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Kreditimi Rural i Kosoves LLC

**Independent Auditor's Report
and Financial Statements**

as at and for the year ended December 31, 2019

prepared in accordance with International Financial Reporting Standards



Independent Auditor's Report

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To the Shareholders of Kreditimi Rural i Kosoves L.L.C.

Opinion

We have audited the financial statements of Kreditimi Rural i Kosoves L.L.C. (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of Kreditimi Rural i Kosoves L.L.C. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLC
Prishtina,
28 April 2020




Suzana Stavrić
Statutory auditor

KREDITIMI RURAL I KOSOVES LLC
Statement of financial position as of 31 December 2019
(all amounts are expressed in Euro, unless otherwise stated)

	Note	31 December 2019	31 December 2018
ASSETS			
Cash and cash equivalents	6	2,795,756	1,486,797
Loans and advances to customers	7	39,723,740	34,201,554
Other assets	8	66,690	77,716
Prepaid income tax	22	5,000	5,000
Right of use assets	9	817,905	-
Intangible assets	10	162,768	146,683
Property and equipment	11	505,707	483,649
Total assets		44,077,566	36,401,398
LIABILITIES			
Due to Savings and Credit Associations ("SCA")	12	16,585	18,696
Income tax payable		85,545	83,367
Accruals and other liabilities	13	1,098,429	652,098
Lease Liability	9	830,178	-
Borrowings	14	31,517,655	27,039,259
Provisions related to AFD	15	127,439	127,439
Total liabilities		33,675,831	27,920,858
SHAREHOLDERS' EQUITY			
Share capital	16	489,700	489,700
Share premium		2,628,940	2,628,940
Risk fund reserve		18,904	18,904
Retained earnings		7,264,191	5,342,996
Total shareholders' equity		10,401,735	8,480,539
Total liabilities and shareholders' equity		44,077,566	36,401,398

The financial statements were authorised for issue by management on behalf of the Board of Directors of the Company, and signed on 28 April 2020 by:

Lulzim Sadrija
 Chief Executive Office


 Burbuqe Berisha
 Finance Manager

The accompanying notes on pages 7 to 38 form an integral part of these financial statements.

KREDITIMI RURAL I KOSOVES LLC**Statement of profit or loss and other comprehensive income for the year ended 31****December 2019***(all amounts are expressed in Euro, unless otherwise stated)*

	Note	For the year ended 2019	For the year ended 2018
Interest income	17	8,279,994	7,015,964
Interest expense	18	(1,792,022)	(1,627,982)
Net interest income		6,487,972	5,387,982
Other income	19	99,746	78,772
Operating income		6,587,718	5,466,754
Impairment losses on loans to customers and SCA's	7	(314,027)	(252,309)
Personnel costs	20	(2,371,721)	(2,039,835)
Depreciation and amortization	9, 10, 11	(440,863)	(174,190)
Other general and administrative expenses	21	(762,988)	(824,645)
		(3,889,599)	(3,290,979)
Profit before taxation		2,698,119	2,175,775
Income tax expense	22	(276,924)	(223,193)
Profit for the year after tax		2,421,195	1,952,582
Other comprehensive income		-	-
Total comprehensive income for the year		2,421,195	1,952,582

The accompanying notes on pages 7 to 38 form an integral part of these financial statements