

# **FINCA Kosovo**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
WITH INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors and Management of Finca Kosovo

#### Opinion

We have audited the financial statements of Finca Kosovo (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statement of surplus or deficit and other comprehensive income, statement of fund balances 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 of the Organization are prepared, in all material respects, in accordance with the Article 102, of the Law N0. 04/L-093, dated 11 May 2012, "Law on banks, microfinance institutions and non-bank financial institutions" as described in Note 2 to the financial statements, and rules and regulations of the Central Bank of the Republic of Kosovo.

#### 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosova, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements of the Article 102, of the Law on N0. 04/L-093 dated 11 May 2012, "Law on banks, microfinance institutions and non-bank financial institutions" as described in the Note 2, to the financial statements, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 skepticism 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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March 21, 2023



  
Arta Limani  
Engagement Partner



**FINCA Kosovo**  
**Statement of Financial Position**  
As at December 31, 2022

	Note	As at December 31, 2022 (in EUR)	As at December 31, 2021 (in EUR)
<b>ASSETS</b>			
Cash and cash equivalents	6	3,276,091	2,322,779
Loans to customers	7	64,335,436	53,031,077
Prepayments and other assets	8	143,130	540,969
Intangible assets	9	383,333	3,809
Property and equipment	10	336,817	424,152
Right of use assets	11	1,403,176	1,529,547
<b>Total assets</b>		<b>69,877,983</b>	<b>57,852,333</b>
<b>LIABILITIES</b>			
Borrowings	12	41,662,754	34,461,407
Other liabilities	13	1,988,704	924,592
Lease liabilities	11	1,471,500	1,639,925
<b>Total liabilities</b>		<b>45,122,958</b>	<b>37,025,924</b>
<b>FUND BALANCES</b>			
Donated equity	14	4,656,887	4,656,887
Retained surplus		20,098,138	16,169,522
<b>Total fund balances</b>		<b>24,755,025</b>	<b>20,826,409</b>
<b>Total liabilities and fund balances</b>		<b>69,877,983</b>	<b>57,852,333</b>

Authorised for issue by the Board of Directors of FINCA Kosovo on March 21, 2023 and signed on their behalf from:

\_\_\_\_\_  
Ardian Kastrati  
Chief Executive Officer

\_\_\_\_\_  
Endrit Duraku  
Chief Financial Officer

The accompanying notes from 7 to 37 form an integral part of these financial statements.

**FINCA Kosovo****Statement of Surplus or Deficit and Other Comprehensive Income**

For the year ended December 31, 2022

	Note	Year ended December 31, 2022 (in EUR)	Year ended December 31, 2021 (in EUR)
Interest income	15	11,879,941	10,631,585
Interest expenses	15	(1,741,821)	(1,783,881)
Net interest income		<u>10,138,120</u>	<u>8,847,704</u>
Loan impairment charges	7	(482,813)	(398,624)
Net interest income after loan impairment changes		<u>9,655,307</u>	<u>8,449,080</u>
Other operating income	16	640,717	695,362
Personnel expenses	17	(3,360,934)	(3,176,302)
General and administrative expenses	18	(2,482,839)	(1,942,662)
Depreciation and amortization expenses	9,10,11	(507,074)	(439,221)
Loss from foreign exchange	19	(14,297)	(14,412)
Net other non-operating income	20	(2,264)	131,299
Surplus for the year		<u>3,928,616</u>	<u>3,703,144</u>
Other comprehensive income			-
Total comprehensive income for the year		<u>3,928,616</u>	<u>3,703,144</u>

The accompanying notes from 7 to 37 form an integral part of these financial statements

**FINCA Kosovo**  
**Statement of Fund Balances**  
For the year ended December 31, 2022

	<b>Donated equity</b> (in EUR)	<b>Retained surplus</b> (in EUR)	<b>Total Fund Balances</b> (in EUR)
Balance at January 1, 2021	4,656,887	12,466,378	17,123,265
Surplus for the year	-	3,703,144	3,703,144
<b>Balance at December 31, 2021</b>	<b>4,656,887</b>	<b>16,169,522</b>	<b>20,826,409</b>
Surplus for the year	-	3,928,616	3,928,615
<b>Balance at December 31, 2022</b>	<b>4,656,887</b>	<b>20,098,138</b>	<b>24,755,024</b>

The accompanying notes from 7 to 37 form an integral part of these financial statements

**FINCA Kosovo**  
**Statement of Cash Flows**  
For the year ended December 31, 2022

	Note	For the year ended December 31, 2022 (in EUR)	For the year ended December 31, 2021 (in EUR)
<b>Cash flows from operating activities</b>			
Surplus for the year		3,928,616	3,703,144
<i>Adjustments for:</i>			
Depreciation and amortization	9,10,11	507,074	439,221
Impairment losses on loans	7	482,813	847,119
Interest income	15	(11,879,941)	(10,631,585)
Interest expense	15	1,741,821	1,783,881
Net other non-operating income		(14,953)	(131,298)
Exchange loss		(14,297)	(14,412)
		<b>(5,248,867)</b>	<b>(4,003,930)</b>
(Increase) in loans to customers	7	(11,148,383)	(7,232,505)
Decrease in prepayments and other assets		173,980	373,851
Increase in deferred fee income	7	-	(38,412)
Increase in other liabilities	13	92,242	96,252
Interest received		11,838,198	10,596,544
Interest paid		(1,422,949)	(1,816,403)
<i>Net cash from operating activities</i>		<b>(5,715,779)</b>	<b>(2,024,603)</b>
<b>Cash flow from investing activities</b>			
Purchase of property/right of use assets	10,11	(71,309)	(154,239)
Purchase of intangible assets	9	(449,154)	(3,465)
<i>Net cash flow used in investing activities</i>		<b>(520,463)</b>	<b>(157,704)</b>
<b>Cash flow from financing activities</b>			
Loans received from lenders	12	17,500,000	21,000,000
Loans repaid	12	(10,070,159)	(21,106,765)
Lease liabilities		(240,284)	(247,310)
<i>Net cash flow used in financing activities</i>		<b>7,189,557</b>	<b>(354,075)</b>
Net decrease in cash and cash equivalents		953,312	(2,536,382)
Cash and cash equivalents at the beginning of the year		2,322,779	4,859,161
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>3,276,091</b>	<b>2,322,779</b>

The accompanying notes from 7 to 37 form an integral part of these financial statements.