to bidders.
The amount was returned following the tender cancellation decision.

TABLE 10
REVIEW COMMITTEE DEPOSIT BANK ACCOUNT

			31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
			Balance	Input	Output	Balance Input vs output	Balance
			EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts	Explana- tor y note		22,952	-	-	-	22,952
rlci1 - interest gained	6	86		-	-	-	86
rlci2 - LRC deposit received from claimants	7	22,867		-	-	-	22,867
Total expenses/distribution from privatisation accounts based on accounting plan	Explana- tor y note		(22,927)	-	-	-	(22,927)
rlce3 - transferred to PAK reserve fund	7	-		-	-	-	-
rlce4 - transfer to PAK administrative fee	7	(9,818)		-	-	-	(9,818)
rlce1 - bank expenses	17	(213)		-	-	-	(213)
rlce2 - LRC deposit received from claimants	17	(12,896)		-	-	-	(12,896)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan			-	-	-	-	-
rlc1 - Controlling account*			-	-	-	-	-
rlc2 - preliminary transfer from other trust accounts*			-	-	-	-	-
rlc3 - time deposits*			-	-	-	-	-
Bank balance			25	-	-	-	25

TABLE 11

PAK CHARTER CAPITAL BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts	Explanatory note	1,132,172	-	-	-	1,132,171.99
cap1 - interest gained	6	118,972	-	-	-	118,972.16
cap2 - charter capital received from Kosovo Budget	9	1,013,200	-	-	-	1,013,199.83
cap3 - transfer from PAK reserve fund		-	-	-	-	-
Total expenses/distribution from privatisation accounts based on accounting plan	Explanatory note	(22,623)	-	-	-	(22,623)
cape2 - court expenses	15	(1,000)	-	-	-	(1,000)
cape3 - court order for attorney expenses	15	(406)	-	-	-	(406)
cape4 - court order for enterprise compensation (claimants)	15	(21,210)	-	-	-	(21,210)
cape5 - court order for compensation of natural entities claimants	15	-	-	-	-	-
cap1 - bank expenses	17	(7)	-	-	-	(7)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		1,109,549.39	-	-	-	1,109,549.39
cap1 - Controlling account*		-	-	-	-	-
cap2 - preliminary transfer from other trust accounts*		-	-	-	-	-
cap3 - time deposits*		(0)	-	-	-	(0)
Bank balance		1,109,549	-	-	-	1,109,549

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category cap1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 12
PAK RESERVE FUND BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts		7,557,524	121,946	90,000	31,946	7,589,470
	Explanatory note					
	rfi1 - interest gained	6	117,934	-	-	117,934
	rfi2 - privatisation tender deposit confiscation	7	3,529,788	-	90,000	(90,000)
	rfi3 - liquidation tender deposit confiscation	7	575,550	120,000	-	120,000
	rfi4 - wrong transfer to third parties	8	57,751	-	-	-
	rfi5 - transfer from the interest on privatisation tender deposit account into PAK reserve fund	7	601,756	1,738	-	1,738
	rfi6 - transfer from privatisation tender submission fee into PAK reserve fund	7	-	-	-	-
	rfi7 - transfer of liquidation tender deposit account interest into PAK reserve fund	7	84,573	208	-	208
	rfi8 - transfer of liquidation registration fee account interest into PAK reserve fund	7	-	-	-	-
	rfi9 - transfer from commercialisation fee into PAK reserve fund	7	206,510	-	-	-
	rfi10 - transfer of privatisation tender submission fee as PAK revenue	7	2,079,337	-	-	-
	rfi11 - transfer of liquidation registration fee as PAK revenue	7	304,325	-	-	-
Total expenses/distribution from privatisation accounts based on accounting plan		(6,043,307)	-	546,163	(546,163)	(6,589,470)
	Explanatory note					
	rfe1 - tender deposit returned into privatisation tender deposit from reserve fund	8	(50,000)	-	-	-
	rfe2 - transfer of reserve fund into PAK privatisation administrative fee account in MF treasury	16	(1,800,000)	-	-	-
	rfe3 - bank expenses	17	(354)	-	-	-
	rfe4 - transfer of reserve fund in PAK administrative fee	7	(3,776,830)	-	546,163	(546,163)
	rfe5 - transfe to third parties	17	(416,123)	-	-	-
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		1,514,217	121,946	636,163	(514,217)	1,000,000
	rf1 - Controlling account*	-	-	-	-	-
	rf2 - preliminary transfer from other trust accounts*	0	-	-	-	0
	rf3 - time deposits*	(0)	-	-	-	(0)
Bank balance		1,514,217	121,946	636,163	(514,217)	1,000,000

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category rf1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 13
DONOR BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts	Explanatory note	8,469.19	-	-	-	8,469.19
di1 - interest gained	6	467.25	-	-	-	467.25
di2 - received donations	8	8,001.94	-	-	-	8,001.94
Total expenses/distribution from privatisation accounts based on accounting plan	Explanatory note	(6)	-	-	-	(6)
de1 - bank expenses	17	(6.00)	-	-	-	(6.00)
de2 - balance transferred to PAK reserve fund	26	-	-	-	-	-
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		8,463.19	-	-	-	8,463.19
d1 - Controlling account*		-	-	-	-	-
d2 - preliminary transfer from other trust accounts*		-	-	-	-	-
d3 - time deposits*		-	-	-	-	-
Bank balance		8,463	-	-	-	8,463

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category d1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 14

PAK ADMINISTRATIVE FEE BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts		39,287,519	612,880	58,014	554,866	39,842,385
	Explanatory note					
ati1 - Interest gained on PAK administrative fee	6	76,787	500	-	500	77,287
ati6 - PAK administrative fee (from PAK reserve fund)	7	3,776,830	546,163	-	546,163	4,322,993
ati7 - PAK administrative fee (from privatisation bid deposit account)	7	324	-	-	-	324
ati8 - PAK administrative fee (from privatisation bid deposit fee)	7	94,028	-	-	-	94,028
ati9 - PAK administrative fee (from liquidation bid deposit account)	7	308	-	-	-	308
ati10 - PAK administrative fee (from liquidation registration fee)	7	78,630	-	-	-	78,630
ati12 - PAK administrative fee (from liquidation bid review account)	7	9,818	-	-	-	9,818
ati2 - PAK administrative fee (5% of liquidation sale)	26	4,399,803	21,050	49,740	(28,690)	4,371,113
ati3 - PAK administrative fee (5% from privatisation sale)	26	29,926,109	39,680	8,274	31,407	29,957,515
ati4 - PAK administrative fee (5% of commercialisation proceeds)	26	264,830	-	-	-	264,830
ati5 - PAK administrative fee (5% of other SOE revenues if any)	26	246,107	-	-	-	246,107
ati11 - PAK administrative fee (5% of liquidation bank account interest)	26	413,944	5,487	-	5,487	419,431
Total expenses/distribution from privatisation accounts based on accounting plan		(21,851,966)	3,417,498	6,412,542	(2,995,044)	(24,847,010)
	Explanatory note					
ate4 - Transfer to liquidation authority	11	(2,681,784)	3,049,396	390,299	2,659,097	(22,687)
ate5 - payment of goods	12	-	-	-	-	-
ate6 - payment of services	12	(620,760)	368,102	520,786	(152,684)	(773,444)
ate2 - transfer of PAK administrative fee to MF treasury	16	(18,548,000)	-	5,500,000	(5,500,000)	(24,048,000)
ate1 - bank expenses	17	(1,422)	-	1,457	(1,457)	(2,879)
Balance of income and expenses/distribution from privatisation accounts based on accounting plan		17,435,553	4,030,378	6,470,556	(2,440,178)	14,995,375
at1 - Transactions controlling account*		-	-	-	-	-
at2 - preliminary transfer from other trust accounts*		-	-	-	-	-
at3 - time deposits*		(500,000)	500,000	-	500,000	0
Bank balance		16,935,553	4,530,378	6,470,556	(1,940,178)	14,995,375

Notes

*Amounts in minus show 'output' from privatisation accounts whereas 'plus' shows input in privatisation accounts.

*See time deposits, if the balance is 'minus' then funds were sent to time deposit accounts.

Category at1 - Controlling accounts is used in cases when corrections are made to bank transfers between accounts.

TABLE 15

TIME DEPOSIT BANK ACCOUNT

		31-Dec-14	Input/output from current accounts during fiscal year			31-Dec-15
		Balance	Input	Output	Balance Input vs output	Balance
		EUR	EUR	EUR	EUR	EUR
Total income from privatisation accounts	Explanatory note	329,203,017 €	5,005,000 €	- €	5,005,000 €	334,208,017 €
tdi1 - time deposit transferred from PAK into PAK individual accounts	6	321,974,330	5,000,000	-	5,000,000	326,974,330
tdi2 - time deposit interest received from CBK	6	7,228,687	5,000	-	5,000	7,233,687
tdi3 - current account interest paid to time deposits	6	0	-	-	-	0
Total expenses/distribution from privatisation accounts based on accounting plan	Explanatory note	(329,203,017)	-	5,005,000	(5,005,000)	(334,208,017)
tde1 - time deposit transferred from CBK into their accounts pending maturity	6	(321,974,330)	-	5,000,000	(5,000,000)	(326,974,330)
tde2 - time deposit interest received from CBK and transferred to PAK individual accounts	6	(7,228,687)	-	5,000	(5,000)	(7,233,687)
tde3 - bank expenses	17	0.6	-	-	-	0.6
Bank balance		0.6	5,005,000	5,005,000	-	0.6



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KOSOVSKA AGENCIJA ZA PRIVATIZACIJU
PRIVATISATION AGENCY OF KOSOVO

REPORT

January – December 2015

**ANNUAL REPORT OF PRIVATISATION AGENCY OF KOSOVO
FOR THE MINISTRY OF FINANCE**

29 JANUARY 2016

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1. EXECUTIVE SUMMARY FOR 2015

In order to better understand the work plan for 2016, in this chapter we have represented a brief summary for the period ended 31 December 2015 with regard to the following fields:

- Main achievements;
- Asset sales;
- Liquidation of Socially Owned Enterprises;
- Payments for the workers of Socially Owned Enterprises (20%);
- Administration and monitoring of SOEs;
- Treatment of usurped assets;
- Summary on finances.

MAIN ACHIEVEMENTS

- Commitment of Agency's personnel in overcoming challenges;
- Distribution of 20 % for the workers of Socially Owned Enterprises;
- Increased effectiveness of administration, control and monitoring of SOEs, Special Spin Offs, and privatizations with conditions;
- Treatment of usurped assets or used without any legal ground by the third parties;
- Extraordinary increase of lease collections;
- Cooperation with Municipalities;
- Review of creditor claims.

ASSET SALES

During 2015, PAK has not executed any asset sale due to the lack of Board of Directors.

The table below represents the number of sales (signed contracts) and the total amount generated from sales June 2002 – December 2015:

	The entire process Chairman June 2002 – December 2015	Total amount of sales proceeds
Sale of New Enterprises	763	572,987,929
Sale of Assets of SOEs in Liquidation	523	87,235,540
Total number of Contracts	1,286	660,223,469

The tables below present a summary on the number of sales of New Enterprises and assets in liquidation.

Number of SOEs unde PAK Administration	518	1	
Number of SOEs involved in liquidation sales (new enterprise of liquidation sale)	316	2	
Number of SOEs not in liquidation, but involved in the sale of New Enterprises.	13	3	
Number of SOEs involved in property sales	329	4=2+3	68%
Number of SOEs without assets	31	5	
Number of SOEs not involved in property sales	158	6=1-4-5	32%

Number of SOEs in liquidation	462
Number of SOEs without assets but placed in liquidation*	18
Number of SOEs in liquidation and had no sales	129

LIQUIDATION OF SOCIALLY OWNED ENTERPRISES

The total number of SOEs under liquidation proces sis 462. The number of creditor claims submitted during the reporting period is 820, whereas, the number of decisions reviewed and submitted to claimants is 7, 825. Liquidation Authorities of SOEs in Liquidation have prepared final and distribution reports for 25 Socially owned Enterprises, and 263 Draft Distribution Reports for Socially Owned Enterprises in Liquidation. Out of the total number of socially owned enterprises under liquidation process, the final or interim distribution reports for 25 SOEs only have been prepared. Liquidation procedures of 455 SOEs are ongoing (7 SOEs have been closed).

Table of liquidation results:

	Janaury - December 2015	Entire process
Number of SOEs in liquidation	2	462
Number of creditor claims	820	89,630
Number of reviewed claims	7,825	89,268
Number of closed SOEs according to decisions issued by Special Chamber of the Supreme Court of Kosovo (SCSC) (SOEs without assets or credior claims)	0	7
Number of final reports submitted by LA ¹ to the Special Chamber for closing of SOE (awaiting decision)	0	6
Number of final distribution reports	0	19
Number of draft reports for distribution of payments to creditors	108	263

¹ LA – Liquidation Authority

PAYMENTS FOR THE WORKERS OF SOCIALLY OWNED ENTERPRISE (20%)

During the reporting period, the Agency has not published any workers lists. Interim distribution of 20% of proceeds to eligible workers of 67 Socially Owned Enterprises and distribution of proceeds from subsequent asset sales.

The table below represent results of 20%:

	January - December 2015	Entire process
The amount of distribution of 20% of the proceeds to the workers of SOEs	8,028,314	104,245,154
Workers final list	0	312
Number of final Decisions issued by the Special Chamber of the Supreme Court of Kosovo	23	127
Lists awaiting to be reviewed by the court		185
Number of paid workers		43,053
The amount of cash for distribution to workers as soon as the claims are reviewed by the Special Chamber		25,021,170

TREATMENT OF USURPED ASSETS

Taking into account successive impediments presented by usurpers before and during sales process, on 21 November 2014, the Management resolved that hereinafter all assets that shall be published for sale should preliminarily be vacated from usurpers with the help of Kosovo Police in accordance with article 26 of the Law on PAK, and that no contract shall be concluded/ submitted to buyers without vacating the assets from usurpers. On 10 December 2014, the Management approved the Guideline for Treatment of Usurped Assets.

The decisions has been forwarded to all 9 (nine) Kosovo Economic Chambers and to all investors registered in Agency's database.

The following table presents the number of assets used by third parties:

Region	Curent number of usurped assets	Assets used by Local Institutions	Assets used by International Organisations
Prishtina	80	4	0
Peja	35	16	0
Prizreni	20	18	0
Gjilani	1	25	2
Mitrovica	79	12	2
Total	215	75	4

Around 132 out of 215 usurped assets shall be difficult to handle as presented in the table below. However, plans are being made to address the issue of 83 usurped assets used for commercial purposes until March 2016.

Regional Offices are facing with problems of different nature for vacating of usurped assets both ownership problem asset or agricultural lands and usurped assets (social cases) which hinders decision making.

Description	Gjilani	Mitrovica	Prishtina	Prizreni	Peja	TOTAL
Onwership problems		8	22	3	7	40
Agricultural Lands (usurped)		19			8	27
Assets located in North (usurped)		47	5		1	53
Usurped assets (social cases)	1	5	3		3	12
TOTAL	1	79	30	3	19	132

As a consequence, for 2016 plans are being made to eliminate the cases of usurped assets besides those assets which are entirely beyond our actions and will. These assets are mainly related to various ownership problems, and as a consequence, in 2016, our focus in the segment with respect to treatment of usurped assets shall be treatment of legal and ownership problems in order to treat these assets in conformity with the Guideline on Vacating of Usurped assets.

Vacating of assets is one of the most advantageous news in the benefit of investors and in improving the image of Kosovo towards foreign investors.

Information regarding the number of SOEs assets to be vacated from usurpers and the number of signed contracts, following the approval of decision for vacating of assets from usurpers, and approval of the Guideline on 10 December 2014 until the end of reporting period is as follows:

Description	Gjilani	Mitrovica	Prishtina	Prizren	Peja	Total
Vacated from Usurpers	6	14	57	14	25	116
Entry into contractual relationship with former users who have admitted PAK's administrative authority	11	36	77	10	60	194

As a consequence of actions undertaken by the Agency for vacating of usurped assets and the increase of effectiveness in administration of assets a significant increase of lease collections in 2015 has been produced compared to 2014:

Type of Bank Account	Revenues from lease collection Year 2015	Revenues from lease collection Year 2014	Increase of lease	Increased by %
Liquidation	1,838,944	975,844	863,099	88.45%
SOE money in trust	1,398,804	475,407	923,397	194.23%
TOTAL	3,237,748	1,451,252	1,786,496	123.10%

* Lease revenues presented in the table do not cover lease collections from SOEs in liquidation such as "Tregu", ABC Genci", "Grand Hotel" and "Palace of Youth, Culture, and Sports".

The following table represents calculations in the period before and after the decision was taken for vacating of assets:

	A	B	C=A+B	E=B/C
Type of bank account	Before the decision was taken on 01 January 2003 until 20 November 2014	After the decision was taken 21 November 2014 until 31 December 2015	Total	Percentage of total amount collected
Liquidation	2,070,803	1,962,679	4,033,482	48.66%
SOE money in trust	6,866,643	1,494,154	8,360,797	17.87%
TOTAL	8,937,446	3,456,833	12,394,279	27.89%

The amount of collected funds from 2002 to 21 November 2014 is 8.9 million Euros, out of which 4.5 million Euros have been collected through agreements with international institutions for payment of outstanding debts against SOEs, whereas 4.4 million Euros have been collected from other leaseholders.

Since the decision for vacating of assets from usurpers was taken in 21 November 2014, that is, only during 13 months period (December 2014 to 31 December 2015) the amount of collected funds from leasing of assets is 3.45 million Euros or 77% of overall lease collections (4.4 million Euros) generated from previous 12 years.

The decision for vacating of usurped properties has brought about an excellent performance in administration of assets.

Pursuant to article 3.7.1 of Liquidation Guideline approved by the Board of Directors in September 2011, Liquidation Authorities have been authorised to extend lease contracts or leasing of each property of Socially Owned Enterprises in liquidation.

PAK Board of Directors in its meeting held on August 2014 approved the Regulation on Leasing of the Assets of Socially Owned Enterprises not placed yet in liquidation. In the same meeting, the Board resolved and authorised Liquidation Authority to prepare the regulation on leasing of assets of Socially Owned Enterprises in liquidation in cooperation with the Management.

Approval and implementation of decision for removing of usurpers, Guideline on Treatment of Usurpers and Regulation on Leasing of the Assets of SOEs in liquidation allowed for the Agency to properly administer the assets of SOEs, and to collect 2.8 million Euros from leasing of assets as presented in this report.

Since from the approval of decisions and regulations for placement of the assets of Socially Owned Enterprises in August 2014 and November 2014, 27 public tenders have been announced for leasing of 357 assets of SOEs.

All collected funds from asset leasing are deposited in the trust fund bank account at the Central Bank of Kosovo, and in any case, whatsoever, shall not be used for Agency's needs.

The Agency, according to legal obligations is progressively making identification and administration in good faith of the assets until liquidation of SOEs. 79 new assets have been identified during 2015.

The Agency is committed that no sale shall take place in the future without vacating the usurped assets, thus, allowing for the increase of the number of interested buyers of assets, and consequently, the increase of sales price.

FINANCE AND BUDGET

Financial statement on annual budget

Financial statements for the period January – December 2015 have been submitted to the Treasury Department in the Ministry of Finance. Main source for financing of Agency's budget are Dedicated Revenues, which cover direct administrative and operational activities in accordance with article 21 of PAK Law.

Summary of financial results from annual budget of dedicated revenues and Government Grant:

FINAL BUDGET	JANUARY – DECEMBER 2015
Budget as at 31 December 2015	6,822,356
Annual allocations	6,775,720
Expenditures: (87 % of the budget or 88% of allocations)	5,970,268
Number of transactions	2,877

Trust fund financial statements

Trust Fund Financial Statements for the period January – December 2015 have been submitted to the Ministry of Finance within the legal time limits. The amount of Trust Fund budget dedicated to socially owned enterprises that shall be placed in liquidation is around 13.3 million Euros for liquidation expenditures, and 20 million Euros for Liquidation Authority. The budget covers the period from placement of the Enterprise in liquidation until completion of liquidation.

Summary of trust fund financial results:

Major incomings throughout the process

Asset sale revenues (new enterprises and liquidation asset sales, apartment and other sales from SOEs in transition)	664,936,872
Commercialisation revenues	5,021,319
Lease revenues	14,877,023
Other trust funds of SOEs (before liquidation) and tender participation fees	12,635,154
Revenues from bank interest (7, 2 million Euros have been generated from time deposits)	34,844,700

Number of incoming transactions	182,600
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Number of outgoing transactions	79,750
Total	262,350

This data can also be found in the trust fund financial statements.

MAIN OBJECTIVES FOR SOE LIQUIDATION CLOSURE

Privatisation and liquidation process of Socially Owned Enterprises (SOE) should continue without further delays².

Main objectives for closure of liquidation process of Socially Owned Enterprises are as follows:

1. The Agency has not yet sold **around 1700** assets of SOEs³; and
2. There are around **29,373 court cases** in the different court instances:
 - 2.1. Around 15,000 creditor claims⁴ against SOEs are still under review by the Special Chamber of the SuprememCopurt of Kosovo (SCSC);
 - 2.2. Around 6922 claims with 10,122 complainants in the workers lists of SOEs are still under review (for 185 SOE until the end of reporting period) in the Special Chamber of the Supreme Court of Kosovo (SCSC). These cases are defended in the court by PAK Legal Department;
 - 2.3. There are 2,564 court cases forwarded from Agency's Regional Offices to Basic Courts;
 - 2.4. There are 180 cases initiated for execution with the Basic Courts by Agency's Regional Offices;
 - 2.5. Around 4,705 court cases have been forwarded from Agency's Legal Department to the Special Chamber of the Supreme Court;
 - 2.6. There are 2 cases in the Constitutional Court.
3. The Agency has treated a very limited number of illegal constructions in the property of SOEs.

For this reason it is of critical importance that:

- I. Issues beyond the control of the Agency such as liquidation/sale and treatment of assets should be carried out with high priority in order to present the reports to the Board of Directors submitted by Liquidation Authority in a timely manner;
- II. Relevant institutions of the Republic of Kosovo should prepare respective strategy for accelerataion of review of court cases by the Special Chamber of the Supreme Court and cases by Basic Courts; and
- III. To prepare a special strategy for treatment of illegal constructions against administrative processes of the Agency in coordination with the Government and municipal authorities.

² The preamble of the Law no. 04/L-034 on PAK sets forth establishment of Privatization Agency of Kosovo and delegation in this Agency of public and administrative authorizations on the enterprises and assets including but not limited to the mandate and authority for the sale or transferring of these enterprises and/or assets to private investors, or their liquidation through an open, transparent, competitive process without any delay.

³ According to PAK Activity Summary Report, 1,286 sales contracts of New Enterprises and asset sales of SOEs in liquidation have been signed from June 2002 (establishment of forer KTA) to 31 December 2015.

⁴ 1,650 Response Orders to creditor claims have been submitted by SCSC to SOE Liquidation Authority (LA) regarding decisions issued by LA. According to some estimates regarding claim samples and the number of SOEs, there may be around 13.350 other claims for which PAK has not yet been informed by SCSC, which in total will be 15.000 creditor claims against SOEs. According to press release issued by SCSC in December 2015, there are 23.327 remaining court cases related to Agency's processes. 4.117 new cases have been received in 2015 only, whereas the number of solved cases during 2015 is 1.797 cases in the two court instances of SCSC. According to information received from SCSC, the number of ongoing court cases is 21,530.

It is clear that the Socially Owned Enterprises cannot be placed in liquidation without liquidating the assets and reviewing of all creditor claims in the SCSC, including ownership claims over the assets of SOEs in liquidation.

However, Liquidation Authority/Agency may carry out interim distribution of payments to creditors with the approval of the Board of Directors (it is a precondition to know the number of claims and the amount of payment of claims submitted with SCSC).

MAIN OBJECTIVES IN THE FUTURE PERIODS

Work Plan for 2016 is ambitious, however, the achievement of PAK aims and objectives may be slow taking into account the following identified objectives:

- Completion of the Board;
- Management of the process for reorganisation of the Agency;
- Review of regulation on the future sale of assets;
- Acceleration of sales process and treatment of assets through other methods;
- Trepça;
- Payment of compensation for expropriation⁵ by the Government of the Republic of Kosovo regarding expropriations of socially owned enterprises. Liquidation process of SOEs shall not be closed unless compensations for expropriation are paid, which shall also be used to pay 20% to the workers of SOEs;
- Placement of remaining assets in liquidation;
- To ensure that no sales contract shall be concluded / submitted in the future without having vacated the asset from usurpers;
- Cooperation with Municipalities for provision of cadastral services in an expeditious manner;
- Lack of sufficient staff such as Cadastral Officers;
- Treatment of sales in the event of unclear documentation or lack of ownership documents;
- Delays in treatment of cases from Special Chamber of the Supreme Court of the Republic of Kosovo;
- Delays in treatment of cases from Basic Courts;
- Treatment of illegal constructions; and
- Treatment of assets located outside Kosovo.
- Raising awareness to municipalities for their competencies on socially owned property as in most cases the Municipalities have made unilateral changes to titleholder of socially owned property administered by PAK;
- Lack of cooperation with some municipalities located in the north of Kosovo. This directly impacts on the privatization and liquidation process as there is a considerable number of SOEs properties.

⁵ Since from PAK establishment, the Government has not yet paid any compensation for expropriation of socially owned property. As at 10 September 2015, the total number of decisions taken for expropriation of socially owned property is 555. During 2016, it is expected that the Agency shall submit formal letters seeking for payment of compensation for expropriation.

Some of the aforementioned objectives are directly depended by other institutions.

REGULATION AND PROCEDURES APPROVED BY THE AGENCY DURING 2015

Regulations and procedures approved during reporting period:

1. Information Technology Guideline.

ANNEX 1 (OF EXECUTIVE SUMMARY) REPORT ON THE STATUS OF PROCESSES

The tables below represent a summary of information on the processes of the Agency.

The following is a summary of information on:

- Cost of privatisation and liquidation proces⁶, number of sold and unsold assets, sales, liquidation, information on 20% of the workers, and other summary information.

ANNEX 2 (OF EXECUTIVE SUMMARY). TRUST FUND STATUS REPORT

The following is a summary of information on the status of trust funds⁷: the status of trust funds on 31 December 2014, inflows during 2015, outflows during 2015; and the status of trust funds on 31 December 2015.

Annex 1

REPORT ON THE STATUS OF PROCESSES

Last data 31-Dec-15

Number of sold assets	1,286	46%
Number of unsold assets**	1,499	54%
Total*	2,785	100%
Assets located outside Kosovo (including 17 assets of Trepça)	189	

	number	amount
Sold land*** (hectar)	28,611	€ 98,092,540
Unsold land**** (hectar)	22,140	

⁶ The data are under processing due to deadline for closing of financial statements for 2015.

⁷ A detailed information is presented in financial statements for 2015.

- * This number may be subject to change in the future depending on identification of new assets or waive rights regarding assets through Special Chamber
- ** These notes present calculation of assets inside Kosovo
- *** The amount of land sales is included in the total amount of asset sales. It is expected the update of data.
- **** Unsold lands are those lands with surface are larger than 50 acre irrespective if they have other assets in the lands or what type of land they are.

SALES	number	amount
signed contracts	1,286	€ 660,223,469
Sales of New Enterprises through regular spin off	721	433,915,449
Sales through direct negotiations	2	30,440,000
Sales through spin off with special conditions	14	15,693,885
Sales through Spin off special	26	92,938,595
Liquidation asset sales (article 9)	523	87,235,540

Sale of apartments***	394	243,550
Sales of properties subject to illegal constructions	-	-

- **** 574 claims have been reviewed. 394 claims have been approved. 180 claims have been rejected.

	number	amount
Pending contracts	404	€ 2,588,806
Sale of Enterprises awaiting signature	6	€ 2,380,451
Sale of assets in liquidation awaiting signature	2	€ 208,355
Sale of apartments awaiting Board approval	396	-
Sale of properties subject to illegal constructions for approval by the Board		-

LIQUIDATION	number
Number of SOEs placed in liquidation	462
SOEs placed directly in liquidation (item 13a is covered in item 13)	156

Creditor claims submitted to Liquidation Authority (LA)	89,630
Creditor claims resolved by LA	89,268
<i>Pending creditor claims</i>	362
Number of closed SOEs (SOEs without assets or creditor claims)	7
Number of final reports submitted to Special Chamber by LA for closing of SOEs	6
Number of final reports for distribution of compensations to creditors	19
Number of draft reports for distribution of compensations to creditors	263
Number of SOEs not yet placed in liquidation	55

REPORT ON 20% TO ELIGIBLE WORKERS

Total amount paid to UITUK	€ 104,245,154
Paid to UITUK from privatisation proceeds	89,769,039
Paid to UITUK from liquidation proceeds	10,584,933
Paid to UITUK from other sources	3,891,182

Ready cash for distribution after resolution of claims by the Court	25,021,170
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Number of preliminary lists of the workers of SOEs (to be reviewed by PAK)	0	
Number of final lists of the workers of SOEs (to be reviewed by Special Chamber)	183	35%
Number of workers lists of SOEs approved by the Special Chamber and paid	127	25%
Number of SOEs the workers lists of which have not yet been prepared	208	40%

OTHER DATA

Expropriated assets	555
Usurped assets	215
Leased assets (other SOEs)	781

Leased assets (Market and Palace of Youth)	826=661+165
Assets under commercialisation process	0
SOEs without assets	55
Enterprises under monitoring sold through special spin off	2
Enterprises under monitoring sold through special conditions	9
SOEs under direct administration	3
SOEs under reorganization process	0

Forest Economies (not under PAK competence)	24
Kosovatrans (not under PAK competence, under court review)	12
SOEs withdrawn from PAK competencies according to Board decisions	30

SOEs subject to preliminary injunctions issued by Special Chamber	5
Sales subject to preliminary injunctions issued by Special Chamber	10
Other cases subject to preliminary injunctions issued by the Court	93
Requests for preliminary injunctions under review by the Special Chamber	195
Number of court cases in the Special Chamber (21,992) and Basic Courts (7,451)	29,373

Reviewed illegal constructions awaiting Board resolution	128
Illegal constructions not yet reviewed	1954

Annex 2

		1	2	3=1+2
DESCRIPTION	EXPLANATORY NOTE NO.	BALANCE ON 31 DECEMBER 2014	BANKING TRANSACTIONS DURING THE FISCAL YEAR	BALANCE ON 31 DECEMBER 2015
Sales revenues	1	665,248,630	(311,758)	664,936,872
Lease revenues	2	10,080,071	4,796,952	14,877,023
Lease and commercialisation	3	5,021,319	-	5,021,319
Interest earned	4	34,839,700	5,000	34,844,700
Fees for participation in sales bids	5	7,705,480	(193,016)	7,512,464
Other revenues	6	4,796,689	326,001	5,122,690
Agency's charter capital	7	1,013,200	-	1,013,200
TOTAL AMOUNT OF REVENUES EXECUTED IN TRUST ACCOUNT BANK ACCOUNTS		728,705,088	4,623,179	733,328,267

EXPENDITURES/DISTRIBUTIONS

Workers 20% of proceeds transferred to UITUK	11	96,216,840	8,028,314	104,245,154
Provisional Service Provider (Liquidation Authority)	12	9,006,327	1,704,575	10,710,902
Goods and services	13	7,631,304	2,165,570	9,796,874
Utilities	14	449,281	378,409	827,690
Taxes	15	1,611,132	746,892	2,358,024
Decisions of the courts/enforcement agents (deposits and taxes)	16	978,292	761,709	1,740,001

Transfer of 5% funds to cover PAK activities	17	20,348,000	5,500,000	25,848,000
Others	18	683,722	8,626	692,348
Payments to SOE creditors	19	45,140	-	45,140
Residual funds transferred to the Government	20	28,934,282	61,310,628	90,244,911
TOTAL EXPENDITURES / DISTRIBUTION		165,904,319	80,604,723	246,509,042
BANK BALANCE		562,800,768	(75,981,544)	486,819,224

31-Dec-15

2. LEGAL FRAMEWORK

Privatisation Agency of Kosovo is established in accordance with the Law on Privatisation Agency of Kosovo (Law no. 03/L-067) which entered into force on 01 July 2008 as amended by the Law no. 04/L-034 which entered into force on 21 September 2011 (hereinafter the “Law”) as amended by the Law no. 05/L-080 which entered into force on 24 December 2015.

Privatisation Agency of Kosovo is established as the successor of Kosovo Trust Agency (KTA) established in accordance with UNMIK Regulation no. 2002/12 on “Establishment of Kosovo Trust Agency” as amended by UNMIK Regulation no. 2005/18 and provides that all assets and responsibilities of the Kosovo Trust Agency on Socially Owned Enterprises shall be transferred to Privatisation Agency of Kosovo.

The Privatization Agency of Kosovo is an independent public body that carries out its functions and responsibilities with full autonomy. The Agency possesses full judicial personality and in particular the capacity to enter into contracts, acquire, hold and dispose of property and have all implied powers to fully discharge the tasks and powers conferred upon it by the present law; and to sue and be sued in its own name.

APPLICABLE LEGISLATION IN THE PRIVATISATION AGENCY OF KOSOVO

1. PAK Law;
2. PAK Charter Capital;
3. The Statute of PAK Board of Directors;
4. PAK Operational Policies and its Annexes:
 - 4.1. Rules of tender for privatization
 - 4.2. Rules of tender for liquidation
 - 4.3. Rules of Procedure of the workers lists claim review Committee.
5. PAK Financial Procedures;
6. Liquidation Guide and its Annexes:
 - 6.1. A list with Forms/ Liquidation Forms;
 - 6.2. Guideline for Reviewing of Certain Employment Claims (employment relationship)
 - 6.3. Guideline for Reviewing of Ownership Claims (against SOEs) during transformation period.
 - 6.4. Annex to Liquidation Guideline for Processing of Collective Claims under liquidation procedure.
7. Regulation on remuneration of the members of the Board
8. Guideline on Procedures for distribution of 20 % of the proceeds
9. Guideline no. 01/2012 on procurement procedures for use by Socially Owned Enterprises;
10. Guideline on procurement procedures for use by Socially Owned Enterprise in liquidation;

11. Internal Procedures of the Executive Secretariat of the Board of Directors;
12. PAK Banking Procedures;
13. Regulation no. 01/2012 on Protection of PAK Integrity;
14. Regulation on the use of the official stamps of the Agency and on Authorization allowing the use of the official stamps of the Agency by Liquidation Authority;
15. The Statute of Internal Audit Unit (IAU);
16. Regulation on determination of methods for remuneration of managers and other employees of SOEs under the administration of Direct Administration Unit;
17. Regulation on procedure for recruitment of Managing Director, Two Deputy Managing Director, and Director of the Executive Secretariat of the Board of Directors;
18. Regulation on staff development and capacity building;
19. Regulation on procedures and measures required for protection of persons entering or leaving PAK premises;
20. Internal Regulation of the Agency for Assessment of the Performance of the Management;
21. Policy on interim payment to workers;
22. Procurement Guideline on Trepça Enterprise under PAK Administration;
23. Regulation on the Sale of Trepça Enterprise Under Privatisation Agency of Kosovo Administration;
24. Banking Procedures of Privatization Agency of Kosovo;
25. Regulation on the Salaries of the employees of the Agency;
26. Personnel Regulation for the employees of the Agency;
27. Regulation on the use of official vehicles of the Agency;
28. Rules of Procedure for Selling of SOEs' Apartments;
29. Rules of Work of the Committee for illegal constructions in the property of socially owned enterprises;
30. Regulation on leasing of the assets of Socially Owned Enterprises;
31. Regulation on leasing of the assets of SOEs in liquidation;
32. Rules of Procedure of the Committee for reviewing of initial workers lists (WILRC);
33. Decision for vacating of usurped assets of SOEs and the Guideline for vacating of usurped assets;
34. Rules of Procedures of the Control and Supervision Unit during the Monitoring of Enterprises Privatized through Special Spin Off method and with Conditions;
35. Rules of Procedure for treatment of accounts receivable;
36. Personnel Performance Management Guideline;
37. Information Technology Guideline.

3. DESCRIPTION OF THE INSTITUTION

3.1. MISSION AND VISION

Mission

The Agency is authorized to administer, including authorization to sell, transfer, and/or liquidate Socially Owned Enterprises and their assets.

To fulfill this mission, the Agency holds and administers each enterprise (under its mandate) in trust and for the good of their owners and creditors, and sells or liquidates the enterprises and assets in accordance with the law.

Vision

The Agency is resolved to quickly address the substantial economic and social impact and to promote investments in the concerned Socially Owned Enterprises, and providing the Privatization Agency of Kosovo with broad public administrative authority over such enterprises and assets, including, but not limited to, the mandate and authority to sell or otherwise transfer such enterprises and/or assets to private investors, or liquidate them, in an open, transparent and competitive process and without delay.

3.2. COMPETENCES OF THE AGENCY IN ACCORDANCE WITH THE LAW

The Privatization Agency of Kosovo (hereinafter the "Agency") is an independent public body that shall carry out its functions and responsibilities with full autonomy. The Agency possesses full legal personality and in particular the capacity to enter into contracts, acquire, hold and dispose of property and have all implied powers to discharge fully the tasks and powers conferred upon it by the present Law; and to sue and be sued in its own name.

During the reporting period, the overall activities of the Agency have been managed by Managing Director⁸, Deputy Managing Director - Sales and Deputy Managing Director - Liquidation.

The Agency is composed of the following departments:

- Sales Department;
- Department for Coordination of Liquidation;
- Department for Regional Coordination;
- Legal Department;
- Budget and Finance Department;
- Administration Department; and
- Procurement Department

⁸ The mandate of the Managing Director expired on 26 January 2014.

The Agency has also established its Internal Audit Unit and Executive Secretariat of the Board of Directors. The main office of the Agency is located in Prishtina. It has established five (5) regional offices (Prishtina, Peja, Prizren, Mitrovica, and Gjilan), and three (3) offices (Graçanica, Shtërpcë and Leposaviq).

Organisational structure of the Agency is presented in the end of the annual report of the Agency.

4. SCOPE OF WORK COVERED BY THE AGENCY

Around 604 companies in Kosovo have been identified by former KTA as Socially Owned Enterprises (SOE) or working units of SOE.

SOEs operated in a variety of sectors including metal processing, plastics, paper, hotels, mining, agro-industry, agriculture, forestry, building materials, construction, textile, winery and vineyards, brewing, tobacco, retail and wholesale trade.

SOEs represent about 90 % of Kosovo's industry and mining, 50% of commercial retail space, and less than 20% of agricultural land including all commercial agricultural land and the vast majority of Kosovo's forests.

Most of Kosovo's industrial assets, agricultural land, forests, urban commercial land, and commercial properties are owned by SOEs. Privatization of these assets and attraction of international investors and those from diaspora, region, and Kosovo shall have a positive impact on the economy and in creation of new job opportunities.

There are 85 out of 604 enterprises which are not considered to be placed into liquidation or that are out of Agency's mandate depending on the case (Trepça is under PAK administration):

1.	Trepça	19
2.	Forest Economies	24
3.	Kosovatrans	12
4.	SOEs withdrawn in accordance with Board decisions	30

The total number of SOEs under Agency's mandate is 518 and 462 of them have started the liquidation process. There are 55 more SOEs which have not been placed into liquidation awaiting appointment of new Board members.

PAK is proceeding with privatisation of SOEs through two methods:

1. **"Spin-Off"** – Assets and a limited number of responsibilities of SOEs shall be transferred to limited liability companies ("New Co L.L.C") with the shares of New Cos tendered for sale to private investors. Remaining liabilities towards creditors and workers remain with the Socially Owned Enterprise; and
2. **"Voluntary Liquidation"** – Assets of SOEs shall be liquidated /sold in accordance with the law and Agency's operational policies.

BOARD OF DIRECTORS

As of December 2015, the Board of Directors consists of eight (8) local members appointed by the Assembly of the Republic of Kosovo. The Board of Directors is the highest body of the Agency and possesses full authority over the Agency. PAK Board of Directors conducts its meetings on regular monthly basis in order to carry out its functions and responsibilities in accordance with the law.

During 2008, the Board of Directors held six (6) meetings.
During 2009, the Board of Directors held eleven (11) meetings.
During 2010, the Board of Directors held twelve (12) meetings.
During 2011, the Board of Directors held eleven (11) meetings.
During 2012, the Board of Directors held eight (8) meetings.
During 2013, the Board of Directors held eleven (11) meetings.
During 2014, the Board of Directors held nine (9) meetings.
During 2015, the Board of Directors held one (1) meeting.

Board of Directors developments after 31 August 2014

Since 1 September 2014, the Board of Directors lacks quorum to hold standard decision-making meetings. According to Appointment Act issued by International Civilian Representative, the mandate of International Board members Mr. Hubert Warsmann and Mr. Mohammed Omran has expired on 31 August 2014. The mandate of local members of the Board of Directors, Mr. Skender Komoni – Vice Chairman and members Mrs. Maja Milanovic and Mr. Haxhi Arifi expired on 20 February 2015, and after this date the Agency has not had any Board member.

In March 2015, PAK submitted the Annual Report for 2014 to the Assembly of Kosovo prepared by PAK Management, which shall be subject to approval by the Board of Directors.

Weekly meetings held between 3 Board members, Management, and Board Secretariat (period 1 September 2014 until 20 February 2015);

According to Board decision dated 26/31 August 2014 three remaining Board members shall be responsible for the following issues:

1. Pursuant to article 11.2 of PAK Law, the Board of Directors shall delegate all its competencies to PAK Managing Director and/or two Deputy Managing Directors acting jointly from 1 September 2014 until new Board composition with sufficient quorum, not latter than 20 February 2015, save those competencies reserved to the board by Article 15 of the same law.
2. If the Management during this period doubts that a certain decision falls under article 15 of the law, this shall be unanimously resolved by remaining members of the Board, after they have consulted Director of Legal Department and Director of Executive Secretariat.
3. During this period, the Board members together and separately shall be authorized to exercise general supervision, monitoring and giving advices to Management in exercising Agency's common activity within its mission and mandate. This authorization is spread but not limited to as follows:
 - a. Chairman of the Board (in its absence - Vice Chairman) is authorized to carry out all administrative works related to approval of leaves, official trips, and expenses or similar for Management and Director of Executive Secretariat.

- b. Board members, Management and Director of Executive Secretariat shall meet at least once a week in order to coordinate all activities regarding implementation of Agency's mandate within legal framework. Summaries of these meetings shall be prepared in shape of report that will be at disposal of the Board when the quorum is sufficient.
- c. The management shall report once a month regarding its work. These monthly reports of Management shall be at Board's disposal when the quorum will be sufficient.
- d. Decisions on budget requests for 2015 in the Ministry of Finance should be discussed among Board members.

Three local members of the Board, since 1 September 2014 until 20 February 2015 have held 22 regular weekly meetings with Management (acting Deputy Managing Director – liquidation) and Director of Executive Secretariat of the Board of Directors (9 meetings during 2015). Minutes of these meetings shall be submitted to the members of the Board of Directors.

The Agency, in addition to other activities, during this period has informed the Assembly, President of the Assembly, the Committee for Economic Development and leadership of the Assembly regarding the situation about mandates of the Board members and the request to appoint new board members as soon as possible.

The following are the main challenges that 3 local board members in cooperation with Management were supposed to pass during this period:

- Implementation of Board decision to exercise call-option for MIM Golesh enterprise, placement of enterprise under Direct Administration, issues related to Independent Committee on Minerals and Mines (ICMM), claim issue from former purchaser to the Special Chamber;
- Numerous discussions with representatives of workers of "Tube Factory" enterprise from Ferizaj related to instructions issued by the Special Chamber of the Supreme Court on claims of workers of former "Tube Production Factory" in Ferizaj according to the judgement of Constitutional Court AGJ. 75/10, case KI 08/09 dated 17 December 2010;
- Discussions regarding lease procedures in general and in particular of the assets of: a) INA Petrol Stations and Jugopetrol; b) SOE Urata- in liquidation; c) Parking lot "Perparimi" in Podujeva; d) "Bylmeti" market in Peja; e) SOE AC Strelci in Peja; f) OLT Company in Rahovec; g) request of an applicant to lease 25HA in Leposavic; h) SOE Tregu in Prishtina; i) request of EU for use of Pharmacy asset in Prishtina; j) Draft contract from Gjakova Municipality to lease Virginia, Metaliku and Jatex;
- Discussions on audit of NewCo IDGJ Tobacco in Gjiilan;
- Discussion on the situation of the new co "Kualiteti in Gjiilan that relates with case of FAN Factory in Podujeva;
- Discussion on Board decision dated 27 June 2014 regarding the request of "Trepça – Enterprise under PAK Administration to allow financial funds for re-activation of production in Zinc Oxide Factory;
- Discussion on treating usurped assets; drafting a regulation on this issue by the Management; meetings with Kosovo Police regarding this issue;
- Discussion on requests of different municipalities in Kosovo regarding expropriation of SOE lands;
- Discussion on the issue of signing of contracts regarding the sale and purchase of SOE apartments;
- Discussion on material to approve monthly and quarterly reports of contractors by the Committee of the Board of Liquidation Authority;
- Audit by the Office of the Auditor General;

- The lack of Regulation on determining confidential documents of the Agency;
- Establishment of the Task Force for preparation of the Guideline with procedures and determination of respective decisions related to prohibited bidders;
- Requests of Police for the documents of various cases that are under investigations;
- IAU recommendations addressed to the Department for Coordination of Liquidation and Liquidation Authority;
- Consultations regarding LAS 27 and LAS 28 and discussion on Bid Receiving Committee, Bid Opening Committee and the Committee for registration of qualified bidders;
- Different discussions on assets privatised with Special Spin Off;
- Discussion on PAK Activity Report for 2014;
- Discussion on PAK Annual Plan for 2015
- Requests to be submitted to the Special Chamber on postponement of the deadline for Trepça, since according to time limits it was supposed to enter the liquidation on 2 February 2015;
- Discussion on preparation of PAK data regarding Structural Reforms chapter within Economic Fiscal Program for 2015 of the Government Program for 2015-2018;
- Complaint of an economic operator against the tender for fuel supply in Trepça;
- Notice on Lux asset in Mitrovica – discrepancies between cadastral notes and situation in the field as the premises could not be found;
- Discussion on the situation created in Grand Hotel in Prishtina upon commencement of liquidation on 2 February 2015;
- Discussion on monthly reports of the Management for the period 13 August – 30 September 2014 and report for the period 01 October – 26 November 2014 which is handed over to local board members;
- Discussion on PAK activities after 20 February 2015 and Management authorizations considering the decision of the Board regarding delegation of competencies to Management until 20 February 2015;
- Discussion on Liquidation Asset Lease Rules prepared in accordance with decision of the Board of Directors and Liquidation Authority in cooperation with Management.

Other occurrences related to PAK Board of Directors in 2015:

- On 14 December 2015, Kosovo Assembly adopted the Law No. 05/L -080 on amendments and supplementation of the Law No. 04/L-034 on PAK, as amended and supplemented by Law No. 04/L-115.
- The Law No. 05/L -080 was announced upon decree No. DL-036-2015, date 24.12.2015 by the President of the Republic of Kosovo.
- New Board members have been appointed by the Assembly of the Republic of Kosovo on 17 December 2015. Composition is as follows: Chairman- Petrit Gashi, and other members: Hasime Mazreku, Hamdi Jaha, Skender Komoni, Ismajl Januzi, Haxhi Arifi, Ranko Djokiq dhe Bajram Zejnullahu.

Board Meetings during 2015

The Seventieth meeting (70) of PAK Board of Directors (the Board) was held on 30 December 2015. On this meeting, the Board of Directors resolved to amend the bylaws of PAK Board of Directors. The Board unanimously approved the decision to transfer the amount of 61.3 million euro from trust funds of SOEs in liquidation into the budget of the Republic of Kosovo, as provided by the Law on PAK, for using needs by the Government of Kosovo. These funds are allocated by residual funds of liquidation process of 125 SOEs. The Board also discussed on latest developments in SOE "Trepça" under PAK administration, whereby reviewing, and upon agreement of all present members of the Board, approved the request of Trepça enterprise for the sale of lead and zinc concentrate.

ORGANIZATION, ACTIVITY, HUMAN RESOURCES AND AGENCY'S SALARIES, ASSETS

As regards this such-chapter, reporting was conducted as in the following:

- a) organization – organizational structure of the Agency is on the annex of annual report;
- b) Agency's activity and respective organizational structure – is presented in the chapter "Activities for the reporting period"
- c) The number of employees and PAK salaries – are presented in the annex in formate requested by Parliamentary Committee for Budget and Finance.
- d) Assets – report of assets is presented in annex (financial statements of annual budget) in the formate requested by the Ministry of Finance.

PAK Headquarters is at "Agim Ramadani" street no. 23 (former "Ilir Konushevci str. no.8) in Prishtina. The Agency extraordinarily lacks the respective space for work due to very old object.

The Agency has received request issued by Municipality of Prishtina regarding the release of premises due to developmental plans of municipality. The Ministry of Public Administration has been informed of this issue, which the Agency is currently discussing to dislocate PAK premises to another respective building.

DISCLOSURE REGARDING THE BOARD OF DIRECTORS AND MANAGEMENT

Regardless of continuous challenges that Agency faced, the reporting period had lot of engagement for the Agency. In addition to reserved competencies of the Board duties, according to article 15 of the Law on PAK, which can not be addressed to the Management, all other duties during this reporting period were successfully accomplished.

Some of the main challenges that followed PAK during this period are:

- The lack of three Board members (since May 2013), where until 31 August 2014 the Board operated with only 5 Board Members (3 local and 2 international), whereas after that date, the mandate of 2 international board members expired and since 1 September 2014 only 3 members had mandate, so they did not comprise full quorum for decision-making in accordance with article 15 of the Law on PAK for competencies that are reserved only for the Board of Directors. The Agency could neither

distribute funds to creditors in liquidation process due to the lack of full composition of the Board , nor organize asset sale;

- The lack of Managing Director from 26 January 2014, the Managing Director was not appointed besides open recruitment process and thus the vacancy was annulled in May 2014;
- Suspension of the Deputy Managing Director –liquidation by the Board of Directors on 7 May 2014;
- Resignation of the Deputy Managing Director – sales on 17 September 2014.

In the capacity of the current management is only the Deputy Managing Director –liquidation, who exercises the function of Management in accordance with article 3 (paragraph 1.15) of the Law on PAK and according to legal opinion of the Ministry of Public Administration issued on 15 October 2014 that in absence of PAK Managing Director, this position should legally substituted by Deputy Managing Director of PAK.

IMPORTANCE, RELATIONS AND MAIN CHALLENGES IN REALIZATION OF WORK PLAN FOR 2016

The issues presented in the objectives for 2016 are set to comply with general interest of Kosovo in order to complete privatisation and liquidation process of Socially Owned Enterprises (SOEs) without further delays⁹.

Four year Contract¹⁰ with Professional Service Provider¹¹ – PSP regarding the process of liquidation is signed on 10 July 2012 and expires on 10 July 2016 aiming to accomplish tasks of Liquidation Authority¹².

The main obstacles in finalizing the process of liquidation of SOEs are:

3. The Agency has still not sold around 1500 assets of SOEs¹³; and
4. There are around 29,373 cases into different court instances:
 - a. There are around 15,000 creditor claims¹⁴ submitted against SOEs which are still being reviewed by the Special Chamber of the Supreme Court of Kosovo (SCSC);

There are around 6922 claims with 10,122 claimants in the workers lists of SOEs which are still being reviewed (for 185 SOEs until the reporting period) to the Special Chamber of the Supreme Court of Kosovo (SCSC). These cases are defended by PAK Legal Department;

⁹ The preamble of the Law no. 04/L-034 on PAK sets forth establishment of Privatisation Agency of Kosovo and delegation in this Agency of public and administrative authorizations on the enterprises and assets including but not limited to the mandate and authority for the sale or transferring of these enterprises and/or assets to private investors, or their liquidation through an open, transparent, competitive process without any delay.

¹⁰ The contract is signed between the consortium "Deloitte Central Europe and Tashko&Pustina".

¹¹ PSP: see article 2.1 paragraph 1.13 of the annex of the Law on PAK.

¹² See part III of the annex of the Law on PAK on the duties of Liquidation Authority.

¹³ According to Summary Report of PAK Activities, 1,286 sales contracts of New Cos and sale of assets of SOEs in liquidation from June 2002 (establishment of KTA) to 30 November 2015 have been signed.

¹⁴ SCSC submitted to the Authorities for Liquidation of SOEs around 1,650 Responses to Orders to creditor claims regarding decisions issued by LA. According to claim samples and the number of SOEs may be expected more than 13,350 claims for which PAK has not yet been informed by SCSC, reaching the total of around 15,000 creditor claims. According to SCSC press conference held on December 2015, there are 23,327 remaining cases that are related with process of PAK, where only in 2015 have been received 4,117 new cases, whereas have been resolved 1,797 cases in both instances in SCSC. So, based on information from SCSC, the number of claims under review is 21,530.

- b. There are 2,564 cases that are being processed by PAK Regional Office to the Basic Court;
 - c. There are 180 cases initiated for execution by PAK Regional Office to the Basic Court;
 - d. There are 4,705 cases processed by PAK Legal Department to the Special Chamber of the Supreme Court;
 - e. There are 2 cases in Constitutional Court.
2. The Agency has treated a very limited number of illegal constructions in the properties of SOEs.

For this reason it is of critical importance that:

- I. Issues which are under Agency's control such as liquidation/sale of assets to be completed with high priority in order that Liquidation Authority reports be presented to the Board of Directors in timely manner;
- II. Relevant institutions of the Republic of Kosovo shall prepare relevant strategies to expedite reviewing of court cases by the Special Chamber of Supreme Court of Kosovo and cases in the Basic Court; and
- III. In coordination with the Government and municipal authorities shall prepare a special strategy to treat illegal constructions out of administrative processes of PAK.

It is clear that Socially Owned Enterprises shall not be liquidated unless the assets of SOEs in liquidation are liquidated as well as all creditor claims including ownership claims over assets of SOEs in liquidation are reviewed by SCSC.

Liquidation Authority/ Agency may, however, make interim distribution of payments to creditors in accordance with the approval of the Board of Directors (it is a precondition to know the number of claims and the amount of claims submitted to SCSC).

5. REPORTING PERIOD ACTIVITIES

5.1. SALES DEPARTMENT

Privatisation of Socially-owned Enterprises (SOE) shall have large positive impact in municipalities of Kosovo by various sectors of economy while enabling increase and development of private sector. It is important that this process be carried out as soon as possible in a due and transparent manner and in accordance with the law.

Sales Department is comprised of:

1. Preparation and Sale Closing Unit;
2. Sales Document Review Unit; and
3. Cadastre Unit.

Sales Department is responsible for privatisation according to methods presented below:

“Spin-Off” – Assets and limited number of obligations shall be transferred to the newly established joint stock companies (New Co) with shares of New Co and then shall be tendered for sale to private investors. Liabilities to potential creditors remain obligations of Socially-owned Enterprises and these issues shall be settled through liquidation process. Considering that most of Socially-owned Enterprises already entered the process of liquidation, the Regular Spin off Sale is not expected.

“Voluntary Liquidation” shall enable:

- a) shitjen e asetëve që nuk janë shitur nëpërmjet privatizimit; and
- b) Review of creditor claims and distribution of funds realized in accordance with priorities provided by law.

As regards reporting part for this period, no wave of privatisation or liquidation asset sale took place. This happened due to the lack of PAK Board of Directors, as no sale can be executed without preliminary Board approval and in accordance with operational policies of the laws in force.

However, during the reporting period was conducted cadastral and legal review, as well as preparation of documents for the sale of assets 27 and 28.

SALES PROHIBITED BY THE SPECIAL CHAMBER OF THE SUPREME COURT

The Special Chamber of the Supreme Court prohibited 10 sales, and as long as these prohibitions are not removed, it is impossible to proceed with sales. Prohibitions apply to the following enterprises/assets:

1. New Co “AGROKOSOVA – Offices L.L.C.” – Wave 37;
2. New Co “Workshop Iliria L.L.C.” – Wave 43.
3. New Co “Jugobanka office in Skenderaj” – Wave 58;
4. New Co “Ereniku Industry Warehouse in Industrial Zone Prishtina Prishtinë” – Wave 59.
5. Asset in liquidation “Farmakos Blue Factory” Prizren.
6. Item no. 11: Jugobanka Office in Zubin Potok – LAS 23
7. Item 12: “Farming and Ploughing - Agricultural Land Miradi e Poshtme I” - LAS 20
8. Item no. 12: Jugobanka Office in Zveçan – LAS 23
9. Item no. 13: Jugobanka Administrative Building in Mitrovica –LAS 23
10. Item no. 14: Jugobanka Apartment in Mitrovica – LAS 23

During the process of privatisation and liquidation, from 740 cases submitted with the Special Chamber of the Supreme Court for preliminary injunction against decisions of PAK, since June 2002 and up to now have been submitted the following data:

- 93 preliminary injunctions are still in force;
- 195 claims for preliminary injunction are being reviewed by the Court; and
- 452 claims have been rejected by the court.

INCOMPLETE SALES:

1. Item no. 25: Land and Building in the downtown (parcel 1451-1) – LAS 24
2. Item no. 12: Farming and Ploughing - Agricultural Land Miradi e Poshtme I, LAS 20
3. Ereniku Industry Warehouse in Industrial Zone Prishtina L.L.C – Wave 59
4. Jugobanka Office in Skenderaj L.L.C. , Wave 58
5. Workshop "Iliria" L.L.C, Wave 43
6. “Kooperimi” Agricultural land in Treboviq L.L.C., Wave 42
7. New Co “AC Shtime Administrative Building L.L.C. – Wave 42;
8. AGROKOSOVA OFFICES L.L.C., Wave 37
9. Farmakos Blue Factory L.L.C. , Wave 2

5.2. MARKETING AND INVESTOR RELATIONS UNIT

In accordance with Annual Work Plan of PAK, Marketing and Investor Relations Unit has planned realization of activities foreseen for the period January-December 2015, aiming to accomplish general objectives of PAK.

Work Plan of Marketing and Investor Relations Unit expect full support for all sales realized by PAK as well as promotion and keeping good relations with investors. As regards realization of the waves of sale, multi-medial marketing plans have been planned, including the use of due media equipments, in accordance with strategy for massiv marketing. However, during the period January-December 2015, no asset sale was announded due to the lack of the Board of Directors, whereby failing to accomplish operational plan.

Promotion and Marketing Activities

New Marketing Initiatives

Aiming to promote the process of privatisation and presentation of positive effects this process had in Kosovo economy, with special emphasis to performance of privatized companies and effects in local economies, was initiated the project for update of existing information of enterprises that already are being promoted as sucessul privatisations as well as identification and presentation of a considerable number of enterprises that have been functionalized and have positive impact in terms of employment, investments and production, in post-privatisation period. Unlike the so far strategy which foresees only presentation of small enterprises, this time was thought that besides large companies to present small companies as well, beginning from the premise that *“Sucesses of any size should be celebrated, since the small successes in cumulative contribute directly to a large history of success for the whole privatisation process and work of Agency”*. Implementation of this project started in October 2015, meantime information were updated, based on visits and interviews realized. Identification of a certain number of enterprises which might be included in this project was conducted and the site vist has started as well. However, the major part of the project shall be realized during 2016.

Meantime, in accordance with purpose described above, and aiming to have mutual cooperation, within sub-institutional cooperation, in realizing a campaign for promotion of investment potentials that offers Republic of Kosovo, we had talks with MTI and Kosovo Investment and Enterprise Support Agency (KIESA) and was drafted Cooperation Agreement between PAK and KIESA with regard to realization of *“Promotional Guideline of privatized assets and enterprises”*. Despite the fact that dynamic plan expected realization of this guideline in 2015, the agreement is not formalized yet and PAK is waiting for comments of MTI/KIESA.

The above-mentioned project may serve as a good basis for initiation of an authentic research on the success of privatisation. All owners of newly privatized properties, and the number of respondents would present a satisfactory sample over which would be constructed an unbiased relation that would present the real situation of privatisation effects.

Promotional activities

Marketing Unit has undertaken different marketing activities trying to support the strategy for promotion and attraction of investors:

- a) Accomplishment of promotional printed materials – including conception, design and supervision of printing. Some of accomplished materials include:
 - Design and coordination with economic operators to print promotional material for MIM Goleshi
 - Promotion pack for UAE delegation
 - Design for promotional materials (guide, calendar, notes, etc)
- b) Participation in presentation of opportunities for privatisation for UAE delegation, organized by the office of the President of Kosovo in Prishtina
- c) Meeting with potential investors from Malaysia, where have been presented general information on PAK, privatisation process and several investment opportunities through privatisation process. The meeting was organized and mediated by the Chamber of Commerce Kosovo-Maleysia. The present group expressed its interest to invest in several sectors, especially in hospitality, mining, agriculture etc.
- d) PAK has been contacted by Kosovo Investment and Enterprise Support Agency regarding the visit of a delegation of potential investors from India. The meeting was held in July 2015, where has been presented the work of Agency and investment opportunities through privatisation process.
- e) Meeting with potential investors interested in Kosovo Bauxites, and general information on PAK have been presented, privatisation process and general information on enterprise. The meeting has been organized and mediated by Italian embassy;
- f) Proposals regarding update of the text presented as successful story were conducted and population of this list with new cos identified by marketing unit;

Preparation for asset sales

In the frame of supporting activities for announcement of sales were undertaken the following activities:

- Preparation for announcement of asset sale 27 and 28
 - 1. Preparation of concepts for TVadvertising, processing and realization of TV advertizing
 - 2. Summary of relevant materials, coordination with regional offices and Tender Preparation Unit with regard to preparation of announcements for sale of assets

Investor Relations

Investor Relations and Marketing Unit keeps being the key point of communication with potential local and international investors, while responding to claims and offering instructions and advices regarding the process of privatisation and participation in announced tenders, including pre-qualification, coordination of due diligence and provision of tender materials (Tender Rules, Information Memorandums etc.).

Webpage

Web page of PAK is constantly being populated with all information about privatisation process in Kosovo. This includes launching of asset sale, preliminary and finale lists of employees for distribution of 20%, liquidation final reports, press –releases, reports and regulations, results and decisions for sale of assets, and other important information.

Meantime, the link to access the archive of KTA web page is an integral part of PAK web page, which presents information on privatisation until June 2008, when was performed transfer of responsibilities to PAK.

After analyzing the contents of PAK web page, Marketing and Investor Relations Unit has identified deficits and failure to unify existing information. In this regard, they worked intensively in processing of materials in

order to publish all sales realized by KTA/PAK so far. After finalizing the form in accordance with PAK Management requirements, publication at the web page is expected at the beginning of January 2016.

5.3. CONTROL AND SUPERVISION UNIT

The present report includes activities of Control and Supervision Unit – Sales Division for the period January – December 2015.

Control and Supervisory Unit is tasked to monitor fulfilment of commitments for capital investments, employment commitment, and continuation of business activity as set out in Commitment Agreement for enterprises privatised through Special Spin Off method and Spin Offs with condition.

Based on business plan for 2015, Control and Supervisory Unit, with enterprises that are not placed in liquidation yet, conducts the following:

- Collection and analyse of financial report of SOEs
- Visits and contacts with other relevant institutions in order to have better communication with institutions of common interest and to coordinate activities with respective units within Corporate Governance Unit and other departments within PAK.

As noted above, Control and Supervisory Unit also conducts monitoring of enterprises privatised through Special Spin off method, and enterprises privatised with conditions. In the following, we shall present a report on the enterprises which are monitored by CSU.

Special Spin Offs

Since the beginnings of privatization process and up to now have been privatized 26 enterprises through Special Spin off method, out of which 20 have been released from commitment agreement. Upon decision of PAK Board was exercised call-option to 4 enterprises due to non-fulfillment of commitments for investment and employment, whereas two enterprises privatized through Special Spin off method have been monitored by Control and Supervisory Unit during the period from 01.01.2015 to 30.09.2015 since due to the lack of PAK Board there is still no decision on these enterprises such as 'IDGJ Tobacco' Gjilan and "AIC Suhareka" (Agrokosova Holding)- Suhareka.

New Co "IDGJ Tobacco" LLC, was privatised through Special Spin off Method in wave 11, whereas the period for fulfilment of commitments foreseen by Commitment Agreement ended on 13 August 2008. On 27 March 2012 has been approved Renovation Agreement of Commitment Agreement signed with New Co "IDGJ Tobacco" L.L.C. from Task Group of PAK. This agreement was approved by the PAK Board of Directors on 29 March 2012, and was signed by all parties involved in this Agreement on 12 April 2012, and condition for this enterprise during the period of 2 years is to realize investment amount of € 4,000,000.00 and to fulfil the number of 14 employees in the first month, 35 employees in the second months, 55 employees in the third month and 90 employees from the fourth month until completion of Novation Agreement. Reporting Period for this enterprise ended on 10 September 2014. In order to verify purchaser's accomplished investments and employment in this Enterprise, PAK hired independent audit company to conduct audit of realized investments and employments. On 19.12.2014, the Audit Company submitted audit report, according to which the Purchaser realized investment in amount of 3,254,238.07 or 81.36% out of € 4,000,000.00 committed investments. As regards employment according to audit report, Purchaser fulfilled recruitment commitments to 95.68%.

After submission of request to Buyer regarding the request for completion of monitoring by the Buyer of New Co, we have received the response to the letter submitted to PAK Management, where he requested extension of the time limit to fulfil commitments until 28.02.2015, as from the deadline of completion of monitoring that was 10 September 2014 until 28 February, the Buyer stated that has conducted additional investment by which investment were fulfilled investment commitments in accordance with commitment agreement. According to buyer, the value of his investment in Enterprise from the beginning and until the site visit was around € 4,818,609.47.

During this reporting period were conducted 6 visits to this enterprise, and which so far has not started with production of tobacco but only did preparatory works, and we did not notice any additional engagement by the Buyer, or any cooperation with local farmers.

New Co "AIC Suhareka/Agrokosova Holding" - was privatised on 27 August 2007 by Buyer "Gruppo Vinicolo Fantinel" and "QMI" through Special Spin off method in wave 19 of the sale, whereas the period for fulfilment of commitments set out in Commitment Agreement has ended on 27 August 2009. In accordance with Commitment Agreement, the Buyer is committed to carry out capital investments in the amount of 8.600.000 €, and to employ 173 workers during the first six months, and until the end of the first year the number of workers shall reach to 345. At the Meeting held on 26 and 31 August 2014, PAK Board of Directors for matters related to New Cos privatised through Special Spin off Method, resolved to annul the decision for call option of the Board dated 16 December 2011 for New Co "Agrokosova Holding" and to extend the deadline for fulfilment of commitment agreement terms from 27 August 2009 until 31 December 2014, and after expiry of deadline, the enterprise should be audited for whole investment period in accordance with contract in order to prove fulfilment of commitments.

We have received the request submitted by the Buyer of New Co Agrokosova Holding regarding extension of the deadline to realize investment. This request is justified by conditions and circumstances created in this enterprise and also requested postponement of investment period until 30 April 2015.

According to audit report realized by "AK Konto" Audit Company for the period from 27.08.2014 to 31.12.2014 where from the amount of € 8,600.000.00 Euro have been accomplished € 7,045,713.00 or 81.93 %. Since we have evident differences in audit reports from three audit companies engaged in audit to this enterprise we held a meeting with Audit Companies AK Konto, Univerzum Audit and Trend Biz where is discussed regarding the differences between previous audits and last audit conducted in New Co "Agrokosova Holding" Suhareka. During the discussion with companies, each of audit companies protects its positions with regard to audits realized and once again offered their documents on audit accomplished by them to this enterprise. We also discussed with officers of Kosovo council for financial reporting on this situation and they stated that they have no capacities for any additional engagement and they also stated that cannot determine which audit report could be considered more accurate, so we cannot undertake any action against one of these audit companies until some further phase if gets determined by any additional expertise or any other audit with regard to accuracy of reports submitted by audit companies.

A detailed report submitted by representatives of the buyer of the New Co „AgroKosova Holding” regarding investment realized during the period from 01.01.2015 to 30.04.2015 has been received. According to this report, the amount of conducted investment is € 1,805,500.00, and for which investment depending on PAK

Board decision should be conducted an external audit. After that period, the buyer has not reported on any additional investment but only maintained vineyards and sowed several parcels with autumn productions.

During the present reporting period were held 5 informational visits, and we have not noticed any production activity in the enterprise during these visits but only activities for maintenance of grapes and where the number of employees engaged varied from 20 to 25 employees.

Enterprises privatised with conditions

During the period January- December 2014, ten enterprises privatised with conditions have been under monitoring of fulfilment of contract terms, mostly keeping the same business activity. Since the buyer of "Llamkos" Enterprise L.L.C owed to an English bank, upon decision of the Basic Court is commenced the liquidation procedure and was appointed its administrator.

Table showing enterprises privatised with conditions:

No.	Name of Enterprise	Status
1	New Co "SharrCem"	Under monitoring
2	New Co "Hotel Union"	Under monitoring
3	New Co "Llamkos"	Upon decision of the court was assigned the administrator for this enterprise and is not being monitored by
4	New Co "Famipa"	Under monitoring
5	New Co "Amortizatorët"	Under monitoring
6	New Co "Dubrava DF"	Under monitoring
7	New Co "Emin Duraku-Edico"	Under monitoring
8	New Co "Emin Duraku" - KI	Under monitoring
9	New Co "Industrial Battery Factory Trepça"	Under monitoring
10	New Co "Hotel Onix and Banja e Pejës"	Under monitoring

NewCo "Sharrcem" was privatised on 09.12.2010 in the amount of 30.1 million euros. In accordance with Agreement for the sale and purchase of shares, the buyer noted that in the course of 5 years shall invest an

amount of € 35 million, and shall employ all former workers of the enterprise (number of employees - 503) in the next 3 years. New Co "Sharrcem" is obliged to report to PAK until 9 December 2015.

6 regular monitoring visits were conducted in the New Co privatized with conditions Sharrcem. During these visits we noticed that the level of investment has decreased and is under expectations of capital investments that Buyer should realize in accordance with commitment agreement. Several small investment were mainly conducted in maintenance or purchase of different devices but the investment value during 2015 is € around 1,437,000.00.

The enterprise employed 406 workers, and their new contracts shall expire after 2 years.

According to buyer, during the summer period of this year and on there was record production and sale of cement. During this year, buyer has purchase shares of local company and half of shares abroad and claims that this investment be recongnized as capital investment.

We are at stage of engaging international audit company which shall conduct audit of the fulfilment of commitments for capaital investment in accordance with commitment agreement and after receiving the audit report we shall report to PAK Board about the situation in this enterprise.

New Co "Llamkos Steel" L.L.C

Asset "Llamkos Steel" was privatised in wave 6 of Liquidation sales, whereas the ratification of Sales Agreement took place on 25 August 2011. Based on the Sale and Purchase of Assets Agreement and the Business Plan, the Buyer of NewCo Llamkos undertook to employ 437 workers in the first six months and to carry out investments in the amount of € 25 million in the course of the first two years of its activity.

The Buyer of the Enterprise has also undertaken to carry out two more phases of investments. In the second phase (18 months after the end of the first phase) shall be invested € 45 million, whereas, in the third phase (18 months after the end of the second phase) shall be invested 30 million euro.

During this period were conducted 2 monitoring visits and was held a meeting with representatives of independent trade union of workers of New Co Llamkos Galvasteel Vushtri. During this meeting were stated issues of the workers of this enterprise. During these visits at the enterprise, none of workers were engaged in and still there no production activity.

Finanical invoice with penalties for January 2015 has been prepared for the New Co Llamkos Galvasteel privatized with conditions.

Following the information of union of workers of "Coresteel" L.L.C with business registration no 70758695 as purchaser of the assets of New Co "Llamkos Steel" L.L.C with no. 70254965, upon ruling of the Basic Court of Prishtina no 1/2015 was placed into bankruptcy procedure and the court appointed Mr Virtyt Ibrahimaga as an administrator of the enterprise under bankruptcy and that bankruptcy of enterprise was done at the request of Creditor "Standard Bank" PLC with its residency in United Kingdom regarding the debt that Coresteel L.L.C owes to this bank at the amount of € 27,588,908.66, we held a meeting with legal office, whereas on 26.02.2014 held a wider meeting where is concluded that PAK should file creditor claim to Administrator of Enterprise and try to place one PAK officer to the Board of creditors to be established after the creditor claim submission period ends, that is on 23 March 2015.

Since the asset of the New Co “Llankos Steel” was sold with special conditions to “Coresteel” I.L.C. it was concluded that creditor claim besides penalties calculated so far upon decision of PAK Board as non-fulfillment of capital investment for the first phase, penalties of the second and third of investment and penalties for recruitment for these two phases should be calculated.

Along with Legal Department we have prepared creditor claim for the buyer of “Coresteel” enterprise L.L.C. The penalties issued so far and other requests regarding the damage caused at the second and third phase have been presented to the letter as creditor claims, which after commencement of bankruptcy procedure cannot be fulfilled in the future. A court proceeding was held in which is expected resolution of our creditor claim whereas we have taken response from the Administrator, and according to him our request is legally ungrounded as the damage caused from non-fulfillment of investment commitments could not be proved as intentional. The Legal Office shall undertake next due steps with regard to our creditor claim.

New Co “Famipa” was privatised in wave 49 of the sale, whereas the sale and purchase agreement was signed on 13 September 2011.

Annex 5 – Section B of the Statement regarding the transfer of assets and liabilities provide that the buyer of NewCo “Famipa” shall continue the same activity (production and processing of metals) and it shall not dismount and dislocate the equipments out of the enterprise, at least until the end of the agreement.

Considering that enterprise even after conclusion of commitment agreement has still not been released from commitment agreement, we have requested twice from buyer’s representatives to conduct visit at the premises of enterprise, but Buyer’s representative did not agree reasoning that commitment agreement is concluded and we are not entitled to visit premises of enterprise.

At the request of Kosovo Police have been prepared all the documents related to enterprise such as: sale and purchase contracts, all incoming documents of this enterprise, outgoing documents, reports from site visits conducted by monitoring officers and reports from Buyers. The audit report of this enterprise is delivered as well.

New Co “Hotel Union” was privatised in wave 11, whereas the Sale and Purchase Agreement is ratified on 02 August 2006. Based on Commitment Agreement 541/2006, article 2 and 3, the buyer of the New Co is committed to restore and maintain the outer view of the enterprise in order to deeply preserve the style and historical character of the building, and to provide to the Alliance of the Writers of Kosovo a space with a surface of 200 m2 for the next 13 years.

We have received once again the bid for AWK submitted by Beneton Group that is the Buyer of “Union Hotel” with surface area of 200 m2 to be allowed for AWK. We addressed this bid to Alliance of the Writers of Kosovo in order to inform us with decision made after the proposal of Beneton Group. AWK officials were not satisfied with proposal of Beneton Group, and then we informed the buyer of enterprise regarding the response.

We asked both parties for compromise, but so far they could not reach any agreement, as the buyer states that they are not obliged to offer the space of 200 meters to AWK within the premises of Union Hotel, whereas AWK requested to be included within Union Hotel .

The Buyer once again expressed the interest to negotiate with AWK regarding this space and stated that the request of AWK stating inclusion within the premises of enterprise are in contradiction with agreement and have bad impact to foreign investors as they would consider it as pressure on them.

New Co “Hotel Onix -Banja e Pejës and Health Spa ” Peja;

New Co Special Hospital for General Rehabilitation Onix I.L.c. was privatized as in individual project through international tender whereas the sale contract was ratified on 22 April 2013.

Based on annex 1, Commitment Agreement which is integral part of the Sale and Purchase Agreement of simple shares of New Co “Special Hospital for General Rehabilitation Onix I.L.c. Purchaser promised as follows:

- to continue current business activity meaning continuation of the same activity of the Socially-owned Enterprise as health spa and hotel. Purchaser of the New Co provides and ensures to keep current business activity until completion of commitment agreement period. The New Co “Special Hospital for General Rehabilitation Onix” I.L.c. is conducting business activity and Purchaser is complying with contract terms as he promised. Besides continuation of business activity, purchaser carried out considerable investment in rebuilding of premises and improving supporting infrastructure.

During this period have been conducted 5 monitoring visits and in the course of these visits we ascertained that the Buyer keeps holding operational activities and were conducted capital investments in isolation of the building and was built transport of heating system comprised of 9 tubes, cleaning of premises, isolation of roof and was conducted selection and conclusion of exterior works to the premises of enterprise. The Buyer also stated that has started hard works in Hotel Ilixha.

Works shall be conducted in accordance with foreseen project (conclusion of hard works during this year) and the buyer states that have taken preliminary authorization to start building solar panels. Before strating to build these panels, they are waiting for full authorization of ERO and agreement with KEDS, and that so far they could not get final permission. So far, the semi-olympic indoor swimming pool has become operational and considerable investment is being done aiming to continuously improve accommodation conditions for guests not only for curative purposes but also for guests visiting this rehabilitation institute.

Currently are engaged 120 employees with contract and has evidence on payment of pension contribution for them. Electricity supply problems are still evident and such reductions have direct impact in the flow of enterprise activities.

During this period has been received semi-annual report for the New Co privatized with conditions “Special Hospital for General Rehabilitation Onix”.

NewCo “Shockabsorbers Factory” was privatised in wave 45A, whereas the Sales Agreement is ratified on 31 March 2011. NewCo “Shock Absorbers Factory” is located in Prishtina Municipality. The new Buyer, in accordance with agreement has undertaken to continue and retain current business activity. The purchaser reported in regular periods as set out in the contract. Monitoring period ends on 31 March 2016.

There have been conducted 6 monitoring visits, and based on these visits we ascertain that the Buyer repairs and produces on demand, namely does not have serial production line, as the Buyer justifies that there is no market for any serial production but mainly does reparation of old shock-absorbers. Its activity goes on with reparation of shock-absorbers and other mechanic, hydraulic and pneumatic parts for vans, cars, trucks, etc, mostly in based on demand, and the situation is unchangeable since commencement of its activity.

The number of employees engaged in this enterprise varied from 18 to 20.

The buyer is supplied with row material in Kosovo market, whereas for some specific part gets equipped by Slovenian partner "Amortizeri D.O.O).

NewCo "Emin Duraku Industrial complex" L.L.C is privatised in Wave 45A, whereas, ratification of the agreement took place on 03 September 2012. NewCo "Emin Duraku Industrial Complex" L.L.C. is located in the municipality of Gjakova. The Enterprise has undertaken to continue its current business activity for a period of 5 years, concretely, until 03 September 2017.

During this period have been realized 5 monitoring visits and the number of workers varied from 11 to 13 workers, and 7 of them have been engaged in production process (in this enterprise are mainly produced mattresses of various dimensions), whereas 6 workers are engaged as guards of this enterprise. The Buyer fulfils the following obligations to the workers of this enterprise: salaries, taxes and contributions as well as the warm meal for these workers.

The Buyer of this enterprise entered into partnership with INTERTEX Company L.L.C. and meantime promised to generate 70 work positions. According to this partnership entered into between Intertex and the Buyer of the New Co "Emin Duraku" industrial Complex, the Buyer shall offer the building, whereas the Intertex shall produce covers for one use for the Company of vehicles "Volvo".

During this period was received semi-annual report from the New Co "Emin Duraku" Industrial Complex, who reported on continuation of its activity in this enterprise. The Buyer provided information to this report on several incoming invoices of electric energy, and employment contracts to recruit, and several information regarding sale invoices issued by the buyer. They also provided invoices on investment that is ongoing at the other premises close to the premises that has been using so far. Based on the visits conducted, it is noticed that the buyer is renewing a part of the premises of around 1200 m2 in order to functionalize the space for economic activity. The present buyer states that have continous problems with low pressure energy supply. The situation in enterprise keeps being the same and besides production of mattresses, there is no other textile production.

NewCo "Emin Duraku Edico" L.L.C. was privatised in Wave 45 A, whereas ratification of the Agreement took place on 14 August 2012. NewCo "Emin Duraku Edico" L.L.C/ is located in Gjakova Municipality. The enterprise has undertaken to continue with its current business activity for a period of 5 years, concretely, until 14 August 2017.

In this enterprise have been conducted 8 monitoring visits, and based on these visits and reports of Buyers, we ascertain that 17 to 20 workers have been employeed. The buyer carries out the following obligations:

salaries, taxes and contributions and a warm meal. Workers possess employment contracts as well. The enterprise produces textile products, sports wear for different ages, with various designs.

The Buyer is continuing its activity in the field of textile, mainly production of tricots, sports wear and jeans.

According to Buyer, supply with electricity still remains the special problem, since Kesko Company so far did not support the Buyer to place a sub-station that would provide stable supply with electricity. The Buyer submitted a request to PAK asking for support regarding this situation, where the regional office of Peja assisted to KEDS to overcome this situation. By the end of the year, there were several damages in the building due to heavy winds that damaged the roof of the building.

New Co “Dubrava Dairy Farm” – was privatised in wave 28 of the sale, whereas, Sales Agreement is ratified on 19 December 2011. New Co “Dubrava Dairy Farm” is located in the Municipality of Istog. The new Buyer, according to the Agreement has undertaken to continue and maintain the current business activity until the end of contracting period, respectively, until 19 December 2016, (a period of 5 years). In accordance with the agreement the New Co “Dubrava Dairy Farm” is obliged to keep 17 workers and also 250 cattle during the set out period of time.

From beginning of the year and up to now in this enterprise have been realized 8 monitoring visits, whereby is noticed that Buyer has changed the production line, passing from meat to milk production. The Buyer keeps its activity in accordance with commitment agreement and currently has 260 cattles and 17 workers, to whom apart from the salary provide the warm meal. They also carried out autumn sowing at considerable number of agricultural spaces they have available.

New Co “Industrial Battery Factory Trepça” - New Co “Industrial Battery Factory Trepça” L.L.C. has been privatised as in individual project, whereas the sales contract was ratified on 14 June 2013. The new Buyer provides and ensures to continue and maintain the current business activity until the end of commitment period for the next 3 years, concretely until 14 June 2016.

In this enterprise have been realized 5 regular monitoring visits, and we do ascertain that the Buyer produces batteries on demand, as there is no market for serial production, therefore, this effects that Enterprise does not produce batteries uninterruptedly. There have been mainly produced batteries for Trepça north and some small amounts for export to Albania.

According to Buyer’s reports, there are 38 workers employed in enterprise, to whom the salaries have been barely paid and with several months delay.

During this period, the buyer of the New Co “Industrial Battery Factory Trepça” submitted semi-annual report whereby informing on continuation of the activity which is not serial but only based on individual demand.

New Co “Kualiteti International” L.L.C Gjilan was privatised in wave 25 of sale and the contract was signed on 26 May 2008. The sale of enterprise was executed through regular spin off method but provided that enterprise in the period of 2 years should keep its activity as a mill respectively as warehouse for collection of grain.

In the data-base of enterprises privatised through special spin off method or with conditions inherited by KTA, New Co “Kualiteti International” L.L.C. has not been included, so CSU failed to conduct monitoring of its activity.

There have been conducted two monitoring visits, during these visits is noticed that the buyer keeps partially holding production activity, as he keeps producing small amount of bread, which then distributes to small markets. The Buyer stated difficulties in exercising its activity due to market competition. No dislocation of machinery is noticed from the area inside of the building.

Business residential building is under construction at the spaces of enterprise, and the works are ongoing at the seventh floor, where the workers have been noticed, construction material and machineries installed at the yard of the enterprise.

The claim is filed by PAK for New Co „Kualiteti International” with regard to commencement of preliminary illegal constructions, which has been dismissed by the Special Chamber, therefore, the legal office has withdrawn this decision, meantime we have received the ruling issued by the Ministry of Environment and Spatial Planning, by which is admitted the claim of PAK against AKK regarding buildings constructed by Buyer together with “Agrohermes” enterprise in the spaces of enterprise and without preliminary approval of PAK.

Financial penalties for non-fulfilment of commitments

Due to non-fulfilment of commitments, financial penalties so far have been applied to purchasers who didnot fulfil commitments.

The table below represents penalties during the time period January 2015 – December 2015 and the total amount of financial penalties applied from the beginning to December 2015:

The total amount of penalties for 5 SS0-s		
Name	Penalties January – December 2015	From the date of commencement until 31.12.2015
New Co, Grand Hotel”	0	8,822,314.97
New Co,, IDGJ Tobacco”	0	4,573,649.11
New Co,, Xim Strezovc”	0	7,298,170.76
New Co,,MIM Golesh”	0	8,447,812.27
New Co,,Agrokosova Holding”		3,579,997.53
Asset „Llamkos”	29,029.28	1,715,488.79
Total	29,029.28	34,437,433.43

Note:

It was exercised call-option to the following Enterprises privatized with special spin off: ‘ Grand Hotel’”, “Xim Strezovc” and “Mim Golesh”.

There is novation contract for "IDGJ Tobacco" Enterprise, according to which all penalties applied to the Buyer should be cancelled. We have a contract but not any decision of PAK Board, therefore, they still appear as receivables.

New Co „AgroKosova Holding” is still under monitoring and with regard to these penalties applied, Buyer filed a claim with the Special Chamber and still there is not issued any decision on this issue.

The New Co „Llamkos” that has been sold through liquidation, and due to Buyer's obligations owing to several bank institutions, upon decision of the Court has started bankruptcy procedure, and the court has appointed the Administrator who shall administer with it. PAK filed a creditor claim to Administrator regarding these penalties that have been applied to Buyer due to non-fulfillment of commitment agreement, and then we have received information from Administrator who said that our request cannot be admitted.

OTHER ACTIVITIES

Nga ATK është marre gjendja e re e obligimeve për Nsh „Jugoterm” Gjilan ku edhe njëherë janë përgatitur shkesat për ATK me qëllim të lirim të pronave të Nsh të cilat kanë barrë tatimore dhe të cilat nuk kanë mundur deri tani të transferohen në Ndërmarrjen e Re „Jugoterm International”

We have received from TAK a new statement of obligations for SOE „Jugoterm” Gjilan, where have been prepared once again documents for TAK

A meeting was held with the buyer of New Co Shops Ferizaj privatized on 31st wave of privatization. In this meeting were presented problems with buyers with regard to disconnection from water supply network as result of previous obligations of Socially-owned Enterprise Tregtia Ferizaj.

At the request of PAK Legal Department is drafted a document required for enterprise that has been commercialized – CRK Fapoll (the Contract and all letters that we possess from Commercializers as well as Audit and Evaluation Reports of CRK Fapoll Enterprise).

Decision on release from Commitment Agreement was delivered to the buyers of the New Co “IMN Brick Factory”.

Financial report TM1 and TM2 on SOE Sharrprodhimi Dragash was received by Regional Office in Prizren, whereas the Report on Sports and Youth Center for the period from TM1 2015 to TM3 2015 was received by Regional Office in Prishtina.

A monitoring visit was realized to SOE “Sharrprodhimi” Dragash.

5.4. DIRECT ADMINISTRATION UNIT

In the normal flow of events, supervision, control and monitoring of enterprises is carried out by Regional Offices of PAK. The measures of Direct Administration are implemented in specific cases when an SOE was slow or delays in progress, or it was in financial risk due to mismanagement, which reflected negatively in the interests of the SOE and its workers. When Regional Offices exhausted all their possibilities and options to generate positive impact on the SOE which shows a falling trend, then it is proposed implementation of Direct Administration in this enterprise from PAK Regional Offices. All SOEs placed and/or withdrawn from DA are approved mainly by Board of Directors.

During the reporting period, DA Unit was mainly focussed in Administration of Enterprises which upon decision of the Board were placed under DA, and also prepared data on Enterprises which have been taken out from DA.

During the reporting period, DA Unit was mainly focussed in administration of enterprises, which by decision of the Board was placed under DA, and also has prepared data sheet of enterprises removed from DA.

1) **New Co "MIM Golesh" L.L.C**

After placement of Enterprise under DA, they applied to Directorate for Cadastre to change the title-holder of the enterprise and registration of Enterprise under PAK ownership. The Directorate for Cadastre in Lipjan has changed the title holder of the property and registered the enterprise under PAK ownership, after final decision that PAK received from Appellate Panel of the Special Chamber, by which rejected the claim of the former buyer regarding Decision of PAK to exercise call-option and placement of "MIM Golesh" enterprise into PAK administration.

Registration of all assets throughout the enterprise was conducted.

Provisional Managers of the New Co "MIM Golesh" Enterprise L.L.C have been appointed upon decision of PAK Management.

In order to have progress at the works of enterprise, 20 workers of technical-administrative level have been recruited through budgetary program Reorganization and Administration of SOEs of commercial category subsidy.

Monthly salaries and payment of the source tax and pension contribution have been realized for these 25 workers of SOE "MIM Golesh" L.L.C. through budgetary program Reorganization and Administration of SOEs of commercial category subsidy;

Meetings with different investors who expressed interest for mine were held.

We also announced twice the invitation to bid for the sale of gravel of the New Co "MIM Golesh" as well as the sale of ultra-basic rock material of Golesh (filling material) with granulation -6-+10 mm aiming to collect income for realization of all obligations and liabilities of enterprise. First time there was no interested parties, whereas at the second time only two Commercial Operators expressed their interest, but members of the

committee ascertained that the value offered has been under-estimated and was not in compliance with market price.

Drafting of employment contract for Provisional Managers of Enterprise and other workers for the period from April to December 2015

Preparation of budget request for fiscal year 2016 and expectations for 2017-2018 while presenting detailed explanation for each sub-budgetary line

Direct Administration Unit/ PAK Management has conducted several meetings with Bechtel Enca aiming to extend the contract on use of dunite that has been in force at the moment of exercising call-option. However, since the ICMM has rejected transfer of licences from former owner to PAK, agreement could neither be extended nor signed by PAK.

The current situation in mining-metalurgic complex MIM Golesh is in the position that without financial investment is not possible resume of production process, therefore, managing staff of enterprise has drafted emergent action plan for regeneration of financial means, while selling materials of enterprise, as in the following:

- a) **Ultra-basic rocks** with granulation -150 mm, material was mined by Bechtel & Enka ungranulated, material amount around 200000t. Material can be sold around 0.70 €/ton.
- b) **Ultra-basic rocks** with granulation- 60 mm granulated material, amount 30000t. Material can be sold **3-5** €/ton.
- c) **Gravel from Dunite rocks**, with granulation -5+1mm, amount of around 1000m³ or around 2000t. The material price varies from 5- 7 €/t or 1.5-3.5 €/m³.

2) SOE "Ereniku –Industria" Gjakova

Financial situation in this enterprise is difficult due to delay of lease payment. The leaseholders, during these 9 months, have several times submitted the requests asking to decrease the leases.

Final warning in writing was sent regarding non-accomplishment of accumulated debt, "Ariani" I.L.C. A party was informed through the document that currently is using asset in question without lease contract, since the extension of lease contract with the same price was rejected.

Direct Administration Unit, through several letters/notes, requested payment of the accumulated debt with purpose to carry on mutual cooperation. Since the same was not ready to pay the accumulated debt for the lease, DA Unit requested police assistance to expel the user, during the release of building, the user agreed to pay part of the debt, provided that the request for decrease of the lease is reviewed.

According to request of the leaseholder "Ariani" L.L.C, PAK Management appointed three members of the committee to ascertain factual situation of the space and determination and allocation of the surface that is not used by leaseholder. After the site visit and ascertaining the factual situation, members of the committee concluded that contracted price should not be changed for the fact that there is not considerable change of contractual terms after ascertaining the factual situation of the asset SOE "Ereniku-Industria". The leaseholder N.T.SH "Ariani" I.L.C. even though has been informed by DA Unit regarding rejection of the request to decrease the lease still keeps on with non-fulfilment of contractual obligations. Moreover, the

user of the asset of enterprise refused to sign the lease contract under the terms that leaseholder has previously used this asset.

Final warning in writing was sent with regard to non-accomplishment of accumulated debt "Lithography". The Direct Administration Unit, through several letters/remarks and mutual meetings, requested execution of accumulated debt, aiming to carry on mutual cooperation. Despite this fact, it was not shown readiness to keep on payment of the lease in conformity with preliminary lease agreement. DA Unit has requested police administration to expel the user, and during the release of premises, the user failed to execute payment of the whole debt. After that period, the user of the asset of SOE "Ereniku – Industry" – Lithography, until November 2015, has carried out payment of lease obligations in accordance with the contract. We have problems with lease collection from November 2015 and on.

Illegal user of the asset of SOE "Ereniku-Industria" Xhelal Sadiku is in ownership contest with enterprise, and the same filed a claim with Municipal Court of Gjakova regarding ownership certificate. The illegal user of the asset of Enterprise requested to enter into contractual relations until resolving the court contest. The request has been reviewed by DAU and was drafted the request for Legal Opinion. In legal opinion is stated that the legal framework that regulates the lease issue does not allow the Enterprise to enter into contractual relations without preliminary approval of the lease by PAK Board of Directors. The present issue was suspended until the meeting of PAK Board of Directors. Several correspondencies have been held with Public Waste Company "Çabrat" in Gjakova, with regard to the use of asset which is owned by "Ereniku-Industria" Company. The Enterprise refused to enter into contractual relations based on a document before the war which does not present legal ground to guaranty the right to use the asset. During 2016 is expected exclusion of this enterprise if they possibly do not agree to get into contractual relations with Enterprise respectively PAK.

SOE "Kosovo Bauxites"

The Managing Board of SOE "Kosovo Bauxites" Klina, has made the following decisions:

- to extend the current contract with "Victoria Invest" Company, which has leased the asset of "Dry Mortar Factory" Enterprise;
- to distribute financial funds to workers with technical assistance;
- to execute payment of the debt to ICMM for stone taxes and administrative fee;

After the decision issued by the Managing Board of SOE "Kosovo Bauxites" Klina, regarding payment of the debt to ICMM regarding stone taxes and administrative fee, we held a meeting with Independent Committee for Minerals and Mines, aiming to reprogram the debt of the Enterprise regarding licenses for use. The Chairman of ICMM clarified that we should initially pay half of the debt, and then to proceed with instalment payment of the remaing part.

Meeting with Kosovo Forest Agency to discuss on the tax that Boauxites should pay for the use of two assets they have leased. This kind of tax is used for passing through the property that is evidenced under the name of Forest Economy, in order to use these two assets. This consent is also needed for continuation of licenses for use in ICMM.

The Enterprise has decided to expel a family that has been using a former building of administration of the enterprise. The Police filed a criminal charge against Director of Enterprise. We have visited the Police Station

in Klina regarding this issue, but the Police Commander instructed us to go to the Basic Prosecution Office in Peja, since the case is being followed by a certain Prosecutor, and we should meet him in order to explain further details and procedures. So far we have not received any document which proves that the family residing in the building of former administration of enterprise enjoys the right of use upon any decision of Habitat or the Court. However, the Police has mentioned in the decision of Habitat upon which is recognized the right to a person of Serb nationality to use the building in question, but the Enterprise and PAK do not possess that document. During the next week should take place a meeting with prosecutor of the present case. Members of the Board of Enterprise explained to us that the family which is sheltered in that building is paying the lease to a Serb family living in Serbia.

- Legal session, where PAK is the claimant as representative of Kosovo Bauxites. The dispute has to do with the certification of the right of use of an apartment which figures to be in the ownership of the Enterprise but it is occupied. As litigant party is also a former employee of the Enterprise who has the right to use the apartment, since the apartment in question was granted to him with the decision of the Enterprise in 1988, and it was confirmed with the decision after the war. Two sessions remained to be held until the Court renders its decision.

The Director of the Enterprise took over the rendering of the debts statement together with the penalties and without penalties, all of this with the purpose of rendering a real debt statement since with the new law rendered by the Government of Republic of Kosovo, all debts until 01 January 2009 shall be paid, with the condition that if there are debts after 2009 an agreement must be signed with TAK.

On 23.09.2015, in daily newspapers we have announced Invitation to Bid with regards to lease of separation asset of SOE "Kosovo Bauxites" Klina.

On 30.09.2015, committee members made the opening and evaluation of bids.

Committee members unanimously made a decision for the selection of tender winner for leasing the asset of SOE "Kosovo Bauxites" – Separation according to determined criteria with the Invitation to Bid – the highest price, Economic Operator NNP "Joni-Tech" and that at the amount of € 5,205.00 with VAT.

Lessee submitted the request for lease deduction 50% from the real amount of lease during the winter season, despite the fact that the lease contract was signed at the amount of € 5,205.00. That request has been rejected as ungrounded and outlawed. Economic Operator failed to execute the signed contract by causing considerable damage to the Enterprise. In this case it was required from the Insurance Company "ELSIG" to execute the issued guaranty from that company in the name of Economic Operator NNP JONI TECH. The guarantee for contract execution was an integral part respectively condition of public tender. The request was proceeded to private executor who rendered the ruling on execution at the amount of € 5,250.00. Party submitted appeal in this ruling and the case passed in dispute in Appellate Court Economic Department. Based on submitted evidences, we expect the Court to bring the decision in the favor of the Enterprise. Based on Court decision and on bank guarantee, the Enterprise expects to collect € 10,410.00.

Other:

- The list has been compiled and sent with regards to evidencing of artwork in Grand Hotel I.l.c, in cooperation with the Ministry of Culture, Youth and Sport.

The preparation of tables with financial data of the incomes from the leases of Grand Hotel on monthly bases since the September of 2012 until February of 2015 shall be made.

- The preparation of budgetary request for the fiscal year 2016 and the provisions for 2017-2018.
- The planning of expenditures for the period 01.07.2015 until 31.12.2015, with regards to budgetary lines of Direct Administration (RA3, RA6 and RA7), by comparing means in disposition for the commitment and the covering of monthly expenditures until the end of the year.
- The preparation of additional information for the Department of Finances and Budget with regards to so far expenditures in the budgetary program Reorganization and Administration of SOEs, in the economic category of Subventions, which have surpassed the provided plan for the reasons of planning under Direct Administration of the Enterprise "MIM Golesh" and the difficult financial situation of other Enterprises, which has influenced the increase of additional request for necessary Subventions for the payment of technical-administrative employees and the payment of temporary managing board of SOEs.

5.5. DEPARTMENT FOR COORDINATION OF LIQUIDATION

Liquidation Division (LD) is one of the two substantial divisions of the Agency. Department of Liquidation Coordination acts within this division. The main purpose of the Department for Coordination of Liquidation is the coordination of liquidation process in Agency, and the supervision of the development of policies in the function of implementation of this process. Department of Liquidation Coordination is composed of these units:

- 1. Liquidation Monitoring and Residual Funds Unit;**
- 2. PAK SOE Liquidation Unit; and**
- 3. Workers Lists Unit.**

UNIT FOR THE MANAGEMENT OF LIQUIDATION PROJECT

- Contractor has submitted all reports regularly, and regular meetings were held where different issues were discussed with regards to liquidation process, and consequently review reports have been prepared with regards to submitted reports.
- The general number of requests has reached the number of: 89,630 requests, whereas the number of made decisions and sent to claimants so far has reached this figure: 89,268 decisions (83,282 made decisions by the contractor and 5,986 previous decisions made by LC-AL);
- The general number of SOEs for which has commenced the liquidation process so far has reached the figure of 462 Socially Owned Enterprises in liquidation;
- 820 creditor claims, have been registered in total during the reporting period;
- 1,526 claims submitted after the deadline are registered until now;
- The Audit Report has been received from the internal audit Unit regarding the activities for Coordination of Liquidation and the contract monitoring with the PSP for the period November 2013 – October 2014. The update of application has been made for the implementation of recommendations and the maintenance of the entire liquidation process.
- Group of press releases have been published – notices for the LA decisions for claimants whose addresses were not found in local and in Serbia and Montenegro newspapers according to procedures;
- The Procurement department has prepared for the signature the annex of contract with the contractor, on occasion of VAT increase of value from 16% to 18%.
 - Requests and memos have been prepared for Liquidation Steering Committee and Board Committee for the approval of presented reports in different DCL meetings held during the entire year;
 - The document “Procedures on the engagement of service providers” has been approved based on which are engaged and paid Service Providers in PAK regional offices;
 - DCL staff has continuously been appointed to participate in the committee for the opening and evaluation of bids for leasing SOEs assets in Liquidation organized in PAK Regional Offices;
 - Necessary amendments are made in the composition of LA by the Contractor as well as by PAK staff with the purpose of better organization and distribution of the works between Case Officers.

- The insertion of documents by LAs has continuously been followed in the Liquidation application from all PAK regional offices with the purpose of progress of liquidation process.
- Liquidation Steering Committee (LSC) during the reporting period has held 6 meetings. In LSC meeting (the composition of the Agency) held on 4 November 2015, it has been decided the penalties to be implemented towards the contractor for the liquidation of caused damages towards the Agency as a consequence of non-termination of review and the sending of all claims to claimants until 10 July 2015, as it is required with contract (Article 17.1 page 19 Special Contract Conditions). On this occasion daily calculations are made with regards to damages.
- On 30 December 2015, Board of Directors of the Agency held meetings and approved the transfer of surplus funds from 125 Enterprises in liquidation at the amount of € 61,310,628, in the budget of Republic of Kosovo;

The contractor reviewed claims according to presented plan in the table form as below:

The presented work plan for the period	Plan	Achievements	%
January 2015	500	840	170
February 2015	1,100	1,208	109
March 2015	1,400	1,199	85
April 2015	1,400	1,187	84
May 2015	1,400	906	65
June 2015	1,400	907	65
July 2015	208	439	-

*According to presented work plan from the contractor for 2015, it has been provided that the review of claims shall be finished until 10 July 2015, as a consequence of different circumstances the number of claims remained without being reviewed (some of these remained claims are outside the competences of LAs).

The current status of claims:

Description	Total
The total number of submitted claims in the Agency since the beginning of liquidation process	89,630

The number of creditor claims placed by the liquidation committees - LC	5,986
The number of creditor claims placed by the contractor from July 2012 until December 2015:	83,282
The number of submitted claims by the claimant during the reporting period	820
The number of sent decisions to parties by the contractor during the reporting period	7,825
The number of not reviewed claims	362
The number of not reviewed claims which are not under PSP control	0
The number of SOEs for which has commenced the liquidation process during reporting period	2
The number of all SOEs for which has commenced the liquidation process since the beginning of process	462
The number of SOEs for which has been finished the review process of all creditor claims during reporting period	153
The number of SOEs with regards to which are prepared Distribution Draft Reports by the contractor during the reporting period	108

PAK SOE LIQUIDATION UNIT

- The Liquidation Authority has been established for: AC Bibaj, AC Gaçka, AC Novobërda, AC Visoqa, Partizan, Babush, CIK Kumanova, Geodesy, AC Përparimi Trstenik, AC Glloboqica and AC Xhafa, they enter in the category of SOEs without assets and/or without creditor claims and their process of liquidation shall be closed by the Unit for Liquidation of SOEs from PAK.
- It has been worked with regards to obtaining the necessary documentation regarding the closure of liquidation process for these SOEs from this unit.

- Notices were sent to SOEs creditors without assets, for the lack of funds as it is also provided with procedures.
- It has been worked in the preparation of final reports for: AC Bibaj, AC Gaçka, AC Visoqa and AC Xhafa without assets/or without claims.

This unit has 26 different Enterprises in total, where for 7 the entire liquation processes ended with respective rulings of the Special Chamber of Supreme Court of Kosovo and 19 SOEs are still in process.

During this period, we have worked in preparing final reports for the enterprises which according to procedure are under the competence of this unit and which do not have assets, whereas in cases when there are assets, the preparation of reports for these SOEs is made after the sale of their assets. The contractor prepared also an additional list with the names of 31 SOEs, for which is alleged that they are without assets or without creditor claims and or assets of which are not registered in their name. This list shall be subject of re-verification of assets before they are sent to be liquidated by this PAK unit.

20% EMPLOYEE LISTS UNIT

20% distribution for the period January-December 2015

During the reporting period January-December 2015, the distribution of 20% is made for the SOEs eligible employees at the general amount of € 8,028,314. The general number of 15,125 employees benefited from the distribution of 20% funds.

5.6. REORGANIZATION AND ADMINISTRATION OF SOCIALLY OWNED ENTERPRISES

On 29 January 2015, Official Newspaper published: LAW No. 05/L-008 FOR AMANDAMENT AND SUPPLEMENT OF LAW No. 04/L-035 FOR REORGANIZATION OF CERTAIN ENTERPRISES AND THEIR ASSETS, according to which legal deadlines are amended for the submission of Reorganization Plan, by extending it until 1 November 2016. SCSC has been informed with regards to these legal amendments by PAK, and PAK together with this information submitted the request for deadline postponement for the submission of Reorganization Plan by SCSC.

It is worth mentioning that many of the planned works in Annual Plan for 2015 could not begin due to non-appointment for a long period of time of BoD as competent body for the approval of projects within Re-organization.

Many meetings were held in the course of supervision and preparation of reorganization plan within TRU, as well with the Management, Legal Department, and Board Secretariat, respective departments of Trepça and PAK for related issues with reorganization. At the same time, the office of Acting DMD has been supported with the required information for Trepça and Reorganization Process in general.

TRU within the preparation of Trepça Reorganization Plan has coordinated and supervised the necessary processes for reorganization, by holding meetings with professional committees for the determination of mineral reserves and for re-assessment of the wealth of the enterprise. As a result the reports which have been prepared are: 1. Assessment report of mineral reserves and 2. Re-assessment of the assets of the enterprise.

TRU has worked with the creditor claims presented to PAK by TRU against Trepça, by classifying them in different categories; it has supplemented them and calculated the preliminary values of each claim.

TRU – Trepça Monitoring (Management in Industrial Park of Mitrovica)

TRU, despite the works in the reorganization plan of the enterprise during the reporting period has supervised daily works in Trepça (PIM) by using its full capacity which it has, having into consideration the small number of engaged staff in TRU (4 officers in total). Many requests for Trepça supervision with special technical specifics in different fields required additional engagement.

The main objective of the business of enterprise is the preservation and the increase of value of the enterprise, and its preparation for reorganization, which is aimed through following actions:

- Taking care for the production increase, the increase of revenues from other services and rents,
- Taking care for the reduction of outflows/deduction of costs,
- Scheduling of meetings and the assisting meetings with third parties,
- The establishment and participation in committees with special interest.

TRU reports regularly to management with regards to this supervision, and it has also determined the communication manners and reporting through PAK and Trepça management.

Many processes are supervised, but we shall share the most important ones:

- The supervision of procedures of the sale of Trepça concentrate,
- The supervision of procurement procedures which exceeds the amount of € 10,000,
- Trepça assessment and engagement in its legal disputes, and
- The role playing of intermediary bridge, or communication channel between Special Chamber, PAK and Trepça. TRU during the reporting period submitted quarterly regular reports in SCSC, and all claims, instruction for action, and the communication of other natures has submitted in SCSC, which have been initiated and proceeded from TRU, and which are realized in cooperation with Trepça and respective PAK departments.

In this aspect TRU supervised the procedures of Trepça concentrate sale, procurement procedures which exceed the value of € 10,000 financed from Trepça's own revenues, by helping Trepça in all of its operative fields, and it was engaged in its legal dispute, etc. TRU, tried in general with all its capacities to supervise closely the business of the enterprise. TRU in cooperation with the Customs has checked the exported quantities of ore, if they are pursuant to approved quantities by PAK.

The production during 2015, in the Mines of Artana and Stantërg could not develop activities regularly. Regarding to this, main production activities in Trepça have been described based on management reports in Industrial Park of Mitrovica.

Different situation have been developed with regards to Trepça in January 2015, and Trepça was made a political problem. The ruling of Court AC i – 14-0247 – A0001, for the submission of Reorganization plan until 02 February 2015, which was the changed deadline from the dictated deadline from the same Court earlier, caused a number of dissatisfaction which resulted in a form of minors strike, but also of the protests in the street with the request "Trepça – Publically Owned Enterprise". The above mentioned situations resulted in small volume of operative works in Trepça, by reflecting the smallest production.

Two weeks have passed since the termination of works in January due to the strike in the Mines (Stantergu and Artana), until the return of daily works dynamic, and which as a period did not last very much. The production dynamic decreased again after a week, respectively after a number of circumstances, and calming of situation and return of dynamic of production work, since on 24.01.2015, to Trepça expired the license for ore exploitation, this license is issued by Independent Committee of Mines and Minerals ICMM, which did not have Board, and which is the only Competent body for the issuance of license. Trepça did not get the license until May when the ICMM Board was established and begun to function. According to reports of Trepça Management, as a consequence of not-continuation of License, the lack of explosive and other consequences which arise from not having the license influenced the decrease of production in this period.

The lack of production presented big problem in securing the salaries starting from March, due to lack of production and non-possibility of sale and the lack of necessary means for salaries.

After receiving the decision from SCSC (CV-15-0006) for the allowance of lead and zinc concentrate. Trepça has developed the tender for realization of this sale. The enterprise has developed again the tendering

procedures for September, after the failure of contract realization by the winner in the first tendering process. The enterprise concluded a contract with two companies for the sale of Pb and Zn. The realization of concentrate sales contracts shall be supervised closely from PAK – TRU.

In order to illustrate the primary activity of Trepça – and which is the extraction and processing of ore, you can see below the production report for 2015 regarding which have reported to Management of Mitrovica and the production report for the period 1 January until 30 December 2015 reported by the Management in Zvečan “Trepça – Enterprise under PAK Administration”, since it has not reported still the final annual report, the presented data include the period only until November 2015.

The realized production in the mines Stantërgu and Artana with the flotation First Tunnel and Kishnica

The exploitation of 180,994 tones of Pb and Zn ore during 2015 (204,140 tons in 2014) from two mines, which resulted with the production of 12,320 tones of Pb/Zn concentrate in the Flotation First Tunnel and Kishnica out of which 5,440 tones of Pb concentrate and 6,880 Zn concentrate are produced. This produced quantity of the concentrate for 2015, is 26.08% lower than the production of the previous year 2014.

	Pb concentrate (ton)	Zn concentrate (ton)	Total Zn and Pb concentrate (ton)
2014	7,330.63	9,336.50	16,667.13
2015	5,440.00	6,880.00	12,320.00
The comparison in % of the concentrate during the years	-25.79%	-26.31%	-26.08%

It is the first time during the ten years after Trepça reactivation, that during a year these two mines have such decrease of production. If the production is not increased in the level of previous year or around 30% from the current production, hopes that Trepça to pay the obligations and secure the salaries at the same time, are very small, and financial difficulties shall follow the enterprise also during the next year 2016. Therefore, it is required from the Management added performance to manage and use well all means in disposal for the increase of production.

5.7. DEPARTMENT OF REGIONAL COORDINATION

Department of Regional Coordination supervises the work of PAK Regional Offices. PAK has five Regional Offices (ROs) in Prishtina, Peja, Prizren, Gjilan and Mitrovica which include the entire territory of Kosovo and three satellite offices in Leposaviq, Shtërpce and Graçanica which main responsibilities have the gathering of information with regards to SOEs in respective regions and the implementation of privatization, liquidation and the activities of corporate governance.

The mandate of Regional Coordination Department is the implementation of PAK administrative functions with regards to SOE to make sure that PAK performs its duties properly. ROs are responsible for all duties which PAK needs to implement in order to ensure successful realization of its mandate which were reserved exclusively from PAK Head Quarter or appointed to other PAK functional units.

The Department of Regional Coordination prepared the Work Plan of 2015, where this plan includes 726 assets for sale during 2015, distributed in 8 (eight) waves. However, due to the lack of Board of Directors until the end of 2015 this plan still waits for approval.

It is worth mentioning that, the documents for LAS 27 and LAS 28 are already finalized, whereas official offices continued with the visits in scene field and the preparation of document for LAS 29 and LAS 30, which due to mentioned delays above must be updated, however it can clearly be emphasized that if other departments have the capacity to process the sales documents, then Regional Coordination Department has already prepared the majority of documents for four (4) waves of sale of assets through Liquidation.

Achievements

TREATMENT OF OCCUPIED ASSETS

With regards to treatment of occupied assets, the data are presented in Executive Summary.

As a result of added activities and undertaken activities for the release of occupied assets and added activities within the administration of assets, there was an extraordinary increase in collection of leases in the bank accounts of Socially Owned Enterprises in transition and liquidation in report with the same period of the previous year 2014 and that according to following months:

- Increase during the January is: **697%**
- Increase during February: **350%**
- Increase during March: **2033%**
- Increase during April: **251%**
- Increase during May: **- 75%**
- Increase during June: **928%**
- Increase during July: **642%**
- Increase during August: **285%**
- Increase during September: **98%**
- Increase during October: **303%**
- Increase during November: **132%**

- Increase during December: **35%**

Treatment of illegal constructions:

During this period to the Committee for Illegal Constructions were sent:

Regional Office	No.
Regional Office in Gjilan	48
Regional Office in Prishtina	69
Regional Office in Mitrovica	32
Regional Office in Prizren	37
Regional office in Peja	28
Total	214
Note: This segment had stagnations and many obstacles, starting by the lack of human capacities determined exclusively for this work, until the uncertainties regarding the responsibilities of Cadastral Officer with regards to their engagement in this process, who are key part of this process	

The determination of SOEs status

The form of requests for Status Determination (SDR) for the SOEs assets of which are outside Kosovo and which were identified during 2015, for review by the Committee on the Determination of the SOEs status have been processed during this year.

Lease of SOEs Properties in liquidation

Regional offices prepared with the request and approval by LA presidents and management, the list for the lease of SOEs in Liquidation, and lease announcement on 25 April 2015, 16 May 2015, 25 July 2015, 05 September 2015, 08 October 2015 and the last announcement on 01 December 2015.

Other works

The initiative with the Director of inter-municipal Archives and the Inspection for regulation of archives pursuant to the laws on Archives, where the visits are made in all regional offices with regards to defense, evidence, the classification manner and archiving of documentation transferred from the SOEs archives in the archive of the Enterprises in Liquidation.

The work for the preparation of new issued decisions by LA has continued, the registration of new claims in database, verification of all registered claim in database, their scanning, regulation of archives and the insertion of the documents in database.

Regional offices had continuously different meetings with SOEs managements, senior municipal officers, different parties, and visits in scene field also legal officers participated in representations in courts, filing of claims, filing of appeals, filing of responses to appeals, filing of responses to claim and other submissions addressed to courts, etc.

5.8. FINANCE AND BUDGET DEPARTMENT

Department of Finance and Budget offers financial services for the Agency: Sales Division, Liquidation Division, executive brunch, regional offices and respective departments/units of the Agency.

Department of Finance and Budget contributes by offering professional support in the implementation of authentic financial procedures, the right operation of financial systems and best practices according to local and international standards.

Department of Finance and Budget within the Agency covers two activities of financial management:

1. Kosovo Budget – administrative and operative activities of the Agency and other activities under its administration; and
2. Funds in trust of the Socially Owned Enterprises.

1. ACITIVITIES OF THE KOSOVO BUDGET

1.1 FINANCIAL STATEMENTS

- Financial statements for 9 months for the Budget of the Agency from the dedicated incomes and Governmental Grant for the period January – September 2015 are prepared and submitted on 30 October 2015 in the Treasury Department in the Ministry of Finance and the Secretary of Board of Directors.

1.2 BUDGET

The main source for financing of the Agencies' activities for 2015 is the **Dedicated Incomes¹⁵** and the **General Governmental Fund¹⁶**. The Agency during this period has not benefited finances from the Donors' Grants or payments which have been realized from the third parties for the good of the Agency.

Department of Finance and Budget during this period with regards to budget included the following activities:

- Monitoring of budget performance 2015;
- Midterm expenditure framework 2016-2018; and
- Budget preparation for 2016.

¹⁵ See to Article 21 of the law no. 04/L-034 for Privatisation Agency of Kosovo and Article 64 of the Law on Management of Public Finances and Liabilities.

¹⁶ The general governmental fund or Governmental Grant are the financing sources to cover the activities which are not related directly to the Agency, but are used for covering the expenses with which the Agency administrates and which have to do with the reorganization of Socially Owned Enterprises and in this case is only the reorganization of SOE Trepça. The general governmental fund is the main fund of the Republic of Kosovo for the financing the budgets of budgetary organizations.

1.2.1. Budget performance for the period January – December 2015

The budget performance¹⁷ during reporting period included the monitoring and implementation of the budget of the Agency and the requests activities for savings, transfers and added necessities for budgetary programs during semi-annual review process.

	A	C	C/A
Description	Budget on 31 December 2015	Expenditures	Realization %
Total	6,822,356	5,970,268	87.51%
Dedicated incomes	6,811,383	5,959,695	87.50%
Governmental incomes	10,973	10,573	96.35%

The budget during the fiscal year 2015 is cut only at Governmental Grant at the amount of € 3,389,027 and that:

- The amount of € 1,553,487 through semi-annual review process of Budget; and
- The amount of € 1,835,540 through the decision no. 09/65 of the Government on 23 December 2015.

PAK request and the approved budget for wages and salaries for 2015

In the approved budget for 2015 the staff number of 258 has been approved, whereas the amount of required funds, respectively the required budget of € 4,273,837 for salaries and wages due to some technical mistakes by the Ministry of Finance (MF) has not been approved entirely.

The approved budget for this category is € 3,886,391.00 and this budget, as we have informed also MF, is not sufficient for realization of salaries for the entire number of planned PAK staff until the end of fiscal year 2015.

Budget review for Privatization Agency of Kosovo for 2015 (Law No. 05/L-046)

By referring to the request of Ministry of Finance regarding the budget review for 2015, PAK has analyzed the budget, expenditures, and savings and additional necessities.

With the approval of Review law from the Government, PAK request for the transfer of means in the category of salaries has not been approved. The request for additional means of € 5,000,000 for the financing of Liquidation Authority from Governmental Grant has not been approved. MF has approved only the transfer of the amount of € 10,000 in the economic category of subventions.

Kosovo Government during the budget review process reduced the budget for reorganization plan of Trepça which is financed from the General Governmental Grant at the amount of € 1,553,487.00.

Non-approval of request for the additional budget of € 5,000,000 for the financing of Liquidation Authority from Governmental Grant does not fulfill the expectancies and the requests of the Office of General Auditor (OAG).

¹⁷ The performance of 2014 includes many activities with regards to budget monitoring, evaluations in the beginning and in the end of year.

The transfer of saved means in the category of Wages and Salaries

On 23 November 2015, the Government of Republic of Kosovo made the Decision (No.04/60) and approved the transfer of the required amount of € 481,311 in the category of salaries. The report of amendments in budget is presented in financial statements.

The government decision no. 09/65 dated 23 December 2015 with regards to savings in budget allocations for 2015

On 23 December 2015, the Government of Republic of Kosovo made a decision for saving the budget means from Governmental Grant in the category of Goods and Services, where based on this decision PAK budget has been reduced, which is financed from the Governmental Grant at the amount of € 1,835,540.

1.2.2 Mid-term expenditure framework

According to the request of Ministry of Finance with regards to preparation of Mid-term expenditure framework PAK on 10 April 2015, prepared and submitted in MF the summary of mid-term expenditure framework of PAK for 2016-2018 as below:

1.3	P	KASH	2016	2017	2018
	Total		11,077,449	7,083,249	6,884,249
	Dedicated incomes		7,677,449	7,063,249	6,864,249
	Governmental incomes		3,400,000	20,000	20,000

Payment processing

- The processing of 2,877 transactions (1,385 commitments and 1,502 payments) from the annual budget of Kosovo which is financed by the dedicated incomes of the Agency and general fund of the Government (for Trepça).

1.4 REPORTS

- The reconciliation of reports and report on daily bases of financial reports for financial reports 2015 to;
 - Treasury Department of Ministry of Finance;
 - Management and Budget holders;
 - Publication of reports in official web page of the Agency into Albanian, Serbia and English;
- Monthly reports in the Ministry of Finance for unpaid invoices;
- The purchase of report of over € 500.00 for 2014 against Tax Administration of Kosovo.

1.5 OTHER ACTIVITIES

- ☐ Monthly harmonization of the salaries' lists for the period January – December 2015 with the Ministry of Public Administration;
- ☐ Daily collections for the landline and for the mobile telephony. These collections are for the expenses which have exceeded the limits and which are covered by the Agency according to politics of landline and mobile telephony. It is worth mentioning that after the proposal of the Department of Finance and Budget a decision was made for 50% deduction of gross salary with regards to unpaid obligations until the period of 30 June 2015;
- ☐ A training was held for the five employees of the Department of Finance and Budget which was organized by Kosovo Economic Chamber "Evaluation of Immovable Property";

1.6 ASSETS

The Assets of the Agency bought from the budget funds and the assts which were given as grant are kept in compliance with the Regulation no. 02/2013 of the Ministry of Finance. Details with regards to assets are unfolded in financial tables and explanatory notes.

1.7 AUDITS

- The Office of the Auditor General submitted the auditor's report for annual yearly statements of 2014 with regards to annual budget. The Agency presented in written to OAG arguments and disagreements with regards to this opinion.
- The Office of the Auditor General submitted the report of auditor for nine months financial statements January-September 2015 on annual budget. OAG gave recommendations in the Audit Memorandum. The Agency has submitted in written to OAG the arguments and disagreements with regard to this opinion. PAK Internal Audit Unit (IAU) has finished the audit of Finance and Budget Department for the period January 2013 – 31 May 2015. The final report has been submitted, while the Action Plan is compiled for the implementation of IAU recommendations.

2. TRUST FUNDS

2.1 FINANCIAL STATEMENTS

- 9 months financial statements for the period January – September 2015, are prepared and submitted on 30 October 2015 in the Treasury Department of Ministry of Finance and Secretary of Board of Directors.

2.2 THE BUDGET OF SOCIALLY OWNED ENTERPRISES WHICH IS FINANCED FROM TRUST FUNDS

The budget for trust funds is for Socially Owned Enterprises which shall be placed in liquidation. There are 462 Socially Owned Enterprises in total which were placed in liquidation. The budget includes the period since the entry of the Enterprise in liquidation until its termination.

The budget preparation of funds in trust for SOEs in liquidation, is outside the competences of the Department of Budget and Finance, but which begun to be part of monitoring and control process since the meeting of August 2014 of Board of Directors, this according to DMD requests – Liquidation in order to increase the quality, fulfillment and decrease of risk of exceeding the budget.

The SOEs budget spent until 31 December 2015

Budget	TOTAL EXPENDITURES	Remained budget	% of expenditures
13,350,546	5,232,498	8,117,962	32.19

2.3 Payment processing

- The processing of 12,598 outgoing transactions of the funds in trust in CBK and the compilation of 22,004 transactions (incoming and outgoing) from the funds in trust.

2.4 REPORTS

- The compilation with Central Bank of Kosovo and reports on daily bases of the reports for financial statements for Funds in Trust to:
 - Managements and Directors;
 - Regional Offices and Liquidation Authority – summary reports of liquidation accounts and bank cards. Reports on monthly bases includes the period January until 31 December 2015. Reports are presented in PAK webpage (in Albanian, Serbian and English); and
 - The publication of reports in official web page of the Agency into Albanian, Serbian and English.

1.5 THE INVESTMENTS OF FUNDS IN TRUST

With regards to investments of funds in trust, Privatization Agency of Kosovo is oriented in the market of short-term investments such as the deposits up to twelve months (12) in the Central Bank of Kosovo and commercial banks of Kosovo and in securities issued by the Government of Kosovo (treasury bills).

- The deposit of means in commercial banks abroad;
- Securities emitted by the Kosovo Government or the other Sovran state;
- Securities of debt emitted from any corporate with headquarter in US or of any state of European Union;
- Exchange Traded Funds or Mutual Funds; and
- Re-purchase agreement whose ground are securities determined according to above written points.

1.5.1 Means deposit in time deposits

The gained interest is € 5,000 during 2015 from the below time deposit:

1. A deposit with twelve months deadline, in the total amount of 5,000,000.00 became mature on 5 July 2015.

During the period January – December 2015, Agency was not active in this market, due to very low norms of interest. In some cases interest norm was negative as for example minus 20%.

1.5.2 Investment into securities issued by the Government of Kosovo (treasury bills)

PAK Board of Directors in the meeting of 21 June 2012 made a decision the to the Management is allowed the discussions and the signing of Agreement of Understanding with the Ministry of Finance and Central Bank of Republic of Kosovo.

The purpose of Agreement of Understanding is to enable the investment of funds in trust in the primary market and their trade in secondary market of securities emitted by the Government.

So far, no investment or participation in securities of Government was made, since the attempt of the Agency has not ended successfully for these investments, for reasons which the Agency does not now.

2.6 OTHER DETAILS REGARDING THE FINANCIAL ACTIVITIES OF THE AGENCY

Other details regarding financial activities of the Agency are unfolded in the financial tables and explanatory notes of the Financial Statements of Annual Budget and in explanatory notes of Financial Statements of Trust Funds.

5.9. LEGAL DEPARTMENT

Legal Department (herein LD) offers legal services for the activities of the Agency including privatization, liquidation, procurement and specific cases of Trepca.

The department has been divided in organizational working units; the division of works and responsibilities is made with the purpose of efficient and effective realization of the entire objectives and responsibilities of the Legal Department which are in compliance with the general laws and regulations of PAK.

Activities based on units of Legal Department are clarified below:

1. Litigation Unit in Court (LUC).
2. Legal Opinions Unit (LOU).
3. Claims Registration Unit (CRU).
3. ELRC Secretariat for review of 20% claims.
4. Employee Review List Committee (ELRC).

Legal Department serves as a supporter for the Employee List Review Committee (ELRC), however this committee acts autonomously and it reports only to Board of Directors of the Agency.

1. Litigation Unit in Court (LUC)

During the period January – December, 522 cases have been received in total, whereas with regards to procedural actions in case with regards to the period in question have been undertaken these actions:

- 366 defenses to claim, 89 counter-responses, 10 responses to preliminary injunctions, appeals, 46 responses to appeals, 41 submissions, 11 responses to responses to appeals, 90 legal sessions and 43 responses to order.

Regarding the issues related to SOEs lists of employees, during the period January – December, 599 cases have been received in total, whereas undertaken actions in court for this period are as follows:

-65 responses to orders, 1 participation in legal session, 185 judgments, 58 rulings, 183 responses to appeals and 78 submissions.

2. Legal Opinions Unit (LOU)

Legal Opinions Unit (LOU) has developed different activities, but which mainly consist in giving legal opinions and advices, the compilation of legal documents, regulations or other legal acts, and the participation in different meetings.

LOU, during this reporting period has contributed in the performance of the Agency, by giving approximately 31 legal opinions according to “Legal Actions” of the units and departments but also of the management of the Agency.

LOU has compiled and participated in the compilation, review or the analyses of 40 different documents, as internal regulations, decisions, contracts, responses, request, etc., despite legal opinions.

4. Claims Registration Unit (CRU)

During one year period 1 January – 31 December 2015, claims unit of Legal Department has registered and proceeded around 811 claims/new cases and 2.262 documents/additional submissions regarding the registered cases earlier; 3.073 submissions have been admitted in total.

222 Notices according to Article 29 and 30 of the Law on PAK.

774 claims regarding the liquidation or against the SOEs in liquidation.

5.827 documents from hard copies of different cases have been ranked according to registration in system.

1023 submissions with sufficient copies have been submitted to the court in the protocol office.

2.904 filings regarding the legal cases of litigation unit and different submissions have been submitted to competent officers.

4.448 intern registrations in the intern book of the protocol of the claims unit, of incoming and outgoing documents.

Select Date Logged Range:

Drag a column header here to group by that column		
#	Number of Claims	Claim Type
	4	A = Ownership of SOE
	220	B = Ownership of SOE asset
	174	Banesat
	146	D = Creditor (unsecured)-wages
	51	E = Creditor (unsecured)-other
	30	G = Other
	7	H = Rules of Tender
	179	I = Workers List
Total		
Sum=811		

4.

Secretariat of Employee List Review Committee (ELRC) for 20%

ELRC during this period has worked in reviewing the claims submitted after deadline for the below written enterprises:

- SOE "IBG –Battery" in Gjilan
- SOE " Bankkos " in Prishtina.
- SOE " Ratko Mitrovic - Kulla" in Prishtina.
- SOE " Vreshtaria "- Landovicë - Prizren

- SOE “ Prizren Market ” in Prizren.
- SOE “Dairy Konsume” Fushë Kosova/RO Prishtina
- SOE “Liria” Prizren/RO Prishtina
- SOE “28 Nëntori” - Gjilan
- SOE “Mechanism” Prishtina/RO Prishtina
- SOE “Rilindja” in Prishtina/RO Prishtina
- SOE “Food Industry’ in Prizren/Prizren
- SOE “Ramiz Sadiku” Prishtina/ RO Prishtina
- SOE “Municipality – Prizren/RO Prizren;
- SOE “Ramiz Sadiku “ – Prizren/RO Prizren.

Regular meetings were held with parties, the employees of the SOE “Drenica” withdrew the copies of documentation.

5. Employee List Review Commit) ELRC for 20%

Committee for Employee List Review Committee (ELRC) has been established with the Decision of Board of Directors of the Agency in September 2011, in compliance with the Article 10, point 10.4 of Operational Policies and it is independent, internal body, for administrative review of claims in 20% employee lists. Committee reports to Board of Directors with regards to its decisions, in the operational side it is organizational unit of Legal Department. ELRC is assisted by the Secretariat which is also unit of the Legal Department and is responsible to support ELRC in offering the necessary assistance in cooperation and according to instructions of ELRC President.

ELRC during the reporting period has been engaged as follows:

- Meetings with parties for clarification for their non-inclusions in 20% final lists.
- ELRC president is engaged in legal analyses of the Regulations in force.
- The engagement of ELRC president, as case member in five (5) cases of **KZKA**.
- Legal Officer – ELRC member, is engaged as President of KZKA Committee and SDR Committee member.

5.10. ADMINISTRATION DEPARTMENT

Department of Administration has as purpose to offer better human, infrastructure and logistics conditions for the achievements of objectives of the Privatization Agency of Kosovo.

These units are part of Administration Department: Human Resources Unit, Translations Unit, Protocol unit, Information Technology Unit, Archive Unit, General Services Unit and Transport Office.

HUMAN RESOURCES UNIT

During the reporting period in Human Resources Unit have been developed the following activities:

Salaries:

- The update and conformation is made, and payroll is sent for execution on monthly bases for months: January, February, March, April, May, June, July, August, September, October, November and December 2015.

Staff:

- The recruitment process and selection for 6 (six) vacancies has been finalized:
 - Liquidation Officer RO Peja, RO Mitrovica and RO Gjilan;
 - Legal Officer RO Peja;
- The recruitment and selection process for 4 (four) replacement positions has been finalized:
 - Drivers;
- 1(one) employee has resigned;
- 4(four) employees agreed for suspension of employment relation.
- 1 (one) case of employment relationship termination on occasion of retirement (65 years old);
- On occasion of investigations of some PAK officers, the decisions have been prepared for preventive suspension of four (4) PAK officers.
- 3 (three) PAK officers have terminated their employment relationship, on occasion of appointment as public functionaries.
- 2 (two) PAK officers returned in their work place in equivalent positions, after the termination of agreed suspension;
- With the decision of Independent Oversight Board (A 02/211/2015 and A 02/173/2015) and relevant Courts, has been terminated the employment relationship to 3 (three) Liquidation Officers and to 1 (one) Legal Officer in RO Peja;
- The request of 1 (one) case officer of the Agency has been approved for agreed suspension of employment relationship;
- 8 (eight) administrative assistants, have been advanced with the position of Administrative Officers with the Management decision.

- With the approval of medical relevant committee in the Ministry of Labor and Social Welfare, to 1 (one) officer of the Agency has been approved the sick leave with payment;
- 52 (fifty two) new acts of appointment have been prepared for the officers in the position of Officer of Operations for the Administration of Assets / Department of Regional Coordination.

Staff development:

- Based on individual plans of employees development, annual plan of the Agency has been prepared for employees training and development for the calendar year 2015;
- The participation in below training has been coordinated:
 - Certification program "Property Assessment" for 40 PAK officers;
 - SCAAK training for 3 PAK officers;
 - Motion Graphics training for 1 (one) Web Design Officer;
 - "Digital Marketing – Search Marketing" training for 1 (one) PAK officer;
 - Executive Assistant Master class training for two (2) PAK officers;
 - Jurisprudence exam training for four (4) PAK officers;
 - CISCO training for one (1) PAK officer;
 - TOEFL training for 2 (two) PAK officers;
 - Re-licensing training for Property Assessors for 1 (one) PAK officer;
 - "Business English" training for 3 (three) PAK officers;

Performance Management process:

- The assessment performance meeting has ended in 2014, individual work plans and Development Individual Plans for 2015 of the employees (the compilation of Intern Guide of the Agency on Performance Management, the modification of relevant form, information/advice and provision of the employees with them, collection, selection, updating the data base, the calculation of the average in individual grounds and the preparation of annual report);
- The management of Performance Assessment of PAK officers for 2015 and individual work plans and Individual Development Plans for 2016 of the employees are in process;

Reports:

- The questionnaire with regards to data in PAK civil service for 2014, has been compiled and sent in DCSA/MPA;
- Self-assessment questionnaire has been prepared for MFK;
- Report on PAK Personnel for 2015 has been re-compiled according to updated form according to PAK request and the same was re-rent in DCSA/MPA;
- Report preparation for the finalization of 3 year process regarding academic qualification of the employees of the Agency;
- List preparation and sending the list of PAK Senior Officers for wealth declaration in the Anticorruption Agency;
- Preliminary report on Performance Assessment Process at Work has been submitted for the period January-December 2014;
- Comments in IOBCSK Report are sent in IOBCSK, during their visit in September 2014;
- PAK staff employment experience has been finalized and sent in the Ministry of Public Administration;

- 2 (two) questionnaires required by Language Commissioner are filled;
- Report on PAK staff plan has been compiled and sent in Ministry of Public Administration for 2016;
- Preparation of regular reports on the activities of Human Resources Unit on weekly and monthly basis;

Other issues:

- The Committee for Solving the Contests and Claims review and made a decision for 34 claims;
- Disciplinary Committee reviewed and made a decision for 5 cases;
- Committee for salary review reviewed 35 PAK officers claims;
- Disciplinary Committee is the process of review of 1 (one) case (DC 02/2015);
- The updates of big number of Job Descriptions have been reviewed and finalized:
 - Executive Secretariat of Board of Directors;
 - Investor and Marketing Relations Unit;
 - Liquidation Coordination Department;
 - Information Technology Unit;
 - Administration Department;
 - Legal Department;
 - Liquidation Project Management Unit;
- Work catalogue has been drafted in cooperation with DMD liquidation office, for current positions in PAK;
- The updates of Job Descriptions have been reviewed and finalized for:
 - Marketing and Investor Relations Officer/Marketing and Investor Relation Unit;
 - Cadastral Officer (regions)/Sales Department;
 - Director of Legal Department/Legal Department;
 - Head of Litigations Unit/Legal Department;
 - 8 (eight) Job Descriptions for the position of Administrative Officer;
 - Officer of Operations for Administration of Assets/Regional Coordination Department;
 - Director of Department for Regional Coordination/Regional Coordination Department;
- Statements under oath are prepared as well as respective decisions for 258 PAK employees regarding work experience (the gathering of all evidences for work experience in hard copies files and their attachment in statement under oath), and Ministry of Public Administration has been informed with regards to it.

OTHER UNITS OF ADMINISTRATION DEPARTMENT

Main activities for this reporting period are presented for the units: **General Services Unit, Archive Unit, Translations Unit, Information Technology Unit, Protocol Unit and Transport Office.**

Translations Unit:

- Translations Unit has translated **439 documents** with **4,183 pages** and has provided the translators for 14 meetings.

Protocol Unit:

- 4157 files are admitted as incoming documents during this period;
- 3411 outgoing files are registered by this office;
- 7571 entries/exits are registered in the system;
- 7571 scanned;
- 822 accepted by post;
- 1361 sent by post;
- 4157 sending with personal book inside PAK;
- 252 sending with book outside PAK;

Information Technology Unit:

- A special thing of this period is the total population of PC upgrade, which were in old system WINDOWS XP, which has entirely ended in March;
- Establishment of preventive measures for protection of downloaded programs from the internet; placement of weekly hardcopy document for:
 - *Replication functioning;*
 - *Antivirus update;*
 - *The function of email server;*
 - *Blacklist control; and*
 - *GSM testing of alarm and Server Room and recovery center*
- In order to minimize the risk from viruses and discs demolition from uninterrupted work, the computers have been programmed to turn off after working hours. The turn off of computers after working hours is showing to be very successful in improving the work of computers and the application of updates. Despite the risk minimization from external attacks and eventual demolitions, it has been concluded also **considerable saving of electricity** (data from electricity invoices);
- Tender procedures are initiated successfully and the annual plan has been complied with the purchase of IT services or equipments;
- An agreement has been achieved between CBK and PAK on preserving PAK electronic documentation within the framework agreement which CBK has in preserving the assets of clients;
- The installation of new IT equipments according to provided plans and necessities;
- The compilation of new IT regulation;
- The standard procedure has been initiated for internet and network services;
- The procedure for the certificate of email system has been initiated (since it expires on 27 January 2016)

Archives Unit:

- Update of the pre-qualification documentation of the Marketing Unit;
- Scanned registers, registered and archived for Departments and Units of the PAK, in total 338 total registers;
- Scanning and archiving of Protocol Books of Departments, Units, Regions of PAK, in total 14 protocol books and 14 mail books;
- Examining the archival documents, Departments/Units/Regions of PAK, including requests from external parties, in total 17 requests;
- Registration of documents in the archive program;

General Services Unit:

- During this period of nine months we have assisted in the eviction of occupants from the socially owned property in the region of Mitrovica, Peja, Prizren, Gjilane and Prishtina, a total of 98 units, as it was needed;
- We did all the required repairs, in the Central Office as well as in regional offices of the PAK, in total are 326 repairs;
- 393 bills have been protocolled, which were forwarded to the Department of Finance, of which 348 bills have been entered in Free Balance, and 212 purchase orders have been signed;
- We covered 561 requests for administrative and sanitary material supply;
- During the months of April and May we have implemented the project of placing emergency signs in all PAK offices based on the Law on Protection and Rescue, as well as filling and placement of fire-extinguishers in professional manner;
- We have initiated the request for contracting a company for the maintenance and servicing of Air Conditioner, after the completion of the procurement procedures, we have made the servicing of air conditioners that had to be serviced;
- At the time of reporting, we are in the process of contracting a company for the servicing and maintenance of central heating systems and generators in the facilities of PAK;
- After identifying the big expenses that are committed by the Department of Liquidation, in the contract for the provision of physical security services, we are preparing a new statement for the needs of contracting a company to provide physical security services;
- During this reporting period we have initiated and carried out the project for the placement of security cameras since 14 December 2015, 32 cameras cover the entire space inside and outside the headquarters of the PAK;
- Due to the nature of the technical staff (drivers, householders and cleaners) we made a statement and we have been supplied with working clothes;

Office of Transport:

- During this period of 9 months we have had 2018 requests for regular services and 1689 urgent services, which were also covered;
- Cars have been serviced as needed, winter tires have been changed and the process of servicing and checking of all vehicles gradually proceeds, as needed, and we have put in use 10 new cars Renault Dacia, which also have been equipped with radio and other associated equipment (triangle, dragging belt, backup lamps and carpets);

- Contracts for supply with fuel have been signed, contracts for vehicle insurance and the checking and registration of all vehicles that we have was made;
- Tenders for the insurance and registration of another group of vehicles as well as their maintenance and servicing have been proceeded;
- Cancellation of registration for 8 vehicles was made because of their age and during the servicing of few Clio cars we changed some parts, by taking these vehicle parts which will not be used, and significantly saving the maintenance costs thereof;
- 4 new drivers have started work after the suspension of the drivers, whose suspension still continuous since 15 October 2015 without payment until the court's decision.

5.11. DEPARTMENT OF PROCUREMENT

The Procurement Department during the reporting period has signed 53 contracts by using all procurement procedures, procurement procedures with great value, procurement procedure with medium value, quotation in small value and quotation with the minimum value including the procedure negotiated without publication of the contract notice. The total contract value is 1,153,772.82€.

Altogether there are 41 contracts of the category of services and 12 are supplies.

The Procurement Department during the reporting period has signed 53 contracts using all procurement procedures, procurement procedures with great value, procurement procedure with medium value, quotation with small value and quotation with the minimum value and the procedure negotiated without publication of the contract notice.

1. Contracts with the Serbian newspaper "Danas"
2. Contract with the Montenegrin daily "Vijesti"
3. Annex Agreement: "Internet and network services in Information Technology"
4. Internet services and information technology network
5. Annex contract "Supply of diesel for cars of PAK"
6. Annex contract "Supply of diesel for generators of PAK"
7. Extension of the contract for rental facility in the satellite office in Leposavic
8. Re- tender, Fuel supply for the needs of PAK
9. Maintenance and servicing of official vehicles of PAK
10. Services of printing promotional materials
11. Vehicle registration and insurance
12. TV advertising and announcements
13. Production and printing of business cards
14. Servicing and maintenance of vehicles under warranty DACIA Sandero
15. Supply of oil for heating and generators (emergency procedure)
16. Supply of fuel for vehicles (emergency procedure)
17. The contract with Radio 21
18. The contract with Radio Dukagjini
19. The contract with Radio Kosova
20. The contract with the Kosovo Media Institute
21. The contract with Radio Gracanica
22. The contract with Radio Contact Plus in Serbian language
23. The contract for maintenance of the data base of the Claims Unit of Legal Department
24. Re-tender Supply of fuel derivatives for heating and generators
25. Equipment for sound and simultaneous translation
26. Maintenance of fire extinguishers and emergency signs supply
27. Extension of lease contract of the office in Strpce
28. Maintenance and Supply of Air Conditioners
29. Supply with information technology equipment
30. Supply with hygienic material
31. Supply with Administrative Material
32. Copy and Printing Services, Maintenance of equipment for information technology (IT)
33. Contract for advertisement in the daily: Koha Ditore

34. Contract for advertisement in the daily newspaper: Zeri
35. Contract for advertisement in the daily: Epoka e Re
36. Contract for advertisement in the daily newspaper: Bota Sot
37. Contract for advertisement in the daily newspapers: Kosova Sot
38. Service for "Hosting" and "Domain Name" for the two websites: www.pak-ks.org and www.kta-kosovo.org
39. Servicing and maintenance of central heating and generators
40. Supply with daily press
41. Supply with sanitary equipment, electrical and labour
42. Contract with Indeks online portal
43. Contract with Express portal
44. Contract with Kosovapress portal
45. Contract with Lajmi portal
46. Contract with Blic Gazeta portal
47. Contract with Tribuna newspaper portal
48. Contract with the portal Infokus
49. Contract with the portal Orainfo
50. Shooting and direct transmission of the Bid handover and reception ceremony
51. Washing of PAK vehicles
52. Supply and installation of security cameras and associated parts
53. Organization of the year reception for the PAK staff

5.12. INTERNAL AUDIT UNIT

The Internal Audit Unit (IAU) has successfully managed to fulfil its work plan for the reporting period January-December 2015 by providing to the upper Management concrete recommendations.

IAU activities during this period are as in following:

1. **Audit of Public Relations and Media Unit (PRMU):** The main objectives of this audit were based on the assessment of risk that are associated with the PRMU's work, i.e. whether the process of reviewing of the requests made by external parties seeking access to public documents is done in conformity with legal requirements. This audit resulted in eight respective recommendations.
2. **Audit of Department of Administration (DOA):** The objectives of this audit were mostly related with the management of processes, respectively, concerning the use of equipment and means of PAK conform the legal rules, sufficient legal cover of the issues that are related to the administration of the processes in the DOA, planning of activities and tasks, namely concerning the work carried out in this department and its units, whether it was carried out based on an annual plan containing objectives that have been approved by the Management. Based on the audit findings and conclusions, this audit resulted in 12 respective recommendations.
3. **Audit of Legal Department (LD):** The main objectives of this audit are based on risk assessment that is associated with the Legal Department. This audit did not result with any concrete finding except some conclusions that we have given about the process in general. As a result, no recommendation was addressed, since the samples selected for testing did not result in any substantive or procedural irregularities in the LD.
4. **Audit of Department of Finance (Management of Trust Funds):** The main objectives of this audit were based on risk assessment which is related with the management of Trust Funds, namely whether these funds are invested by respecting domestic rules as well as the applicable legal framework. The audit of the Department of Finance and Budget, namely the management of trust funds, resulted with 12 respective recommendations.
5. **Audit of Department of Regional Coordination (RO of Peja and Mitrovica):** The main objectives of this audit were based on risk assessment, which are associated with the process of giving the facilities (premises) for lease in RO Peja and Mitrovica and, the effective implementation of decisions of the Board and Management by the Department of Regional Coordination respectively by the relevant offices as well as other activities undertaken by these offices. This audit resulted with 4 respective recommendations.
6. **Audit of Procurement Department (PD):** based on the work plan of the IAU, this audit started in late August. The audit in question is focused on reviewing the procedures for public procurement activities, including the preparation of the work plan, preparation of tender dossier, evaluation of public contracts, the technical specifications, advertising and transparency, management of procurement procedures and compliance requirements, payments, completion of contracts, etc. Based on the findings of the audit and the given conclusions, this audit resulted with 8 respective recommendations.

7. **The Audit of Department of Coordination of Liquidation (DCL) and Liquidation Authority (LA):** based on the work plan of the IAU, this audit commenced in late October. The audit in question is mainly focused on reviewing the procedures of the Liquidation Authority, namely the process of leasing of assets by the LA. Since this audit has a greater complexity, and because of delays in completing the documentation by the Liquidation Authority, this audit will be completed in early 2016.
8. **Sales Audit Division, respectively Control and Supervision Unit:** The main objectives of this audit are based on risk assessment, which are related to the assessment of risk, related with the actions undertaken within the Sales Division, respectively within Control and Supervision Unit, whether these actions were in accordance with the legal framework of PAK. Since during this audit we faced delays in obtaining of certain information from the Executive Secretariat of the Board of Directors, which dealt with a number of decisions related to the Sale Division, this report will be finished at the beginning of the year 2016.
9. **Audit on Monitoring the Implementation of Recommendations:** This audit included the monitoring of implementation of recommendations of the audits carried out during 2009-2010-2011-2012-2013, 2014 and nine months of 2015. Departments and units which are involved in this audit on monitoring of recommendations are as follows: Unit of Human Resources, Division of Liquidation (corporate governance), Sales Department, Executive Secretariat of the Board of Directors, Legal Department, Department of Coordination of Liquidation and the Liquidation Authority, Department of Procurement, Department of Finance and Budget, Department of Regional Coordination and respective Regional Offices, Sales Division, Department of Administration, Reorganization Unit, and Unit for Public Relations and Media. IAU monitored 229 recommendations of which realized that 106 recommendations were fully implemented or 44% of the total, 44 recommendations have not been implemented or expressed in% is 26%. The IAU according to the made tests noted that 76 recommendations are partially implemented or 29% of the total given recommendations. In addition, for objective reasons, the IAU could not ascertain due to lack of information the status of 3 recommendations (1% of total) if they are implemented or not in practice, however, with a comprehensive continuous audit, we will collect the appropriate information for this category of recommendations.
10. **Strategy Drafting (2016-2018) and the Work Plan for 2016:** the Strategy of IAU for 2014-2016 was reviewed and it is expected to be amended for the years 2016 to 2018. Also, referring to requirements arising from the Internal Audit Law No. 03 / L-128, Article 14 (8), we have prepared the Work Plan of the Internal Audit Unit of the PAK for 2016. Due the circumstances created in the PAK, since the Board of Directors was not functional, and as a result of the board's lack of operation, the approval of IAU work plan by the Board of Directors was not possible. Therefore, in order to meet the legal obligations, we have prepared the internal auditor's work for 2016 based on the reviewed strategy of IAU for the periods 2014-2016 (approved by the Board of Directors in 2013). In the spirit of this and by considering the approval of the strategic plan, the annual plan of IAU for 2016 was signed only by acting Deputy Managing Director - Liquidation.
11. **Training of IAU staff:** During the reporting period the staff of the Internal Audit Unit has participated in trainings / workshops as follows:
 - Training on Licensing the Immovable Property Evaluators;

- Seminar organized by the OSCE: "The development of capacities of the Kosovo Police in fighting the high-level corruption";
- Training organized by the Treasury Department in the Ministry of Finance on View and Reporting in the new version - V7.0.

5.13. MEDIA AND PUBLIC RELATIONS UNIT

In accordance with the Annual Work Plan of PAK, the Report of Media and Public Relations for the period of year 2015 includes the implementation of planned activities for realising the overall objectives.

Media and Public Relations Unit provided full support in promoting the work of Agency, educating the public about the Agency's work both locally, as well as internationally, and drafting and managing specific campaigns of the PAK information sector.

Media and Public Relations Unit has provided full support for all activities carried out by the PAK, state institutions and local and international organizations, by preparing press releases relating to meetings with local and international institutions, chambers of commerce and different delegations, including the publication on the web site of the Agency, and preparing press releases.

Media and Public Relations Unit monitored on daily basis the printed and electronic media, local and international, for the interest of PAK, and provided a summary of articles that were related to the mandate of the Agency and distributes it on daily basis to the PAK officials.

Media and Public Relations Unit is the contact point for the media in providing and ensuring communications to the media about the activities of the Agency, by receiving their questions and providing replies to those questions in coordination with the relevant departments/ respective units and with the managing director. The unit illustrated the activities of the Agency to the wide public and media by presenting the activities and the position of the Agency to the media.

Media and Public Relations Unit prepared around 300 responses in writing by email as replies to the questions made by journalists of different Media.

-Statements through telephone – over 130 statements through telephone;

-Responses and statements in Television - (about 50 statements in TV);

-Responses and statements in Radio: - about **100** statements for local and international Radio.

Media and Public Relations Unit during 2015 has drafted and sent to the media and through the media to the wide public over 24 Press Releases concerning different activities of the Agency, and launched 3 Communications as a reaction /clarifications against disinformation/ writings against the Agency.

Media and Public Relations Unit continued to update the website of the PAK with all the information regarding the activities of the Agency and the privatization process in Kosovo.

Relations with the Public and Access to Public Documents

Media and Public Relations Unit received and carried out the initial review of the requests seeking access to public documents. It kept accurate records of the number of requests seeking access to documents as well as the number of the requests that were rejected or allowed.

Reports have been prepared on regular basis (every three months) and these reports were sent to the relevant unit of the Government of Kosovo/Office of the Prime Minister which is in charge of preparing a

comprehensive report on public institutions regarding the acquisition of the right for access on public documents.

The number of received requests 2015					
Total number	Permitted Access	Rejected	Limited	No response	Other reasons
15	8	7	-1	-	

5.14. COMMISSIONS

The Agency has a certain number of committees which carry out duties as per instructions of the Board or Management.

SOE Apartment Committee - SALE

The Committee has registered a total of 1376 requests for purchase of apartments starting from 01.04.2012, of which up to now 574 requests for the sale of apartments have been decided by the PAK Board.

- During the reporting period January- December 2015, the Committee for the Sale of Apartments reviewed 527 requests. From the number of reviewed requests (527), 396 requests have been decided on the merits and are included in reports with recommendations for the Board of Directors and are pending the final approval of the Board of Directors;
- During the year 2015, 94 contracts for the sale of apartments have been concluded;
- During the reporting period, a total of 141 new requests for the purchase of apartments have been received and have been inserted in the request data base;
- 761 parties have been contacted and requested to complete the evidence of their claims;
- During the reporting period 478 confirmations were requested from the Kosovo Property Agency concerning whether the apartments for which the parties have applied for the sale of flats at PAK have been subject of any dispute at the former Department for Housing and Property Issues or currently at the Kosovo Property Agency;
- 450 Information Memorandums have been drafted concerning the requests that have been followed up to the Committee for review;
- During the reporting period 719 additional documents have been received, these are parties' replies to the requests of the Commission seeking for additional documents. The total number of cases that have not been decided (recommended to Board) in the Commission is **406**.

COMMITTEE FOR HANDLING OF THE ILLEGAL CONSTRUCTIONS IN SOE PROPERTIES

The Committee during the reporting period held a total of 14 (fourteen) meetings with the members of the committee. In this meeting the cases from the regional offices have been reviewed. During the reporting period the following cases have been approved:

- 55 (fifty-five) cases of Regional Office of Prishtina are approved
- 29 (twenty-nine) cases of Regional Office of Mitrovica are approved
- 33 (thirty-three) cases of Regional Office of Gjilan are approved

- 9 (nine) cases of Regional Office of Peja are approved

All the approved cases have been approved by the members of the committee without any objection.

During the reporting period the Committee has prepared for the board the Referral Report, Socially Owned Enterprise

"Integj", Gjilan-085

Please see the chart of reported and approved cases at Committee for handling illegal constructions:

Reported cases at the Committee:	214
Gjilan Regional Office	48
Prishtina Regional Office	69
Mitrovica Regional Office	32
Prizren Regional Office	37
Peja Regional Office	28
Approved cases	128

COMMITTEE FOR STATUS DETERMINATION REQUESTS OF SOEs - SDR

The Committee for Legal Status Determination of the enterprise was established by the Decision of the PAK Managing Director on 15 August 2012 in accordance with Article 11, paragraph 4 and Article 16, paragraph 1.1 and 1.2 of the Law No. 04/L 034 on the Privatization Agency of Kosovo and Article 2.1 of the Operational Policies of Kosovo Privatization Agency approved on 28 September 2011.

The Committee was established with the purpose of determining the legal status of enterprises and assets that fall within the administrative authority of the Privatization Agency of Kosovo.

The data about the examined SDR-s during the reporting period are presented in the following table:

Status of SDR	January-December 2015
Number of SDRs examined by the Committee and approved by the Board	None
Number of SDRs examined by the Committee but not approved by the Board of Directors	12 SDR

Number of SDRs in process of examination	16 SDR
Number of SDRs reviewed by the Committee, for which was notified the PAK management regarding obstacles to be further approved by the Board of Directors	4 SDR

6. REPORT ON ADDRESSING THE RECOMMENDATIONS OF THE OFFICE OF THE GENERAL AUDITOR OF REPUBLIC OF KOSOVO

PLAN FOR THE IMPLEMENTATION OF THE RECOMMENDATIONS OF OAG GIVEN IN THE AUDIT REPORT ON THE FINANCIAL STATEMENTS OF YEAR 2014 FOR THE PRIVATIZATION FUND AND PRIVATISATION AGENCY OF KOSOVO

Date of last update of this plan by the PAK is: January 29, 2016

Reco mmen dation no.	Article in report	Pa ge	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementatio n	Comments
1.	2.2	12	Noteworthy risks on the Annual Financial Statements	PAK management is to: As part of the review process of the budget for 2015, to review the possibility of including the costs of liquidation in the budget of the Agency of PAK. Barriers should be identified and action plans should be compiled to ensure that the expected liquidation costs are, in general, included in the next budget of the Agency and funds in trust to not be reduced through transfers to support the Agency's costs.	Board of Directors, Management of PAK	31 December 2015	Although the decision to finance the liquidation process is Board's decision of June 2012. The PAK requested budget funds for the liquidation process during the mid-year budget review of 2014, the budget of year 2015, mid-year budget of 2015 and

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
							budget of the year 2016. The budget is allocated by the Ministry of Finance, the Government and Assembly of Kosovo
2.	2.2	12	Noteworthy risks on the Annual Financial Statements	See Recommendation 1 above	Board of Directors, Management of PAK and the Department of Finance	31 December 2015	Same as the comment under point 1
3.	2.3	13	Compliance with the annual financial statements (AFS) and other reporting requirements	The PAK Board of Directors and Management are to: To continue efforts to simplify AFS s in order to offer readers a better comprehension and to liaise with the Ministry of Finance/OAG, as per requirement, to support this process. The AFS production plan for 2015 should include a detailed review of the drafts by the Management with special focus on areas of high risk/or where errors have been identified in previous years.	Board of Directors, Management of PAK and the Department of Finance and Budget	31 December 2015	PAK does not agree with the OAG regarding this finding. Financial statements are clearly understandable to all parties, and they contain explanatory notes. No complaints

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
							or proposals on the contrary have been provided by the Ministry of Finance nor the Assembly. However, the PAK will try to coordinate with the OAG if they have any concrete proposal regarding the "simplification" of the financial statements.
4.	3	15	Recommendations of the previous year	PAK Management should ensure that: • The Action Plan, revised, to determine precisely the time limits for addressing the recommendations made by the AG, with the accountable staff members, by focusing initially on the most important areas. The reasons for not implementing the recommendations should be reported to management and to the board of directors on	PAK management and all departments / units within the PAK	31 December 2015	Continuous implementation

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
				quarterly basis.			
5.	4.1	17	Good governance	Future BD and management should: - Implement an annual plan as a matter of urgency, which demonstrates that the strategic objectives are being implemented effectively. The external and internal reporting must be directly related to this plan. PAK Management should ensure that: - The annual plan is compiled in order to be approved by the Board not later than three months before the commencement of the operational year and which clearly presents the objectives, resources and activities.	Board of Directors and Management of the PAK Management of PAK and the relevant departments and units within the PA	31 December 2015 31 December 2015	Continuous implementation Continuous implementation
6.	4.1	18	Good	The Assembly of Kosovo should:	This recommendation	N/A	It does not depend

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
			governance	Through its functional commissions, as a matter of urgency, to implement a timetable for the recruitment of a complete Board of Directors. This should include also a provision concerning the replacements on the BD to be made on timely fashion in case there are vacant places .	is not applicable. The PAK has no legal authority to address this recommendation (it should be addressed to the Assembly)		on PAK
7.	4.1	18	Good governance	Future BD, as a matter of urgency: To implement a schedule for the recruitment on vacant positions in the upper management. This would include a provision to make replacements in the upper management in the future, in time when vacancies appear.	PAK Board of Directors	31 December 2015 (This recommendation will be implemented during the first half of 2016 as a result of the delay of appointment of the Board of Directors)	Continuous implementation

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
8.	5.2	18	Good governance	The future Board and Management should: Review the existing governance arrangements/accountability and non-existing requirements for risk management to be implemented until September 2015 to ensure the achievement of strategic objectives.	Board of Directors and Management of the PAK	31 December 2015	Continuous implementation
9.	5.1	19	Management of Privatisation Funds	The future Board is to: Develop and implement an investment strategy which determines the minimum of the requests for liquidity based on the expected requests from the Privatization Fund and to maximize the investment return for the remaining funds.	Board of Directors and Management of the PAK	31 December 2015	It depends also on the Central Bank of Kosovo. PAK comments are provided in the audit report.
10.	5.2	20	Distribution of 20% to workers	The management of PAK should: Issues legal advice to confirm that its internal rules concerning the distribution of 20% is in full compliance with existing laws and regulations and if necessary to apply amendments to ensure that harmony is achieved.	Management of PAK and Legal Department	31 December 2015	PAK does not agree with the opinion of OAG. The issue of retirement of workers of SOEs is regulated by law. Also, the Special

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
							Chamber of the Supreme Court in several decisions refers to the retirement age of 65 years.
11	5.2	21	Distribution of 20% to workers	PAK Management should: To determine as to why no documents/official decisions have been provided with regard to the termination of employment in the identified cases and to improve controls aimed at providing confirmation that all documents / decisions regarding the termination of the employment have been distributed to employees on the day of SOE sales.	PAK Management and Coordination Department of Liquidation (employee lists unit)	31 December 2015	Continuous implementation

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
12	5.2	21	Distribution of 20% to workers	Management of PAK: • Should amend the agreement with BSPK to ensure that adequate monitoring requirements have been applied confirming that the distribution of 20% is made as expected.	Board of Directors, Management of PAK and Liquidation Department	31 December 2015	Continuous implementation
13	5.3	22	Liquidation sales	The future Board is to: • Must reconfirm the request in order to ground fully unordinary decisions through documented analysis reflecting the economic feasibility and market conditions.	PAK Board of Directors	31 December 2015 (This recommendation will be implemented during the first half of 2016 as a result of the delay of appointment of the Board of Directors)	Continuous implementation Comments on this point are given by the Secretariat of the Board of Directors. OAG has no legal authority to restrict the right of management and of the Board Secretariat to comment on this point.

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
14	5.5	23	Proceeds of PAK	Management of PAK is to: To implement a formal policy for receivables accounts which include an assessment on cashing in, monitoring and continuous reporting as well as to apply all options, including legal measures, to ensure the realization of the agreed payments.	Board of Directors, Management of PAK and Department of Finance and Budget	This policy was implemented in December 2014.	Continuous implementation
15	6.	25	Budget Planning and Execution	Management of PAK is to: - Must re-evaluate the basis on determining the need for goods and services (including the cost of liquidation) and systematically monitor the budget performance on a monthly basis, to identify and address barriers in order to execute the budget on expected levels. Management of PAK is to: - Must compile the budget based on the real needs of the staff.	The Management of PAK in cooperation with other departments / respective units within PAK. The management of PAK in cooperation with other departments / respective units within the PAK.	31 December 2015 31 December 2015	Continuous implementation The unspent funds are returned to the dedicated revenues account of PAK and are transferred to the next fiscal year; therefore there is no effect on the budget surplus.

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
							Continuous implementation
16	6.2.1	27	Procurement	Management of PAK is to: To determine why the identified contracts are drafted without ensuring that the costs of PAK are minimized. For this reason, improved procedures should be applied to ensure that the first objective is to achieve the required quality with the best price possible. The Controls must be improved to prevent the provision of services without a valid contract.	PAK Management, Procurement Department and other departments / other relevant units within the PAK.	31 December 2015	Continuous implementation
17	6.2.1	28	Procurement	Management of PAK is to: Carry out an internal review to determine why the delays in payments have appeared in the cases mentioned above and why purchase orders have not been made in a timely manner and also it must apply improved controls to ensure that the systematic identified flaws are not repeated again.	PAK Management, Procurement Department and other departments / relevant units within the PAK	31 December 2015	Continuous implementation

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
18	6.2.2	29	Other purchases	Management of PAK is to: Ensure that SAC (Specific Appointment Conditions) are presented to all prospective members of the upcoming Board of Directors and that the basis for the payments made should refer to them and to related regulations. A form of independent review is to be applied, the very same way as intended earlier.	Management of PAK, the Executive Secretariat of the Board of Directors	31 August 2014 (exceeded)	This finding is not valid anymore because there are no international members in the Board of Directors.
19	6.2.3	30	Compensation (salaries and daily allowance)	Management of PAK is to: Ensure that in cases of resignations by the staff to undertake measures under the applicable laws and the contract signed by the employee. Consideration should also be given to extending the notice period for the senior staff in 3 months period. The upcoming board should implement early recruitment processes to ensure that the positions covered by acting staff are permanently filled at the earliest opportunity.	PAK Board of Directors and Management	31 December 2015 (This recommendation will be implemented during the first half of 2016 as a result of the delay of appointment of the Board of Directors)	Continued implementation. PAK can not be held responsible if its key staff resigns irrevocably, despite the legal requirements that in case of resignation to give prior notice.

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
20	6.2.3	31	Compensation (salaries and daily allowance)	Management of the PAK is to: Ensure that effective controls are placed which ensure that all the eligible applicants will be invited for tests on recruitment competitions.	PAK Management and Human Resource Unit	31 December 2015	Continued implementation.
21	6.2.3	31	Compensation (salaries and daily allowance)	Management of the PAK is to: Ensure that it has reviewed the reasons of identified errors and to improve controls/guidelines to ensure that all wages are calculated and paid in accordance with applicable laws.	PAK Management, Human Resources Department and the Department of Finance	31 December 2015	Continued implementation.
22	6.2.3	31	Compensation (salaries and daily allowance)	Management of the PAK is to: • Ensure that in 2015 performance evaluations are applied to all managerial ranks.	Board of Directors and Management of the PAK	31 January 2016	Continued implementation
23	6.4	33	Internal Audit System	The future PAK Board of Directors and Management are to: • Provide formal review and approval of risk based audit plans which reflect adequate resources by providing necessary assurance	PAK Board of Directors	31 December 2015 (This recommendation will be	PAK did not agree with this finding. Nevertheless, the recommendations are being implemented

Recommendation no.	Article in report	Page	Reference	OAG's recommendation	Department in charge for implementation	Deadline for implementation	Comments
				to Management; • Provide effective monitoring of implementation of audit plans; • Set up a functional Audit Committee which will at the same time support and challenge IAU but also provide special focus on the quality of the IA reports and implementation of recommendations.		implemented during the first half of 2016 as a result of the delay of appointment of the Board of Directors)	consistently.

APPENDIX 1. LIST OF ENTERPRISES UNDER DIRECT ADMINISTRATION PURSUANT TO ARTICLE 6.1

No.	Name of SOE under DA	Region	Entrance date on DA	Comments
1	NR "Hotel Grand"	Prishtinë	20/07/2012	By the decision of the Board of Directors on August 2014, it was placed on liquidation on 2 February 2015.
2	NSH "Ereniku-Industria"	Gjakove	22/06/2011	
3	NSH "Boksitet e Kosoves"	Kline	20/01/2012	
4	MIM Golesh	Lipjan	31 August 2014	

APPENDIX 2. LIST OF TRANSACTIONS PURSUANT TO ARTICLE 9

There has been no sale through liquidation during the period January - December 2015:

Liquidation Sale	Date of sale	No. Of assets	No. of received bids	Total value of bids EUR	Withdrawals, Cancellations EUR	Total value EUR	No. of cancelled Assets by the BoD Withdrawal	Completed sales	Unrealized sales - in process
Total									

APPENDIX 3. LIST OF ENTERPRISES IN THE REORGANIZATION PROCESS

No.	Name of SOE	Region	Comments
1	Trepça	Mitrovicë	According to the Decision of the Special Chamber of the Supreme Court, the last date for submission of the plan of reorganization is 1 November 2016.

APPENDIX 4. LIST OF ENTERPRISES LIQUIDATED PURSUANT TO ARTICLE 9

N	Municipality	Name of SOE	Category	Date of commencement of the liquidation process	Date of presentation of the final report to the Board of PAK	Date of presentation of the final report to the SCSC.	Decision of SCSC on the closure of liquidation
1	Skenderaj	Kooperativa Bujqësore "Likovci"	With assets/ No creditor claims	05 August 2010	20 July 2012	16 August 2012	11 January 2013
2	Skenderaj	Kooperativa Bujqësore "Liria"	No assets/ no creditor claims	04 August 2010	20 July 2012	16 August 2012	31 January 2013
3	Skenderaj	NSh "Graniti"	No assets/ no creditor claims	09 August 2010	20 July 2012	16 August 2012	10 December 2012
4	Vushtrri	NSh SHAM "Ruzhdi Bytyqi"	No assets/ with creditor claims	19 June 2013	31 January 2014	04 February 2014	19 March 2014
5	Mitrovicë	NSh "Hidrotermika"	No assets/ no creditor claims	31 December 2010	20 July 2012	16 August 2012	15 October 2012
6	Suharekë	NSh "SH.A.M. Semafor" Suharekë	No assets/ with creditor claims	31 December 2010	27 June 2013	28 June 2013	17 January 2014

7	Pejë	Kooperativa Bujqësore "Ozdrim"	No assets/ no creditor claims	27 June 2013	19 December 2013	26 December 2013	27 February 2014
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Struktura organizative
deri më 31 Dhjetor 2015

