RIT Kosovo (A.U.K) College

Financial statements
for the year ended 30 June 2018
(with independent auditors' report thereon)

TABLE OF CONTENTS **PAGE**

KPMG Albania Shpk Kosovo Branch
6, Pashko Vasa Street
Pristina, Kosovo
Telephone +383(38)246771
Telefax +383(38)610772
Email al-office@kpmg.com
Internet kpmg.com/al

Independent Auditors' Report

To the Board of Trustees and Management of RIT Kosovo (A.U.K) College

Opinion

We have audited the financial statements of RIT Kosovo (A.U.K) College ("the Organization"), which comprise the statement of financial position as at 30 June 2018, the statements of profit or loss and other comprehensive income, changes in fund balance and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements of the Law No.04/L -014 "On accounting, financial reporting and audit", 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 of the financial statements in accordance with IFRS 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.

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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.

KPMG Albania Shpk Kosovo Branch

KPMG Albania Shpk Kosovo Branch
6, Pashko Vasa Street
Pristina, Kosovo

Pristina, 21 September 2018

RIT Kosovo (A.U.K) College
Statement of Financial Position as at 30 June
Amounts in Euro

	Notes	2018	2017
ASSETS			
Non-current assets			
Property and equipment	3	332,699	353,296
Intangible assets	4	-	297
Total non-current assets		**332,699**	**353,593**
Current assets			
Accounts receivable and other assets	5	259,240	169,437
Accounts with AUKF-NY	7	1,376,424	825,861
Deposits	6	253,499	736,040
Cash and balances with banks	7	590,342	439,449
Total current assets		**2,479,505**	**2,170,787**
TOTAL ASSETS		**2,812,204**	**2,524,380**
LIABILITIES AND RESERVES			
Reserves			
Retained surplus		2,225,083	2,223,386
Total reserves		**2,225,083**	**2,223,386**
Non-current liabilities			
Deferred income: Donated assets	3	594	4,331
Total non-current liabilities		**594**	**4,331**
Current liabilities			
Scholarship funds payable	8	190,609	46,184
Deferred income: Tuition fees	9	279,673	181,684
Accounts payable and accrued expenses	10	116,246	68,795
Total current liabilities		**586,528**	**296,663**
Total liabilities		**587,122**	**300,994**
TOTAL LIABILITIES AND RESERVES		**2,812,204**	**2,524,380**

The financial statements have been signed and authorized for issue on behalf of the Board of Directors on 21 September 2018 by:

Sharon Y. Hart
President

Flutra Pushka Emini
Finance Director

The notes on pages 5 to 16 are an integral part of these financial statements.

	Notes	2018	2017
Income			
Fee income	11	2,583,273	2,709,787
Income from special programs and other income	14	547,276	600,684
Grants and donations income	12	57,426	98,337
Interest income	13	2,059	434
Total		**3,190,034**	**3,409,242**
Expenditures			
Staff salaries and benefits	15	(1,532,768)	(1,538,964)
Academic consulting fees	16	(666,030)	(825,388)
Training and Development Institute Direct costs (‘TDI’)	17	(150,445)	(177,806)
Other operating expenses	18	(781,424)	(818,033)
Impairment charge for doubtful receivables	5	(27,441)	(19,173)
Foreign exchange losses, net		(30,229)	(17,462)
Total		**(3,188,337)**	**(3,396,826)**
Net surplus for the year		**1,697**	**12,416**
Other comprehensive income		-	-
Total comprehensive surplus for the year		**1,697**	**12,416**

The notes on pages 5 to 16 are an integral part of these financial statements.

	Total reserves - retained surplus
Balance as at 1 July 2016	**2,210,970**
Net surplus for the year	12,416
Other comprehensive income for the year	-
Total comprehensive surplus for the year	12,416
Balance as at 30 June 2017	**2,223,386**
Net surplus for the year	1,697
Other comprehensive income for the year	-
Total comprehensive surplus for the year	1,697
Balance as at 30 June 2018	**2,225,083**

The notes on pages 5 to 16 are an integral part of these financial statements.

RIT Kosovo (A.U.K) College
Statement of Cash Flows for the year ended 30 June
Amounts in Euro

	Notes	2018	2017
Cash flows from operating activities			
Net surplus for the year		**1,697**	**12,416**
Adjustments for:			
Depreciation of property and equipment	3	171,691	192,374
Amortisation of intangible assets	4	297	1,323
Gain from disposal of property and equipment	14	(2,453)	(105)
Impairment charge for bad debt expenses	5	27,441	19,173
Recoveries of bad debts during the year	5	(11,889)	(5,872)
Income from donated assets	3	(3,737)	(9,605)
Interest income	13	(2,059)	(434)
Operating surplus before changes in operating assets and liabilities		**180,988**	**209,270**
Changes in operating assets and liabilities			
Accounts receivable		(102,903)	(411)
Scholarship fund		144,425	(28,573)
Deferred tuition fees		97,989	(18,406)
Accounts payable and accrued expenses		47,451	(66,910)
Net cash from operating activities		**367,950**	**94,970**
Cash flows from investing activities			
Interest received	13	2,059	434
Purchase of property and equipment	3	(152,034)	(113,900)
Disposal of property and equipment		940	8,286
Net cash used in investing activities		**(149,035)**	**(105,180)**
Net increase /(decrease) in cash and cash equivalents		218,915	(10,210)
Cash and cash equivalents at the beginning of the year		2,001,350	2,011,560
Cash and cash equivalents at the end of the year	7	**2,220,265**	**2,001,350**

The notes on pages 5 to 16 are an integral part of these financial statements.

1 INTRODUCTION

RIT Kosovo (A.U.K) College ("RIT Kosovo (A.U.K)" or "the Organization"), previously named A.U.K - The American College of Kosova – A.U.K, is a non-profit organization registered as a Non-Governmental Organization ("NGO") on 8 May 2002 under United Nations Interim Administration Mission in Kosovo ("UNMIK") in accordance with Regulation No. 1999/22 on "the Registration and Operations of Non – Government Organizations in Kosovo", which was further replaced with the Law No. 04/L-57 "On Freedom Of Association In Non-Governmental Organizations" entered into force since 29 August 2011.

RIT KOSOVO (A.U.K) was founded for the purpose of establishing, supporting and operation of the American College in Kosovo. The Union Fund for the Reconstruction of Kosovo ("UFORK") provided the initial funding for RIT Kosovo (A.U.K). RIT Kosovo (A.U.K) is established as a four-year education institution in English language which is accredited in Kosovo. RIT KOSOVO (A.U.K) offers studies in collaboration with Rochester Institute of Technology ("RIT"), which is accredited in the United States of America. The Board of Directors of RIT Kosovo (A.U.K) is composed of fourteen members. RIT Kosovo (A.U.K)'s registered office is located at 'Shpëtim Robaj' Street, n.n., 10000 Pristina, Republic of Kosovo.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Standards and Interpretations in issue not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 June 2017, and have not been applied in preparing these financial statements. The Organization plans to adopt these pronouncements when they become effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Although it has not yet fully completed its assessment of the impact of IFRS 15 on the Organization's financial statements, management does not expect that the new Standard, when initially applied, will have material impact on the Organization's financial statements. The timing and measurement of the Organization's revenues are not expected to change under IFRS 15 because of the nature of the Organization's operations and the types of revenues it earns.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and Interpretations in issue not yet adopted (continued)

The following amended standards and interpretations are not expected to have a significant impact on the Organization's financial statements.

- IFRS 9: Financial Instruments
- IFRS 16: Leases (there is no lease currently)
- Annual Improvements to IFRS: 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Transfers of Investment Property (Amendments to IAS 40)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS 2015-2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12, IAS 23
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

2.4 Functional and presentation currency

These financial statements are presented in Euro ("EUR"), which is the Organization's functional currency.

2.5 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognised prospectively. Information about critical judgments in the application of IFRSs that have an effect on the financial statements are described in the accounting policies 2.6.1 and 2.6.5. In addition, judgments and estimates made in relation to the impairment of receivables are disclosed in notes 5 and 21 (a).

2.6 Significant accounting policies

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

2.6.1 Property and equipment

Property and equipment are stated at cost, or fair value for donated assets, less accumulated depreciation and impairment where required. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the statement of revenue and expenditures. The estimated recoverable amount is the higher of an asset's net selling price and its value-in-use.

The cost of purchased or donated property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use.

The building occupied by the Organization is provided rent-free and tax-free pursuant to a memorandum of understanding signed between the Organization and the Ministry of Education, Science and Technology. Leasehold improvements paid for by the Organization are capitalized and depreciated over the shorter of the lease term and their useful lives.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Significant accounting policies (continued)

2.6.1 Property and equipment (continued)

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the surplus or deficit for the reporting period. Repairs and maintenance are charged to surplus or deficit when the expenditure is incurred.

Depreciation is provided on a straight-line basis calculated to write off the recorded cost or fair value of property and equipment over their following estimated useful lives:

Leasehold improvements	10 years
Computers and related equipment	3 years
Laptops	4 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years

2.6.2 Intangible assets (Software)

Intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets of 3 years.

2.6.3 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and are reported on a net basis.

2.6.4 Grants related to assets

Grants related to assets, including grants for non-monetary assets at nominal value, have not been recognized until there is reasonable assurance that the Organization will comply with the attached conditions and that the grants will be accepted. Asset-linked grants are presented in the statement of financial position as deferred income. Deferred income is recognized as income on a systematic and rational basis over the lifetime of the use of the related assets.

2.6.5 Grants related to expenses and receivable donations

Grants that compensate the Organization for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized.

A grant or donation that is compensation for expenses or losses already incurred, or for which there are no future related costs, is recognised in profit or loss in the period in which it becomes receivable. Therefore, if a party provides with annual grants or donations that do not relate to future costs, then the grant or donation in respect of each period is recognised as it becomes receivable.

2.6.6 Scholarship fund

The Organization is the custodian of various scholarship funds provided by governmental and non-governmental organisations. The funds are awarded to students qualifying for scholarships under the criteria set out by the donors. Contributions to the scholarship funds made by the Organization are presented as a deduction of revenue from tuition in these financial statements.

2.6.7 Revenue recognition

Revenue from tuition fees is recognised over the period of the relevant tuition course. Application fees are recognised as income in the period of application.

Interest income is recognised using the effective interest method.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Significant accounting policies (continued)

2.6.8 Taxation

The Organization was established as a non-profit organisation and was granted public benefit status. Based on the laws in force in Kosovo, it is exempted from taxation.

2.6.9 Operating expenses

Operating expenses are recognised when incurred.

2.6.10 Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Organization makes compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Kosovo under a defined contribution pension plan. The Organization does not pay any insurance for its employees and has no legal or constructive obligation to make pension or similar benefit payments beyond these contributions.

2.6.11 Financial assets and liabilities

(i) Recognition
Financial assets of the Organization are recognised initially on the trade date at which the Organization becomes a party to the contractual provisions of the instrument.

(ii) Derecognition
The Organization derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Organization is recognised as a separate asset or liability.

The Organization derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Offset
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Organization has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when allowed by standards, or for the presentation of gains or losses from a group of similar transactions.

(iv) Measurement
The Organization has the following non-derivative financial instruments: accounts receivables, cash and cash equivalents and accounts payable.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost. Cash and cash equivalents consist of cash and short-term investments that are highly liquid and with initial maturity up to three months. Changes in the values of these accounts do not pose a significant risk.

(v) Impairment
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
The Organization considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Significant accounting policies (continued)

2.6.11 Financial assets and liabilities (continued)

(v) Impairment (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.6.12 Provisions

A provision is recognised if, as a result of a past event, the Organization has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. Property and equipment

	Leasehold improvements	IT equipment	Furniture, fixtures and equipment	Vehicles	Laptops	Total
Cost						
As at 1 July 2016	929,202	422,833	126,130	49,275	678,117	**2,205,557**
Additions	4,759	15,440	8,921	-	84,780	113,900
Disposals	-	(10,667)	(2,278)	-	(233,618)	(246,563)
As at 30 June 2017	**933,961**	**427,606**	**132,773**	**49,275**	**529,279**	**2,072,894**
Additions	14,563	27,520	19,693	19,949	70,309	152,034
Disposals	-	(19,234)	-	(28,860)	(39,279)	(87,373)
As at 30 June 2018	**948,524**	**435,892**	**152,466**	**40,364**	**560,309**	**2,137,555**
Accumulated depreciation						
As at 1 July 2016	791,292	299,081	84,252	42,315	548,457	**1,765,397**
Charge for the year	22,522	73,957	13,608	4,082	78,205	192,374
Disposals	-	(10,667)	(2,278)	-	(225,228)	(238,173)
As at 30 June 2017	**813,814**	**362,371**	**95,582**	**46,397**	**401,434**	**1,719,598**
Charge for the year	21,300	59,371	14,884	3,260	72,876	171,691
Disposals	-	(19,236)	-	(28,860)	(38,337)	(86,433)
As at 30 June 2018	**835,114**	**402,506**	**110,466**	**20,797**	**435,973**	**1,804,856**
Carrying amount						
As at 30 June 2018	**113,410**	**33,386**	**42,000**	**19,567**	**124,336**	**332,699**
As at 30 June 2017	**120,147**	**65,235**	**37,191**	**2,878**	**127,845**	**353,296**

Deferred income related to donated assets

	Year ended 30 June 2018	Year ended 30 June 2017
Balance as at 1 July	4,331	13,936
Release to income during the year (note 12)	(3,737)	(9,605)
Balance as at 30 June	**594**	**4,331**

Leasehold improvements relate to campus premises (see note 20). Leasehold improvements with a total of EUR 731,966 are fully depreciated.

Assets with a total cost of EUR 1,365,272 as at 30 June 2018 (2017: EUR 1,235,848) are fully depreciated. This total includes the leasehold improvements detailed above.

4. Intangible assets

	Software
Cost	
Balance as at 1 July 2016	**87,551**
Additions during the year	-
Balance as at 30 June 2017	**87,551**
Additions during the year	-
Balance as at 30 June 2018	**87,551**
Accumulated amortization	
Balance as at 1 July 2016	**85,931**
Amortisation for the year	1,323
Balance as at 30 June 2017	**87,254**
Amortisation for the year	297
Balance as at 30 June 2018	**87,551**
Carrying amount	
As at 30 June 2018	**-**
As at 30 June 2017	**297**

5. Accounts receivable and other assets

	30 June 2018	30 June 2017
Tuition receivables	300,490	251,255
Training and Development Institute ("TDI") receivables	34,779	19,496
Donations receivable	23,964	-
Advances	55,039	54,079
Scholarship funds receivable	28,476	14,564
Accounts receivable and other assets	**442,748**	**339,394**
Impairment allowances for doubtful receivables	(183,508)	(169,957)
Balance as at 30 June	**259,240**	**169,437**

Donations receivable that do not relate to future costs are recognised as they become receivable.

Net tuition receivables as at 30 June 2018 represent fees receivable for the 2017 - 2018 academic year.

The movements in the allowance for doubtful receivables are as follows:

	Year ended 30 June 2018	Year ended 30 June 2017
Balance as at 1 July	169,957	156,656
Charge for the year	27,441	19,173
Receivables written off during the year	(2,001)	-
Recovered during the year (note 14)	(11,889)	(5,872)
Balance as at 30 June	**183,508**	**169,957**

5. Accounts receivable and other assets (continued)

Below is presented the aging of tuition and TDI receivables at 30 June 2018:

Receivables	Less than six month	Six months to one year	Older than one year	Total	Allowance	Net
Tuition receivables	81,751	35,186	183,553	300,490	(172,195)	128,295
TDI receivables	24,455	233	10,091	34,779	(11,313)	23,466
Total	**106,206**	**35,419**	**193,644**	**335,269**	**(183,508)**	**151,761**

Below is presented the aging of tuition and TDI receivables at 30 June 2017:

Receivables	Less than six month	Six months to one year	Older than one year	Total	Allowance	Net
Tuition receivables	60,958	11,889	178,408	251,255	(158,644)	92,611
TDI receivables	7,596	2,699	9,201	19,496	(11,313)	8,183
Total	**68,554**	**14,588**	**187,609**	**270,751**	**(169,957)**	**100,794**

6. Deposits

	30 June 2018	30 June 2017
Flexi deposits with TEB	200,328	600,068
Flexi deposits with RBKO	51,001	100,983
Deposits with PayPal	2,170	34,989
Total	**253,499**	**736,040**

Flexi deposits represent short term investments held with local banks, with effective interest rates of 0.01% p.a. (2017: 0.01% p.a.).

7. Cash and balances with banks

	30 June 2018	30 June 2017
Cash on hand	1,709	1,403
Cash at banks in Kosova - AUKF Inc	25,461	7,449
Cash at banks	563,172	430,597
Cash and balances with banks	**590,342**	**439,449**
Accounts with AUKF-NY	1,376,424	825,861
Deposits up to three months original maturity (Note 6)	253,499	736,040
Cash and cash equivalents	**2,220,265**	**2,001,350**

Accounts with AUKF-NY represent liquid funds deposited in USA, where the Organization has access for use in its activity (see note 19). Comparative balances have been represented separately from other deposits in compliance with the presentation of the current year.

8. Scholarship funds payable

	30 June 2018	30 June 2017
Scholarship funds payable	190,609	46,184
Total	**190,609**	**46,184**

9. Deferred income: Tuition fees

	30 June 2018	30 June 2017
Undergraduate	230,159	113,352
TDI	11,970	9,135
Summer program	37,544	59,197
Total	**279,673**	**181,684**

Deferred tuition fees relate to fees received for courses that will be held in future semesters.

10. Accounts payable and accrued expenses

	30 June 2018	30 June 2017
Accounts payable	87,169	43,590
Accrued expenses	29,077	25,205
Total	**116,246**	**68,795**

11. Fee income

	Year ended 30 June 2018	Year ended 30 June 2017
Undergraduate program	2,705,485	2,783,557
TDI	233,855	223,511
Contribution to scholarship fund	(356,067)	(297,281)
Total	**2,583,273**	**2,709,787**

The contribution to scholarship fund is allocated by the Organization to provide scholarships to students who meet certain criteria (see 2.6.6). Total revenue before contributions is presented in the table above, and contributions to the scholarship funds are deducted from such total, resulting in net revenue recognised during the period.

Revenue from the Institute for Development and Training ("TDI") represent income from trainings offered. TDI is part of the organizational structure of the Organization.

12. Grants and donations income

	Year ended 30 June 2018	Year ended 30 June 2017
Grants received from related parties (note 19)	40,494	74,705
Grants and donations	13,195	14,027
Grants related to assets released to income (note 3)	3,737	9,605
Total	**57,426**	**98,337**

13. Interest income

Interest income of EUR 2,059 (2017: EUR 434) consists of interest earned on deposits and balances with banks.

14. Special programs and other income

	Year ended 30 June 2018	Year ended 30 June 2017
Special Program - USAID TLP	290,363	373,204
Special Program - Summer Program	167,377	118,807
Special Program - TDI	43,017	52,918
Income from rent	12,350	11,734
Recoveries from receivables (see note 5)	11,889	5,872
Income from sale of books	7,840	6,580
Income from dormitories	5,430	6,555
Net gain from disposal of equipment	2,453	105
Late payment fees	350	15,800
Special Program/Other	-	5,549
Other	6,207	3,560
Total	**547,276**	**600,684**

Special Program - USAID TLP consists of income earned pursuant to a Cooperative Agreement between the U.S. Agency for International Development ("USAID"), and the Organization whereby the Organization is awarded with funds to use for the "Transformational Leadership Immersion & Public Service Courses Program". The agreement was effective from 24 April 2014 and the estimated completion date of the award is 24 April 2019.

15. Staff salaries and benefits

	Year ended 30 June 2018	Year ended 30 June 2017
Administrative staff salaries	524,532	525,957
International academic salaries	338,414	313,989
Academic staff salaries	317,906	314,729
Special program salaries	210,596	250,798
Pension contributions	57,444	58,878
TDI salaries	43,981	35,456
Health insurance	38,486	37,376
Per diem	1,409	1,781
Total	**1,532,768**	**1,538,964**

The number of employees as at 30 June 2018 is 137 (2017: 149).

16. Academic consulting fees

Fees of EUR 666,030 (2017: EUR 825,388) represent amounts paid to the Rochester Institute of Technology ("RIT"), a United States not for profit education corporation for undergraduate and graduate programs. These fees are based on the agreement dated 21 January 2013 between the Organization and RIT for the provision of experts and certain educational services by RIT to the Organization.

17. Training and Development Institute Direct costs ('TDI')

	Year ended 30 June 2018	Year ended 30 June 2017
IT, business and management courses	150,445	177,806
Total	**150,445**	**177,806**

18. Other operating expenses

	Year ended 30 June 2018	**Year ended 30 June 2017**
Depreciation	171,691	192,374
Marketing costs	115,197	75,211
Special programs/Summer Program	112,689	136,098
Security costs	76,156	76,523
Repairs and maintenance	65,387	70,620
Academic events	51,381	38,456
Utilities	37,367	39,437
Telephone and internet	30,938	34,928
Office supplies	28,449	27,292
Audit and legal fees	16,933	32,528
Representation	15,730	11,745
Energy and fuel costs	13,668	12,188
Property tax and Insurance	11,239	11,938
Bank charges	8,949	5,891
Travel expenses	8,801	17,226
Admission test fee	4,929	2,328
U.S.A. office costs	3,187	15,993
Amortisation	297	1,323
Faculty housing costs	-	600
Other expenses	8,436	15,334
Total	**781,424**	**818,033**

19. Related parties

Related parties include AUKF–NY, Board of Trustees and key management.

AUKF-NY is a not for profit organization which is founded by the Board of the Organization for the purpose of supporting the Organization for developing fundraising campaigns in USA.

Transactions with key management personnel and with AUKF-NY are summarized below:

	Year ended 30 June 2018	**Year ended 30 June 2017**
Account with AUKF –NY	1,376,424	825,861
Total	**1,376,424**	**825,861**
Key management compensation	273,217	289,673
AUKF-NY office supplies	3,187	9,605
	276,404	**299,278**

Grant income includes an amount of EUR 40,494 (2017: EUR 74,705) donated by members of the Organization’s Board of Trustees and management.

Donations receivable (see note 5) include an amount of EUR 21,439 (2017: nil) donated by members of RIT Kosovo (A.U.K) Board of Trustees and management. The Board of Trustees members do not receive any compensation.

20. Germia campus premises

Pursuant to a Memorandum of Understanding signed between the Organization and the Ministry of Education, Science and Technology of Kosovo, followed by a contract between the Organization and the Municipality of Pristina, the Organization will use the "Germia Campus" educational facility for a period of ten years commencing from 1 July 2005 with the possibility of renewal after the expiry of this term. The contract specifies that the Organization will use the site on a rent-free and tax-free status during this period. The decision to renew the contract for an additional period of ten years was taken on 29 June 2015 by the Assembly of the Municipality of Pristina. As described in Note 2.6.4, both the asset and the grant were measured at nominal value, which in this case is zero.

Furthermore, the renovation and reconstruction of the "Germia Campus" which was carried out by Mabetex Corporation from February 2005 to October 2005, was performed on a donor basis and the contract between AUK and the Municipality of Prishtina specifies that such renovation shall remain the property of the owner. Therefore, only costs incurred by AUK were capitalised and included in leasehold improvements as shown in Note 3.

21. Financial instruments

(a) Credit risk

(i) Exposure to credit risk

Credit risk is the risk of financial loss to RIT Kosovo (A.U.K) if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the RIT Kosovo (A.U.K)'s receivables from students. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk as at the reporting date was:

	30 June 2018	30 June 2017
Accounts receivable and other assets	259,240	169,437
Accounts with AUKF-NY	1,376,424	825,861
Deposits	253,499	736,040
Cash and balances with banks	590,342	439,449
Total	**2,479,505**	**2,170,787**

(ii) Management of credit risk

The aging of receivables and related impairment allowances are detailed in note 5.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation. The Organization monitors its liquidity on a periodic basis.

The remaining expected maturities of financial liabilities are as follows:

Financial liabilities	30 June 2018		30 June 2017	
	Carrying Amounts	6 Months or less	Carrying Amounts	6 Months or less
Scholarship fund	(190,609)	(190,609)	(46,184)	(46,184)
Accounts payable and accrued expenses	(116,246)	(116,246)	(68,795)	(68,795)
Total	**(306,855)**	**(306,855)**	**(114,979)**	**(114,979)**

Total current assets of EUR 2,479,505 (2017: EUR 2,170,787) are sufficient to cover the liquidity gap.

21. Financial instruments (continued)

(c) Foreign currency risk

Currency risk arises from the change in price of one currency against another. The currency risk is managed through monitoring of open foreign exchange positions. The Organization does not use any derivative instrument to hedge its foreign currency risk. The Organization's exposure to foreign currency risk as translated in EUR is as follows:

Assets denominated in USD	30 June 2018	30 June 2017
Deposits and accounts with AUKF-NY	1,226,862	679,692
Cash and balances with banks	9,561	8,446
Gap as at 30 June	**1,236,423**	**688,138**

An analysis of the Organization's sensitivity to an increase or decrease of 5% in the exchange rate for USD is as follows:

Profit or (loss)	2018	2017
+5% of Euro	61,821	34,407
- 5% of Euro	(61,821)	(34,407)

(d) Interest rate risk

The Organization generates interest income from short term investments. The Organization does not pay interest on liabilities. Below is the analysis of financial assets and liabilities:

	30 June 2018			30 June 2017		
	Interest bearing	Non–interest bearing	Total	Interest bearing	Non–interest bearing	Total
Deposits and accounts with AUKF-NY	251,328	1,378,595	1,629,923	701,051	860,850	1,561,901
Other	-	849,582	849,582	-	608,886	608,886
Total current assets	**251,328**	**2,228,177**	**2,479,505**	**701,051**	**1,469,736**	**2,170,787**

A sensitivity analysis to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as follows:

Profit or (loss)	2018	2017
100 bp increase	2,513	7,011
100 bp decrease	(2,513)	(7,011)

(e) Fair value of financial instruments

The carrying values of all financial assets and liabilities approximate their fair values due to their short term nature.

22. Commitments and contingencies

The Organization has no commitments and contingencies as at year end.

23. Events after reporting date

There are no events after the reporting date that would require either adjustments or additional disclosures in the financial statements.