



Republika e Kosovës
Republika Kosova-Republic of Kosovo

Privatisation Agency of Kosovo

Financial Report

For the period ended on 31 December 2017

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STATEMENTS OF RECEIPTS AND PAYMENTS**Statement of Receipts and Payments in cash of Privatisation Agency of Kosovo**

For the period January – December 2017

	Notes	2017		2016		2015	
		Treasury Single Account	Payments by third external parties	Treasury Single Account	Payments by third external parties	Treasury Single Account	Payments by third external parties
		BKK		BKK		BKK	
Resources of funds							
Government grant		652,960	-	9,515	-	10,573	-
Own source revenues		-	-	-	-	-	-
Dedicated revenues		6,223,303	-	6,303,375	-	5,959,695	-
Designated donor grants		-	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Development Trust Fund		-	-	-	-	-	-
Other receipts		-	-	-	-	-	-
TOTAL		6,876,263	-	6,312,890	-	5,970,268	-
USE OF FUNDS							
Operations							
Wages and salaries	2	4,390,281	-	4,402,591	-	4,321,066	-
Goods and services	3	2,349,780	-	1,745,292	-	1,401,519	-
Utilities	4	80,913	-	73,594	-	84,980	-
TOTAL		6,820,974	-	6,221,477	-	5,807,565	-
Transfers							
Transfers and subsidies	5	41,379	-	78,809	-	116,003	-
Capital expenses							
Properties, buildings and equipment	6	13,910	-	12,603	-	46,700	-
Returning borrowings	7	-	-	-	-	-	-
Other payments	8	-	-	-	-	-	-
TOTAL		6,876,263	-	6,312,890	-	5,970,268	-

Budget Execution Report

Statement of comparing budget and current amount of Privatisation Agency of Kosovo

For the period January – December 2017

		January– December 2017				2016	2015
		Initial budget (Allocation) A	Final budget (Allocation) B	Realization C	Variation D=C-B	Realization E	Realization F
Notes							
Placement of cash funds into Treasury account							
Taxable revenues	9	-	-	-	-	-	-
Non-taxable revenues	10	-	-	-	-	-	-
Dedicated revenues	11	6,920,884	6,920,884	6,111,946	(808,938)	7,199,729	6,811,383
Dedicated donor grants	12	-	-	-	-	-	-
Borrowed funds	13	-	-	-	-	-	-
Others	14	-	-	-	-	-	-
The total amount collected in FKK		6,920,884	6,920,884	6,111,946	(808,938)	7,199,729	6,811,383
Outgoing of cash funds from Treasury account							
Wages and salaries	2	4,402,884	4,402,884	4,390,281	(12,603)	4,402,591	4,321,066
Goods and services	3	2,380,000	2,948,920	2,349,780	(599,140)	1,745,292	1,401,519
Utilities	4	98,000	118,000	80,913	(37,087)	73,594	84,980
Transfers and subsidies	5	40,000	50,000	41,379	(8,621)	78,809	116,003
Capital expenses	6	100,000	100,000	13,910	(86,090)	12,603	46,700
Return of Borrowings	7	-	-	-	-	-	-
Others	8	-	-	-	-	-	-
Total payments executed by BRK through TSA		7,020,884	7,619,804	6,876,263	(743,541)	6,312,889	5,970,268

PAK, in order to cover expenditures planned according to budget allocation and the flow of funds delivered to Treasury, shall deposit funds to Kosovo Fund in accordance with the Law on Budget (Law No. 05/L-125, article 8, paragraph 6), approved by the Assembly. To the part of placement of cash funds into Treasury account (see above) is presented only transfer of additional amount EUR 6,100,000 executed on 20 January 2017 from the fund of 5% from PAK Dedicated Revenues. The amount of EUR (808,938) presented at the variation, respectively in column D, is covered by budget residual funds of 2017. Budget approved for PAK by Kosovo Assembly for fiscal year 2017 in amount of **EUR 6,920,884 is not planning of revenues but planning of expenditures**. For your attention, PAK does not plan revenues as in the case of municipalities, but for reporting issues Treasury Department of the Ministry of Finance requested such report.

The amount of EUR 11,946 is return of funds for mobile phone expenses, returned payment that is executed by executors and other cases. These cases shall be treated in accordance with note no. 1.5,11 and 19 of explanatory note.

NOTE 1: INFORMATION ON ORGANIZATION AND ACCOUNTING POLICIES

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.

The present Financial Statements meet all reporting obligations stemming from administrative directions of the Ministry of Finance and are grounded on duly held financial notes.

Explanatory notes to financial statements form an integral part that are necessary for a proper understanding of financial statements and should be read in conjunction with these financial statements.

Accounting policies have continuously been applied throughout the reporting period.

1.2. Reporting Entity

PAK Board of Directors is the highest body of the Agency and has full competency over the Agency. PAK Board of Directors conduct meetings on regular monthly basis in order to carry out functions and responsibilities in accordance with the Law.

PAK Board of Directors is comprised of 8 local members including one member of minor community and one representative of trade union of workers.

PAK Board of Directors is appointed by the Assembly of the Republic of Kosovo.

The mandate of 6 BoD members expires in December 2017, excluding the Chairman and Vice Chairmen of BoD, whose mandate expires in December 2018.

The main activity of PAK is privatisation of Socially-Owned Enterprises (SOE) through spin off method and liquidation of Socially-Owned Enterprises. The other activity of PAK is administration, restructuring of Socially-Owned Enterprises where necessary complete liquidation of Enterprises. Privatisation Agency of Kosovo administers with Socially-Owned Enterprises in Kosovo and holds these enterprises in trust. As trusted administrator, PAK is charged with "preserving and increasing" the value of SOEs in Kosovo.

Financial Statements state the reporting subject as specified in the Law on Public Finance Management and Accountability.

The present financial statements of Privatisation Agency of Kosovo cover reporting period from **01 January to 31 December 2017**. PAK activities during the reporting period have been financed from **Dedicated Revenues (DR) and Government Grant (GG)**.

Pursuant to LPFMA (article 64) and PAK Law 04/L-034 (article 21), Dedicated Revenue is 5% of income received due to any sale in the past or future, transfer, privatisation, liquidation or other methods of disposal of any enterprise or asset regardless if conducted by the Agency of its predecessor, it is an administrative fee to cover own general, administrative and operative expenses.

General Government Fund is the fund which financed all the budgeted activities of budgetary organisations. In the case of the Agency, this source finances activities related to SOE reorganisation (Trepca) which until the reporting period was under the competency of the Agency in accordance with the Law No. 04/-L-035 on Reorganisation of Certain Enterprises and their Assets until the reporting period.

1.3. Third party payments

Third party payments are payments realized by third parties to Privatisation Agency of Kosovo, for salaries, goods, services or any other expense owed to commercial operators.

As presented in the Statement of Receipts and Payments, during the reporting period, Privatisation Agency of Kosovo did not benefit from any case, for which the third parties would execute payments to commercial operators.

1.4. Treasury Single Account (TSA)

Reception of revenues and execution of payments from the Government Grant is done only through Treasury main account, which is administered by Treasury Department in the Ministry of Finance. Since according to the Law no. 04/L-034, the principal mean to finance PAK activities are dedicated revenues. The Treasury opened an account exclusively for PAK. This account is administered by the Treasury as the main account.

The account opened by the Treasury in which shall be received funds from PAK to cover expenses is: Privatisation Administrative Fee with account number 1000400070004642. In accordance with the Law no. 04/L-034, residual funds shall be transferred to cover expenses of the next year.

Operative and administrative expenses are covered from Dedicated Revenues of Privatisation Agency of Kosovo for fiscal year 2012.

With regard to trust funds, in accordance with the law on establishment of PAK and bank procedures approved by Board of Directors, PAK operates with trust accounts held in Central Bank of Kosovo. Pursuant to article 20 of the Law on PAK, Financial Statements and Explanatory Notes of the Trust Funds have been presented separately from PAK Financial Statements.

1.5. Returns of previous year expenses

Pursuant to the law on PFMA, during the reporting period, the funds returned for vetting or reimbursement of payments from previous years, are evidenced as “revenues” from previous years, whereas expenses of the current year shall be annulled or registered as decrease of expenses.

1.6. Reporting currency

Reporting currency is Euro (€). All the values in financial statements have been presented in current values, not thousands ('000), unless provided otherwise in respective tables.

1.7. Authorization date of financial statements

Financial Statements were authorized for issuance on 29 January 2018 by: Ekrem Hajdari – PAK Managing Director and Adem Selishta acting Director of Budget and Finance in PAK.

NOTE 2 – WAGES AND SALARIES

Description	January – December 2017					2016	2015
	Budget	Payments		Total	Comparison %	Payments	Payments
	Final €	GG €	DR €	Payments €		€	€
Net payments through pay-rolls	3,645,000	-	3,638,852	3,638,852	99.83%	3,649,751	3,584,559
Payment for trade union	-	-	-	-		-	-
Net payment for overtime	-	-	-	-		-	-
Contracted employees (not included in the pay-roll)	-	-	-	-		-	-
Taxes deducted from the personal incomes	338,562	-	333,496	333,496	98.50%	333,543	324,976
Pension contribution – employee	209,661	-	208,967	208,967	99.67%	209,649	205,766
Pension contribution - employer	209,661	-	208,967	208,967	99.67%	209,649	205,766
TOTAL WAGES AND SALARIES	4,402,884	-	4,390,281	4,390,281	99.71%	4,402,591	4,321,066

The approved budget for fiscal year 2017 reaches the amount of **EUR 4,402,884** and is categorized in budget program “Central Administration” of PAK.

As shown in the table above, during this fiscal year, the only sources of financing to cover salaries and wages for PAK employees are PAK Dedicated Revenues.

The number of employees approved according to the law on budget for 2017 reaches the total of 258 employees. See the explanatory note no. 20.

Wages and salaries shall be processed through the Ministry of Public Administration, in which PAK submits the lists of employees (to its staff) for respective periods. The Ministry of Public Administration, after analysis follows information to Ministry of Finance which processes payments to respective accounts of PAK employees. Payments for contribution of employer and source tax are directly realized to Tax Administration of Kosovo.

NOTE 3 – GOODS AND SERVICES

The amounts presented in the table of goods and services are financed by Dedicated Revenues and for Trepça by Government grant. Below are presented and displayed in details notes regarding two sources of financing for PAK budget.

Description	January – December 2017				2016	2015
	Budget	Payments		Total payments	Comparison	
	Final €	GG €	DR €	€	%	Payments €
Other expenses for official travels outside of the country	-	-	-	-	0%	4,654
Other expenses for official travels inside the country	2,250	-	856	856	38%	-
Expenses for official travels outside of the country	12,000	-	11,574	11,574	96%	-
Allowances for official travels outside the country	1,250	-	167	167	13%	-
Accommodation for official travels outside the country	10,000	-	2,484	2,484	25%	2,386
Internet expenses	11,300	-	3,130	3,130	28%	3,456
Expenses of mobile telephony	45,400	-	41,083	41,083	90%	44,143
Postage	13,400	-	3,008	3,008	22%	1,723
Education/training services	30,000	-	23,394	23,394	78%	17,363
Litigation services - lawyers and experts	28,300	-	2,425	2,425	9%	6,181
Different advisory and intellectual services	375,800	-	375,387	375,387	100%	348,898
Printing services - non marketing	9,000	-	194	194	2%	1,731
Other contractual services	1,269,097	651,986	393,967	1,045,953	82%	519,699
Technical services	20,600	974	7,474	8,448	41%	7,659
Furniture (less than 1000 euro)	7,600	-	225	225	3%	6,908
Computers less than 1000 euro)	-	-	-	-	0%	14,158
Hardware for information technology (less than 1000 euro)	27,000	-	26,503	26,503	98%	36,311
Other equipment (less than 1000 euro)	8,000	-	2,620	2,620	33%	1,080
Supply for office	45,000	-	41,245	41,245	92%	38,851
Supply with food and beverage (No official lunches)	29,300	-	25,157	25,157	86%	14,944
Supply for cleaning	10,000	-	6,902	6,902	69%	9,339
Supply with clothes	8,000	-	-	-	0%	-
Accommodation	-	-	-	-	0%	-
Fuel for central heating	46,000	-	37,330	37,330	81%	35,204
Fuel for generators	11,200	-	2,408	2,408	21%	1,264

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Fuel for vehicles	34,200	-	28,195	28,195	82%	23,986	28,794
Oil	4,500	-	709	709	16%	21	40
Advance payment	15,000	-	-	-	0%	-	-
Vehicle registration	6,620	-	150	150	2%	3,125	2,250
Vehicle insurance	9,000	-	6,899	6,899	77%	8,405	7,395
Municipal fee for registration of vehicles	380	-	-	-	0%	350	270
Vehicle reparation and maintenance	40,500	-	30,963	30,963	76%	20,710	23,846
Maintenance of buildings	2,000	-	529	529	26%	651	7,804
Maintenance of information technology	18,913	-	17,681	17,681	93%	14,035	13,193
Maintenance of furniture and equipments	16,500	-	495	495	3%	14,538	20,660
Lease for buildings	247,500	-	242,140	242,140	98%	414,334	420,564
Lease for other environment use	170,310	-	170,310	170,310	100%	-	-
Advertisings and vacancies	4,800	-	2,769	2,769	58%	5,988	807
Issuance of publishing's	12,000	-	5,389	5,389	45%	-	-
Expenses for public information	302,100	-	173,434	173,434	57%	88,768	10,829
Official lunches	10,000	-	6,216	6,216	62%	8,539	3,225
Expenses - court decisions	34,100	-	3,407	3,407	10%	25,890	39,666
TOTAL OF GOODS AND SERVICES	2,948,920	652,960	1,696,820	2,349,780	80%	1,745,292	1,401,519

Advance payment has been budgeted for patty cash that has been kept in the cash-box. All the payments of EUR 5,831 have been categorized according to accounting plan, whereas the balance currently is zero after return of residual funds.

3.1. Budget from Government Grant

The initial budget approved by Government Grant for category "Goods and Services" has been EUR 100.000.00. During the review according to the Law on budget No.06/L-002, the budget from Government Grant has been increased to EUR 598,920.00.

In the budget request submitted to the Ministry of Finance by Government Grant for 2017 regarding Reorganization of Trepça, PAK requested funds in the amount of EUR 698,920.00. The purpose of requested funds was the support preparation of Trepça Reorganization Plan and in particular hiring PSP for Trepça Feasibility Study that is initiated with Decision of PAK Board of Directors. Despite the request of PAK, the Ministry of Finance, initially has not approved the budget request in full.

In order to accelerate execution of payment, during the review process of the budget for 2017, PAK requested from MF approval of additional budget to the amount of the contract signed between PAK and PSP reaching the amount of EUR 598,920.00.

According to the Law on budget review No.06/L-002, the Ministry of Finance and the Assembly, at the request of PAK, approved the budget increase from the government grant, and the final budget for 2017 shall reach the amount of EUR 698,920.00.

3.2. Dedicated Revenues

As regards dedicated revenues, the budget approved for the category of “Goods and Services reaches the amount of EUR 2,250,000.00. Prior to budget review there were transfers between budgetary programs. See the table below:

Description	VALUE	The amount of transfer	Budget after transfers
Liquidation (decrease from sub-line of publications)	540,000	(80,000)	460,000
CENTRAL Administration (budget increase to the code of other contractual services)	1,320,000	50,000	1,370,000
Privatisation – (budget increase to the code of public information expenses)	200,000	30,000	230,000

3.3. Executed payments

As regards payments, in order to have clearer picture to the reader, everything shall be presented in detail in the table below, since within a single category (commercial code of expenses) have been executed payments for different services that have great values.

3.3.1 Other contractual services at the amount of EUR 1,045,953 include the following payments:

DESCRIPTION	VALUE	% of total amount
* Payment to professional services providers for feasibility study of Trepça at the amount of EUR 598,920 and the interest gained for late payment at the amount of EUR 35,935.20 – Government Grant	634,855	60.70%
Monthly compensation for UITUK. This compensation is conducted in accordance with BoD decision.	51,228	4.90%
Security services of PAK officers toward commercial operator “Kosovo Police”	176,440	16.87%
Audit evaluation of SOE Dubrava Live Stock, SOE “IDGJ Tobacco” and SOE “Emin Duraku”	6,889	0.66%
Expenditures for translation of documents for public interest	7,131	0.68%
Payment of pension funds and personal income tax for Service Providers	15,248	1.46%
Payment of Service Providers for analysis of Trepça feasibility report – Government Grant	15,098	1.44%
Payment of Service Providers for protection of SOE assets prior to placing them into liquidation	32,526	3.11%
Securing coverage of responsibility for Directors of PAK Board and several PAK senior officers.	31,624	3.02%
Payment of Service Providers for other administrative services, especially for SOEs in transition	55,785	5.33%
Workshop for organization of work plan in PAK for 2018	3,460	0.33%
**Execution of payments from the Treasury of the Ministry of Finance to private law enforcement enforcers	10,583	1.01%
Payment for retirement and a part of salary for former PAK officer who is appointed a judge.	2,166	0.21%

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Other expenses	2,920	0.28%
Total of executed payments in the category " Other contractual services"	1,045,953	100%

***Payment of interest at the amount of EUR 35,935.20** happened as a result of the exceeding of payment deadline at the amount of EUR 598,920 to Professional Service Provider. The deadline was in June 2017, whereas this payment was executed in November 2017. During 2016, the Privatisation Agency of Kosovo, according to the Law on Budget, for the amount of EUR 1,816,039 approved by Government Grant for Trepça Reorganization Plan, initiated and concluded all public procurement procedures for realization of "Trepça Feasibility Study with Strategic Orientation in its development" and on 20 September 2016 has signed the contract with Professional Service Providers (PSP) at the amount of EUR 598,920.

Since the contracted service shall be extended /transferred even in 2017, PAK submitted budget request to MF asking for approval of budget to the amount of EUR 598,920 as signed in the contract, for fulfilment of financial obligation to PSP which is expected to be realized in the first or second trimester of 2017. Regardless of PAK request, the Ministry of Finance failed to approve the request and consequently we notified MF several more times through official letters requesting budget allocation while informing them for terms and conditions of payment according to signed contracts.

PAK has finally submitted through semi-annual budget review the request for budget increase that is approved by the Government. The Assembly of Kosovo has approved the Law on review in November 2017, and as a result of this delay (allocation of funds from MF for execution of payment) PSP applied daily interest rate for late payment which was in accordance with article 16.5 of the contract signed between two parties).

****Execution of payments from Treasury of the Ministry of Finance to Private Law Enforcers.** Treasury Department executed two payments to private law enforcers at the amount of EUR 10,583, total amount that comprises payment of obligations and interest to Koha Group at the amount of EUR 9,402.51, as well as the payment of EUR 1,180.70 for alleged obligations to "Siguria".

As regards payment of obligations to "Koha Group", at the amount of EUR 6,365, these obligations have been presented in financial statements of 2016 to PAK contingent liabilities and outstanding obligations to the trust fund for respective SOEs. These obligations have not been within the contracted amount, but on the other side, PAK ordered announcements which Koha Group had published for announcement of workers lists for 20%. PAK Management, in order to avoid penalties, interest rates and fees applied by law enforcers, decided to pay for these obligations in order to eliminate other law enforcement costs.

According to agreement of parties from the meeting of 2016, they agreed that after payment of obligations, "Koha Group" shall withdraw from all initiated law enforcement procedures. By the end of 2017, PAK realized that party did not withdraw from law enforcement procedure and that the Treasury executed funds, including interest as well, that in total are EUR 9,402.51. PAK requested to return these funds, as it comprises double execution of funds with EUR 6,365 (payment of 2016 and now in 2017), as well as interest rate and other law enforcement costs, that according to agreement, operator was supposed to withdraw from procedure. We forwarded letters to Koha Group to return the funds, but they returned only the amount of EUR 6,365 of obligations, whereas the other part of law enforcement costs at the amount of EUR 3,037.51 they did not bring back. PAK shall consider legal methods to return the funds. *The amount of EUR 6,365 is presented in explanatory note no. 11 and no. 19.*

With regard to “Siguria” case, PAK has also reviewed the documentation and confirmed that owes nothing to this operator. PAK has accomplished payments of 2008 to freight forwarder “Forca”, whereby have been received services of “Siguria” in accordance with the contract. PAK also requested return of funds for this case, and in case that funds shall not be returned, than PAK shall follow legal procedures.

On the other hand, PAK has raised the concern in Treasury Department as well, who did not inform us through communication paths, that have been practice in the past as well. Thus, the Treasury should be duly assured for the cases in question and not to take actions without PAK’s full feedback.

3.3.2. Different intellectual and advisory services at the amount of EUR 375,387

DESCRIPTION	Value	% of the total
Net compensation of PAK Board Members for regular and extraordinary meetings	301,661	80.36%
Net compensation for Audit Committee	5,046	1.34%
Compensation of committee members (external parties) bid opening	1,900	0.51%
Contributions and taxes to the Board, committees and committee members for bid opening	66,780	17.79%
TOTAL PAYMENTS FOR DIFFERENT INTELLECTUAL AND ADVISORY SERVICES	375,387	100%

3.3.2.1 Disclosure of Payments to Members of the Board of PAK

Net payments executed to PAK Board members for the reporting period are presented as follows:

Description	Gross	Contributions	Contributions	Taxes	Other fees	Net payments
For the Board meeting	348,816	13,313	13,313	35,350	292	301,661
For the committees	5,800	193.00	193.00	561	0.00	5,046
Total	354,616	13,506	13,506	35,911	292	306,707

Payments executed during the reporting period relate with the following activities:

1. Board meetings – 17 meetings (ordinary and extraordinary meetings);
2. Audit Committee Meetings. During the period January - December 2017 have been held four Audit Committee Meetings.

3.3.3. Expenditures- Court Decisions in the amount of EUR 3,407:

DESCRIPTION	Value	% of the
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EXPLANATORY NOTES OF PAK FINANCIAL STATEMENTS 2017

	total	
Compensation of unpaid salaries for return of the officer to his position	1,547	45%
Court taxes in €	1,860	55%
TOTAL OF TAXES AND COURT DECISIONS	3,407	100%

NOTE 4 - MUNICIPAL UTILITIES

During the reporting period, the source of finance for utilities is dedicated revenues of the Agency. Payments of public services include all payments executed for headquarters and regional offices of PAK.

Description	January – December 2017				2016	2015
	Budget	Payments		Total payments	Payments	Payments
	Final €	GQ €	THD €	Comparison %		
Electricity	79,500	-	66,168	83%	61,034	72,151
Water	6,500	-	6,204	95%	4,968	1,767
Waste	6,000	-	3,233	54%	3,045	2,982
Central heating	-	-	-	-	-	-
Telephone expenses	26,000	-	5,308	20%	4,547	8,080
Payments – court decisions	-	-	-	-	-	-
TOTAL EXPENSES FOR UTILITIES	118,000	-	80,913	69%	73,594	84,980

NOTE 5 -SUBSIDIES AND TRANSFERS

For the reporting period, the funding source of subsidies and transfers are the Dedicated Revenues (DR) of the Agency. The amount of EUR 50,000.00 dedicated for subsidies is to support the task of managing of the SOEs that are under the PAK Direct Administration in order to preserve and enhance the value of these Enterprises prior to privatization.

Description	January- December 2017				2016	2015
	Budget	Payments		Total payments	Payments	Payments
	Final €	GG €	DR €	Comparison %		
Subsidies for public entities	50,000	-	41,379	83%	78,809	116,003
Subsidies for public entities (tea.bib)	-	-	-	-	-	-
Subsidies for non-public entities	-	-	-	-	-	-

EXPLANATORY NOTES OF PAK FINANCIAL STATEMENTS 2017

TOTAL MUNICIPAL UTILITIES	50,000	-	41,379	41,379	83%	78,809	116,003
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NOTE 6 - CAPITAL EXPENDITURES

For the reporting period, financing source of the capital investments are the dedicated revenues of the Agency.

Three capital projects have been approved in 2017:

1. Equipments over EUR 1,000 within capital expenditures
2. Refurbishment of the PAK building and of Regional Offices; and
3. Purchase of official vehicles.

One single payment of **EUR 13,910** has been executed for supply with IT equipment during the reporting period.

The approved budget in amount of EUR 75,000.00 for purchase of official vehicles is not spent because according to Administrative Direction approved by the Government of Kosovo the Central Procurement Agency has initiated and developed the process of procurement for supply with vehicles on behalf of all contractual authorities of central and local level. This tender is still in the process of evaluation by CPA committee. The approved budget in the amount of EUR 5,000.00 for Refurbishment of the PAK building and Regional Offices is not spent reasoning that we have not moved to the new building.

Description	January – December 2017				2016	2015
	Budget	Payments		Total payments	Payments	Payments
	Final €	GG €	DR €	Comparison %		
Official vehicles	75,000	-	-	-	0%	-
Residential Buildings	5,000	-	-	-	0%	-
Investment maintenance	-	-	-	-	0%	-
Information technology equipment	20,000	-	13,910	13,910	70%	9,948
TOTAL MUNICIPAL EXPENDITURES	100,000	-	13,910	13,910	14%	12,603

NOTE 7 - REPAYMENT OF BORROWINGS

The Agency is not involved in the borrowing of funds.

NOTE 8 - OTHER

The PAK holds the deposits of bidders for participation in the tender as security deposit, but they are immediately returnable in case their bids are not accepted. In cases where bidders are provisional winners but do not meet the other criteria, their deposits are confiscated and are recognized as revenues. Such cases are presented as revenues in No. 11 of the explanatory Notes. Further details are presented in the financial statements of trust funds.

NOTE 9 - TAX REVENUE

They are not part of the Agency's financial statements.

NOTE 10 - NON-TAX REVENUE

Revenue from licenses, revenue from assets, revenue from the sale of services, fines and taxes applicable by PAK in this category. There are no revenues of this nature for this reporting period.

All the collected revenue which is treated and designed for PAK are known as dedicated revenues. For details, refer to the explanatory note no. 11

NOTE 11 - DEDICATED REVENUE

Pursuant to Article 21 of Law No. 04/L-034 on the Privatisation Agency of Kosovo, the dedicated revenue is described as follows:

1. All revenue of the Agency shall be the dedicated revenue of the Agency as provided for in Article 64 of the LPFMA. In addition, five percent (5%) of all funds received as a consequence of any past or future sale, transfer, privatization, liquidation or other disposition of any Enterprise or Asset, whether conducted by the Agency or its predecessor - shall be the administration fee of the Agency to cover its general administrative and operating costs; and such fee shall also be the dedicated revenue of the Agency. The Agency shall promptly transfer and deposit all such fees into the Kosovo Consolidated Fund in accordance with the applicable rules issued pursuant to the LPFMA; the Treasury and the Ministry of Finance shall ensure that all such funds are placed and held in the Agency's dedicated revenue account.
2. All dedicated revenue of the Agency shall be subject to the appropriations process established by the LPFMA for independent agencies. Any such dedicated revenue that is not appropriated to the Agency for expenditure during a calendar year under the concerned annual Appropriations Law shall be maintained in the dedicated revenue account of the Agency and may only be used to make future appropriations to the Agency.

Revenues realized for the reporting period only reach the amount of EUR 3,030,418 (including return of funds for fixed and mobile telephony)

Description	Notes	2017	2016	2015	% of the total	% of the change
		€	€	€	2017	2016
ati1 – Interest gained on the Agency's administrative fee	PF – Trust Funds	-	-	500	0.00%	0.0%
ati2 - 5% of liquidation sales	PF - Trust Funds	1,305,800	6,778	546,163	43.09%	19166.0%
ati3 - 5% privatisation sales	PF - Trust Funds	10,157	165,693	-	0.34%	-93.9%
ati4 - 5% of incomes of commercialisation	PF - Trust Funds	-	-	-	0.00%	0.0%
ati5 - 5% of other income from the SOE, if any	PF - Trust Funds	-	-	-	0.00%	0.0%
ati6 – from PAK reserve fund	PF - Trust Funds	1,162,515	-	-	38.36%	0.0%
ati7 – from the account of Privatisation Bid Deposit	PF - Trust Funds	-	-	-	0.00%	0.0%
ati8 - from the Fee for the Submission of Privatization Bid	PF - Trust Funds	-	267,527	(28,690)	0.00%	-100.0%
ati9 – from the Account for Deposition of Liquidation Bid	PF - Trust Funds	-	-	31,407	0.00%	0.0%
ati10 - from the Registration fee for Liquidation	PF - Trust Funds	540,000	335,609	-	17.82%	60.9%
ati11 - 5% of interest in the Liquidation Bank Account	PF - Trust Funds	-	-	-	0.00%	0.0%
ati12 - from the account for deposition of Liquidation Review	PF - Trust Funds	-	-	5,487	0.00%	0.0%
Confiscation of depositions from the privatization waves	PF - Trust Funds	-	-	-	0.00%	0.0%
Confiscation of depositions from the waves of liquidation asset sale	PF - Trust Funds	-	-	-	0.00%	0.0%
Collection of funds from the use of mobile telephony and others	Note no 19.	11,946	10,418	4,800	0.39%	14.7%
Collection of funds from the charter capital previously paid.	PF - Trust Funds	-	-	60,369	0.00%	0.0%
TOTAL		3,030,418	786,025	620,034	100%	286%

PF- Trust funds are shown in the financial statements of trust funds, respectively revenues in bank account of administrative fee that PAK administers in Central Bank of Kosovo. Whereas the amount of EUR 11,946 shown in one before the last row is the total amount collected at the account of administrative fee opened on behalf of PAK, and which is administered by Treasury of the Ministry of Finance. [See the explanatory note no. 1.4 for this bank account.](#)

The total amount of income from the sales and other proceeds (confiscation of bid deposits and bid participation fees) in PAK bank account from the whole process 2004-2007 reach the amount of **EUR 43,636,465**. These funds have been collected into bank account of administrative fee which is administered by PAK.

As regards transfer of funds into account of administrative fee which is administered by Treasury Department of the Ministry of Finance, you can see details below.

11.1. The revenues dedicated to cover operative and administrative expenses of PAK

In the table below are shown amounts transferred for budgets of 2011-2017 according to budgeted and approved amount by Kosovo Assembly. The amounts transferred so far to cover administrative and operative expenses for PAK budgets reach the amount of EUR 38,248,000:

NR.	DESCRIPTION AND TRANSFER DATE	FOR THE BUDGET OF	TOTAL
1	Transfer during 2011	2011	1,800,000
2	Transfer on 28 May 2012	2012	8,200,000
3	Transfer on 28 December 2012	2013	8,048,000
4	Additional transfer on 18 November 2012	2014	2,300,000
5	Additional transfer on 15 January 2015	2015	5,500,000
6	Additional transfer on 15 January 2016	2016	6,300,000
7	Additional transfer on 20 January 2017	2017	6,100,000
TOTAL PAYMENT			38,248,000

Before starting to operate with administrative fee account, in 2011 a total of EUR 1,800,000 have been transferred.

The funds as disclosed above from point four through six are transferred only for those additional amounts needed to cover the budget of the fiscal period as we had unspent funds and these funds under the Law on Budget and PAK will be transferred to next year.

Transferred funds reaching the amount of EUR 872,086, from residual funds of previous year as well as the amount of EUR 6,100,000 have covered PAK budget of 2017 which is approved by the Assembly for administrative and operational expenses. For more information, you see the explanatory note no. 19.

PAK is not planning revenues as in the case of municipality, but the Treasury of the Ministry of Finance is asked to present for reporting issues the bank transfer as the sole revenues in the budget execution report. The budgeted amount of EUR 6,920,884 is not the planning of revenues but the planning of expenditures. The total amount of revenues accumulated so far by PAK is EUR 43.6 million, as shown above.

Note:

According to current law, respectively article 21, starting from 2019, PAK shall not have funds to cover its administrative and operational activities. The lack of funds shall not allow accomplishment of the mission and objectives determined by this law, by which law is established Privatisation Agency of Kosovo.

Other payment details for trust funds are shown on the financial statements of trust funds.

NOTE 12 - DESIGNATED GRANTS OF DONORS

During the reporting period, the Privatisation Agency of Kosovo has not obtained any Grants from Donors.

NOTE 13 - BORROWINGS

The Agency is not involved in borrowing of funds.

NOTE 14 - RECEIVABLES

Economic code	Description	2017	2016	2015
		€	€	€
61000	Cost of fixed and mobile telephony	2,265	3,129	5,770
TOTAL		2,265	3,129	5,770

According to policies and procedures for fixed and mobile telephony, the PAK for its staff and management covers a part of the incurred costs. The amount that exceeds the determined limit is compensated by the staff and management.

The status of unpaid bills in 2017 includes the billing period until 30 October 2017.

DESCRIPTION	Value
Initial balance of receivable accounts on 31 December 2016	3,129
Bills submitted by PTK for the period November 2016 – October 2017	+ 9,537
Payments and salary deductions during the reporting period	- (10,207)
Return of unpaid funds after crediting of bills	- (194)
Balance of receivable accounts on 31 December 2017	= 2,265

Starting from November 2017, management has changed the policy regarding the coverage of mobile telephony expenses by transferring PAK staff into “prepaid”, meaning that PAK shall not receive money for mobile telephony cases. As a result, there will not be receivable account, whereas from the amount of EUR 2,265 of unpaid obligations from officials who left the local and international staff belong the period of before 2014.

As regards the cost of fixed telephony used for private calls, in 2018 shall be drafted the detailed list of these expenses, in order to latter conduct salary deduction.

NOTE 15 - REPORT ON UNPAID LIABILITIES (INVOICES)

Economic Code	Economic category	2017	2016	2015
		€	€	€
11	Payments and salaries	-	-	-
13	Goods and services	55,742	14,167	2,868
14	Utilities	6,748	1,511	580
20	Transfers and subsidies	-	-	-
30	Capital expenses	-	-	-
Total		62,490	15,678	3,448

The amounts of unpaid obligations are presented according to invoice receiving date, for which have been reported to the Treasury of the Ministry of Finance as well as expenses of 2017, which invoices have been received in 2018 and other cases known for PAK (which invoices have not been received yet). Details are shown in the table no. 3 of the annex of financial statements.

The most of invoices have been received in January 2018, including the period of receiving invoices after the deadline set by Treasury Department of the Ministry of Finance. The total amount of these obligations is € 51,000.

NOTE 16 - CONTINGENT LIABILITIES

Contingent liabilities are shown in cases when the received goods and services are not in compliance with contracted terms.

Nature of Contingent Liabilities	Reason for Liabilities	2017	2016	2015
		€	€	€
Suspension from work of PAK employees	Calculation of 50% of gross salary (including the 5% of employer) for 10 employees of the PAK. This in accordance with the Law of civil servants)	186,027	174,440	-
Services for the maintenance of photocopying machine	EUR 215.86 have not been paid from this invoice, one part is without contract and there is a mistake in the invoice F-15-2295	216	216	216
Services for the maintenance of photocopying machine	Invoice no. SH-1089/2016 concerning the photocopying services is in the amount of € 1,232.09 were paid only € 600. The other part of € 632.09 did not have coverage in the contract.	632	632	-
Translation services	Bill No.IN2413 concerning translation services is in value of € 654.79, and € 474.39 was paid. The value of the contract has been exceeded for € 180.4.	180	180	-
Various	Transferred to payable accounts and paid in 2016	-	-	19,088
Total		187,055	175,469	19,304

PAK shall also calculate expenses that may occur in the future. Below you can see the details:

DESCRIPTION		Value
Situation of contingent liabilities on 31 December 2016		175,469
Calculation of 50% of the salary until court decision for the period January-December 2017 for officers under court proceedings	+	67,238
Final court decisions for officers who shall not be compensated with salaries	-	(55,652)
Status of contingent liabilities on 31 December 2017	=	187,055

NOTE 17 - CAPITAL ASSETS (WITH VALUE OVER 1000 EURO)

	2017	2016	2015
Classification of assets	€	€	€
Buildings	123,686	127,571	131,457
Equipment	39,547	51,255	75,678
Vehicles	54,095	77,083	127,236
Other capital	12,231	19,966	27,702
Total	229,559	275,875	362,073

- Net values after depreciation realized until 31 December 2017

If an asset is still in use, then shall be evidenced in PAK Asset Register, even though their value is zero. Assets that are not in use (damaged) shall be kept in register until their demolition in accordance with Administrative Direction of MF.

Depreciation of Assets:

PAK reports historical cost, depreciation and net amount of assets until 31 December 2017. Records can be found on the table no. 4 of the annex of financial statements.

Net value of capital assets until 31 December 2017 is EUR 229,559.

There is a data-base named "E-Pasuria", by which all institutions register, monitor and control their assets. The Budget and Finance Department also have their particular data-base for administration of PAK assets. The data-base "E-Pasuria" for many years has not been functional, and therefore we requested from responsible persons to make it operational while eliminating deficiencies and obstacles and managing records.

We held meetings this year and submitted official documents whereby requesting to functionalize the data-base "E-Pasuria" in PAK as well. By the end of the year, responsible persons for administration with "E-Pasuria" have delivered a structured list by which shall be populated with notes, and then we shall make compliance of our notes with notes of "E-Pasuria". PAK shall keep both data-bases for a certain period, and in case that we shall not face problems in the future then PAK shall begin to update and maintain notes in "E-Pasuria" only.

NOTE 18 - NON-CAPITAL ASSETS (IN VALUE UNDER 1000 EURO)

PAK shall calculate depreciation according to (Administrative Direction and regulation 2/2013 dated 18 November 2013 of MF for administration with assets) as shown below:

- Depreciation shall be conducted according to linear method based on lifespan of the equipment
- Calculation of depreciation shall not be conducted in the first month of purchase;

Considering that there are no guidelines from the Ministry of Finance on how to calculate depreciation of inventory, we conducted depreciation according to above-mentioned method.

	2017	2016	2015
Classification of Assets	€	€	€
Equipment and furniture	56,978	90,121	73,533
Total	56,978	90,121	73,533

Details are shown on the table no. 4 of the annex of financial statements

NOTE 19 - REPORT ON THE DEDICATED REVENUES

As regards revenues of 2017 at the amount of EUR **6,111,946**, they are as shown below:

- Transfer of funds at the amount of EUR 6,100,000. *See explanatory note no. 11*
- Collection of funds for mobile telephony at the amount EUR 4,035;
- Return of funds from insurance company for Casco damage at the amount of EUR 1,458; and
- Return of erroneously executed funds from private law enforcer at the amount of EUR 6,365. *See explanatory note no. 3.3.1*

	2017	2016	2015
Description	€	€	€
Dedicated revenues transferred from previous year	872,086	863,529	1,315,428
Dedicated revenues received in this year	6,111,946	6,311,932	5,507,796
The total amount available for allocation in current year	6,984,032	7,175,461	6,823,224
The amount spent in current year	(6,223,303)	(6,303,375)	(5,959,695)
The amount remained for transfer	760,729	872,086	863,529

NOTE 20 - REPORT ON THE NUMBER OF EMPLOYEES BASED ON THE PAYROLL

Privatisation Agency of Kosovo, in the above-mentioned table, has presented the number of employees in accordance with budgetary program of the Ministry of Finance. The present number of employees does not include this Department only, but other Departments, Units and 5 Regional Offices of PAK.

Department	Number of employees in the Budget Law	Current number of employees by the end of 2017		Current number of employees by the end of 2016		Current number of employees by the end of 2015	
	Approved	Full-time	Short-time	Full-time	Short-time	Full-time	Short-time
Department of Administration	258	238	-	249	-	250	-
Total	258	238	-	249	-	250	-

* Disclosure in details is made in explanatory note No. 2 for wages and salaries.

NOTE 21 - REPORT ON THE NUMBER OF SPECIAL SERVICES PROVIDERS FOR SOCIALLY OWNED ENTERPRISES

Department	Current number of employees by the end of 2017		Current number of employees by the end of December 2016		Current number of employees by the end of December 2015	
	Full-time	Short-time	Full-time	Short-time	Full-time	Short-time
Liquidation Department	16	-	10	-	5	-
Reorganization Unit	14	-	6	-	-	-
Sales Department	-	-	4	-	-	-
Legal Department	1	-	-	-	-	-
Total	31	-	20	-	5	-

The PAK has engaged Service Providers for the following matters:

1. **Liquidation Department** -These services deal with SOEs that are in transition: registration of claims, physical examination of assets and documentation, collection of inventory records; lists of employees for the distribution of 20%; names of creditors and their documentation and archiving for some enterprises.
2. **Reorganization Unit and Direct Administration of SOEs.** PAK has engaged Services Providers for SOEs that are under direct administration to safeguard the assets.

3. **Legal Department** – Services relate with provision of professional legal opinions and legal advices, as well as preparation and review of legal acts that relate with enterprises and entities that are under administration of PAK. This entity has completed services in November 2017, and was contracted for the period of (6 months) for particular services.

The budget for PAK is allocated and approved by the Assembly for the budget sub-lines and the budgetary programs listed above. Payment details are provided in the explanatory Note no. 3 "Goods and Services".

NOTE 22 - REPORT ON THE CONDITION/ IMPLEMENTATION OF RECOMMENDATIONS OF THE NATIONAL AUDIT OFFICE (NAO)

Below we are presenting a report by addressing the relevant recommendations of the National Audit Office (NAO) by the audited fiscal year.

Year	Exceeded	Implemented	No	Partially	Total	Exceeded	Implemented	No	Partially	Total
2013	3	19	1	2	25	12%	76%	4%	8%	100%
2014	5	16	1	3	25	20%	64%	4%	12%	100%
2015	2	14	0	6	22	9%	64%	0%	27%	100%
2016	2	7	0	10	19	11%	37%	0%	53%	100%
Total	12	56	2	21	91	13%	62%	2%	23%	100%

In the annex of financial statement is attached report on implementation of NAO recommendations.

- END -