

**RIT Kosovo (A.U.K) – College**  
**(previously named AUK - THE AMERICAN**  
**COLLEGE OF KOSOVA)**

**Financial statements**  
**for the year ended 30 June 2017**  
**(with independent auditors' report thereon)**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT	
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
STATEMENT OF CHANGES IN FUND BALANCE	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 19



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## 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 2017, 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 2017, 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, 19 September 2017

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Statement of Financial Position as at 30 June**

(Amounts in Euro, unless otherwise stated)

	Notes	2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	353,296	440,160
Intangible assets	4	297	1,620
Total non-current assets		<u>353,593</u>	<u>441,780</u>
<b>Current assets</b>			
Accounts receivable and other assets	5	169,437	182,120
Deposits	6	860,850	1,184,741
Cash and balances with banks	7	1,140,500	826,819
Total current assets		<u>2,170,787</u>	<u>2,193,680</u>
<b>TOTAL ASSETS</b>		<u><b>2,524,380</b></u>	<u><b>2,635,460</b></u>
<b>LIABILITIES AND RESERVES</b>			
<b>Reserves</b>			
Retained surplus		<u>2,223,386</u>	<u>2,210,972</u>
Total reserves		<u>2,223,386</u>	<u>2,210,972</u>
<b>Non-current liabilities</b>			
Deferred income: Donated assets	3	<u>4,331</u>	<u>13,936</u>
Total non-current liabilities		<u>4,331</u>	<u>13,936</u>
<b>Current liabilities</b>			
Scholarship fund	8	46,184	74,757
Deferred income: Tuition fees	9	181,684	200,090
Accounts payable and accrued expenses	10	68,795	135,705
Total current liabilities		<u>296,663</u>	<u>410,552</u>
Total liabilities		<u>300,994</u>	<u>424,488</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><b>2,524,380</b></u>	<u><b>2,635,460</b></u>

The financial statements have been signed and authorized for issue on behalf of the Board of Directors on 19 September 2017 by:

**Sharon Y. Hart**



President

**Ilir Krasniqi**



Chief Financial Officer

The notes on pages 5 to 19 are an integral part of these financial statements.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June**

(Amounts in Euro, unless otherwise stated)

	Notes	Year ended 30 June 2017	Year ended 30 June 2016
<b>Income</b>			
Fee income	11	2,709,787	3,079,742
Grant income	12	479,330	403,597
Interest income	13	434	1,736
Income from donated assets	3	9,605	9,265
Other income	14	210,086	242,421
<b>Total</b>		<b>3,409,242</b>	<b>3,736,761</b>
<b>Expenditures</b>			
Staff salaries and benefits	15	(1,538,964)	(1,608,510)
Academic consulting fees	16	( 825,388)	(1,149,726)
Training and Development Institute Direct costs ('TDI')	17	(177,806)	(155,034)
Other operating expenses	18	(818,033)	(885,713)
Allowances for doubtful receivables	5	(19,173)	(17,402)
<b>Total</b>		<b>(3,379,364)</b>	<b>(3,816,385)</b>
Foreign exchange (losses)/gains, net		(17,462)	21,940
<b>Foreign exchange gains, net</b>		<b>(17,462)</b>	<b>21,940</b>
<b>Net surplus/(deficit) for the year</b>		<b>12,416</b>	<b>(57,684)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>12,416</b>	<b>(57,684)</b>

The notes on pages 5 to 19 are an integral part of these financial statements.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Statement of Changes in Fund Balance for the year ended 30 June**

(Amounts in Euro, unless otherwise stated)

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	<b>Retained surplus</b>	<b>Total Reserves</b>
<b>Balance as at 1 July 2015</b>	<b>2,268,654</b>	<b>2,268,654</b>
Net deficit for the year	(57,684)	(57,684)
Other comprehensive income for the year	-	-
Total comprehensive deficit for the year	(57,684)	(57,684)
<b>Balance as at 30 June 2016</b>	<b>2,210,970</b>	<b>2,210,970</b>
Net surplus for the year	12,416	12,416
Other comprehensive income for the year	-	-
Total comprehensive surplus for the year	<b>12,416</b>	<b>12,416</b>
<b>Balance as at 30 June 2017</b>	<b>2,223,386</b>	<b>2,223,386</b>

The notes on pages 5 to 19 are an integral part of these financial statements.



**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Statement of Cash Flows for the year ended 30 June**

(Amounts in Euro, unless otherwise stated)

	Notes	2017	2016
<b>Cash flows from operating activities</b>			
Net surplus/(deficit) for the year		12,416	(57,684)
Adjustments for:			
Depreciation of property and equipment	3	192,374	254,877
Amortisation of intangible assets	4	1,323	14,539
(Gain)/Loss from disposal of property and equipment	18	(105)	6,334
Provision expenses for the year	5	19,173	17,402
Recoveries of bad debts during the year	5	(5,872)	(16,172)
Income from donated assets	3	(9,605)	(9,265)
Interest income	13	(434)	(1,736)
<b>Operating surplus before changes in operating assets and liabilities</b>		<b>209,270</b>	<b>208,295</b>
<b>Changes in operating assets and liabilities</b>			
Change in accounts receivable		(411)	(22,581)
Change in deposits		323,891	(482,451)
Change in donated assets		-	1,705
Change in scholarship fund		(28,573)	(11,444)
Change in deferred tuition fees		(18,406)	(55,598)
Change in accounts payable and accrued expenses		(66,910)	6,415
<b>Net cash from/(used in) operating activities</b>		<b>418,861</b>	<b>(355,659)</b>
<b>Cash flows from investing activities</b>			
Interest received	13	434	1,736
Purchase of property and equipment	3	(113,900)	(326,084)
Purchase of intangible assets	4	-	(9,174)
Disposal of property and equipment		8,286	-
<b>Net cash used in investing activities</b>		<b>(105,180)</b>	<b>(333,522)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>313,681</b>	<b>(689,181)</b>
Cash and cash equivalents at the beginning of the year		826,819	1,516,000
<b>Cash and cash equivalents at the end of the year</b>	7	<b>1,140,500</b>	<b>826,819</b>

The notes on pages 5 to 19 are an integral part of these financial statements.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

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**1 INTRODUCTION**

RIT Kosovo (A.U.K) College (“RIT Kosovo (A.U.K)”), 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 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 thirteen members. RIT Kosovo (A.U.K)’s registered office is located at the following address: Shpëtim Robaj Street NN, 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”). Details of the accounting policies are included in Note 2.6.

**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 effective for the year ended 30 June 2017, and have not been applied in preparing these financial statements. RIT Kosovo (A.U.K) is assessing the potential impact on its financial statements, resulting from the application of the following changes:

***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

RIT Kosovo (A.U.K) does not anticipate that it will apply the standard earlier while its quantitative effect is not expected to be material, although such effect is not yet known.

***IFRS 16 Leases***

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. RIT KOSOVO (A.U.K) does not expect that the new Standard, when initially applied, will have material impact on the financial statements because its contractual agreements are generally short term.

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

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

The following new or amended standards are not expected to have a significant impact on the RIT KOSOVO (A.U.K)'s financial statements:

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- Transfers of Investment Property (Amendments to IAS 40)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

### **2.4 Functional and presentation currency**

These financial statements are presented in Euro ("EUR"), which is the RIT Kosovo (A.U.K)'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 note 20. In addition, judgments and estimations 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 provision for 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.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The cost or fair value 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 RIT Kosovo (A.U.K) is provided rent-free and tax-free pursuant to a memorandum of understanding signed between RIT Kosovo (A.U.K) and the Ministry of Education, Science and Technology. Leasehold improvements paid for by RIT Kosovo (A.U.K) are capitalized and depreciated over the shorter of the lease term and their useful lives.

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.

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

**2.6 Significant accounting policies (continued)**

**2.6.1 Property and equipment (continued)**

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

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.

**2.6.4 Grants**

RIT Kosovo (A.U.K) has chosen to treat “Germia campus” which is used by RIT Kosovo (A.U.K) as the educational facility (see note 20), as government grant in the form of a non-monetary asset. RIT Kosovo (A.U.K) measures both the item of property and the grant at nominal value, which is zero because RIT Kosovo (A.U.K) obtained such item for no consideration.

Other grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and RIT Kosovo (A.U.K) will comply with the conditions associated with the grant; they are then recognised in profit or loss as Income from donated assets on a systematic basis over the useful life of the asset. Grants that compensate the RIT Kosovo (A.U.K) for expenses incurred are recognised in profit or loss as Grant income on a systematic basis in the periods in which the expenses are recognised.

**2.6.5 Scholarship fund**

RIT Kosovo (A.U.K) 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. The funds are initially presented as liabilities in the statement of financial position; they are then recognised in profit or loss as tuition income on a systematic basis over the period of scholarship awarded to students.

**2.6.6 Finance income and finance costs**

Finance income comprises interest income and foreign currency gains. Interest income is recognised using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

**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.

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

**2.6 Significant accounting policies (continued)**

**2.6.8 Taxation**

RIT Kosovo (A.U.K) 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 corporate taxation and VAT.

**2.6.9 Operating expenses**

Operating expenses are recognised when incurred.

**2.6.10 Employee benefits**

AUK is obliged by the current Kosovo legislation to make fixed contributions for its employees in a social fund operated by the Government. All payments and liabilities are recognised as an expense in the period to which those relate. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond these contributions.

**2.6.11 Financial assets and liabilities**

Non-derivative financial instruments of RIT Kosovo (A.U.K) comprise receivables, cash and balances with banks, deposits and payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

*Cash and balances with banks*

Cash and balances with banks comprise cash balances and current or flexi bank accounts.

*Accounts receivable*

Accounts receivable are initially recognised at fair value and subsequently measured at their amortised cost less impairment losses.

*Payables*

Payables are stated at their fair value and subsequently measured at their amortised cost.

RIT Kosovo (A.U.K) 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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

RIT Kosovo (A.U.K) derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, RIT Kosovo (A.U.K) currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Accounting for finance income and costs is described in note 2.6.6.

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

**2.6 Significant accounting policies (continued)**

**2.6.12 Impairment**

*(i) Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. 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 original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

*(ii) Non-financial assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**2.6.13 Provisions**

A provision is recognised if, as a result of a past event, RIT Kosovo (A.U.K) 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.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**3. Property and equipment**

	<b>Leasehold improvements</b>	<b>IT equipment</b>	<b>Furniture, fixtures and equipment</b>	<b>Vehicles</b>	<b>Laptops</b>	<b>Total</b>
<b>Cost</b>						
As at 1 July 2015	830,309	347,756	98,670	47,313	930,279	2,254,327
Additions	107,601	116,948	36,340	1,962	63,233	326,084
Write offs and disposals	(8,708)	(41,871)	(8,880)	-	(315,395)	(374,854)
<b>As at 30 June 2016</b>	<b>929,202</b>	<b>422,833</b>	<b>126,130</b>	<b>49,275</b>	<b>678,117</b>	<b>2,205,557</b>
Additions	4,759	15,440	8,921	-	84,780	113,900
Disposals	-	(10,667)	(2,278)	-	(233,618)	(246,563)
<b>As at 30 June 2017</b>	<b>933,961</b>	<b>427,606</b>	<b>132,773</b>	<b>49,275</b>	<b>529,279</b>	<b>2,072,894</b>
<b>Accumulated depreciation</b>						
As at 1 July 2015	717,626	271,374	72,089	38,396	779,555	1,879,040
Charge for the year	78,575	69,578	20,084	3,919	82,721	254,877
Write offs and disposals	(4,909)	(41,871)	(7,921)	-	(313,819)	(368,520)
<b>As at 30 June 2016</b>	<b>791,292</b>	<b>299,081</b>	<b>84,252</b>	<b>42,315</b>	<b>548,457</b>	<b>1,765,397</b>
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)
<b>As at 30 June 2017</b>	<b>813,814</b>	<b>362,371</b>	<b>95,582</b>	<b>46,397</b>	<b>401,434</b>	<b>1,719,598</b>
<b>Net book value</b>						
<b>As at 30 June 2017</b>	<b>120,147</b>	<b>65,235</b>	<b>37,191</b>	<b>2,878</b>	<b>127,845</b>	<b>353,296</b>
<b>As at 30 June 2016</b>	<b>137,910</b>	<b>123,752</b>	<b>41,878</b>	<b>6,960</b>	<b>129,660</b>	<b>440,160</b>

**Deferred income related to donated assets**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Balance as at 1 July	13,936	21,496
Donation received during the year	-	1,705
Release to income during the year	(9,605)	(9,265)
<b>Balance as at 30 June</b>	<b>4,331</b>	<b>13,936</b>

Assets with a total cost of EUR 1,235,848 as at 30 June 2017 (2016: 1,256,347) are fully depreciated.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

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**4. Intangible assets**

	<b>Software</b>
<b>Cost</b>	
Balance as at 1 July 2015	78,377
Additions during the year	9,174
<b>Balance as at 30 June 2016</b>	<b>87,551</b>
Additions during the year	-
<b>Balance as at 30 June 2017</b>	<b>87,551</b>
<b>Accumulated amortization</b>	
Balance as at 1 July 2015	71,392
Amortisation for the year	14,539
<b>Balance as at 30 June 2016</b>	<b>85,931</b>
Amortisation for the year	1,323
<b>Balance as at 30 June 2017</b>	<b>87,254</b>
<b>Net book value</b>	
<b>As at 30 June 2017</b>	<b>297</b>
<b>As at 30 June 2016</b>	<b>1,620</b>



**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**5. Accounts receivable and other assets**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Tuition receivables	251,255	239,830
Training and Development Institute (“TDI”) receivables	19,496	32,257
Advances	54,079	41,673
Other receivables	14,564	25,016
<b>Accounts receivables</b>	<b>339,394</b>	<b>338,776</b>
Impairment allowances for doubtful receivables	(169,957)	(156,656)
<b>Balance as at 30 June</b>	<b>169,437</b>	<b>182,120</b>

Net tuition receivables as at 30 June 2017 represent fees receivable for the 2016 - 2017 academic year.

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

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Balance as at 1 July	156,656	155,426
Charge for the year	19,173	17,402
Recovered during the year	(5,872)	(16,172)
<b>Balance as at 30 June</b>	<b>169,957</b>	<b>156,656</b>

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

<b>Receivables</b>	<b>Less than six month</b>	<b>Six months to one year</b>	<b>Older than one year</b>	<b>Total</b>	<b>Allowance</b>	<b>Net</b>
Tuition receivables	60,958	11,889	178,408	<b>251,255</b>	(156,265)	<b>94,990</b>
TDI receivables	7,596	2,699	9,201	<b>19,496</b>	(11,313)	<b>8,183</b>
Other receivables	4,347	2,522	7,695	<b>14,564</b>	(2,379)	<b>12,185</b>
<b>Total</b>	<b>72,901</b>	<b>17,110</b>	<b>195,304</b>	<b>285,315</b>	<b>(169,957)</b>	<b>115,358</b>

Below is presented the aging of receivables at 30 June 2016:

<b>Receivables</b>	<b>Less than six month</b>	<b>Six months to one year</b>	<b>Older than one year</b>	<b>Total</b>	<b>Allowance</b>	<b>Net</b>
Tuition receivables	76,684	20,556	142,590	<b>239,830</b>	(139,130)	<b>100,700</b>
TDI receivables	16,157	4,742	11,358	<b>32,257</b>	(11,313)	<b>20,944</b>
Other receivables	18,465	2,445	4,106	<b>25,016</b>	(6,213)	<b>18,803</b>
<b>Total</b>	<b>111,306</b>	<b>27,743</b>	<b>158,054</b>	<b>297,103</b>	<b>(156,656)</b>	<b>140,447</b>

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**6. Deposits**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Deposits in with AUKF-NY	825,861	1,169,561
Deposits with PayPal	34,989	15,180
<b>Balance as at 30 June</b>	<b>860,850</b>	<b>1,184,741</b>

**7. Cash and balances with banks**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Cash on hand	1,403	542
Cash at banks	1,139,097	826,277
<b>Balance as at 30 June</b>	<b>1,140,500</b>	<b>826,819</b>

Cash at banks includes current accounts and flexi accounts balances held with banks in Kosovo, with effective interest rates from 0% - 0.05% p.a. (2016: 0% - 0.05% p.a.).

**8. Scholarship fund**

The scholarship fund was created by RIT Kosovo (A.U.K) and contributed by RIT Kosovo (A.U.K), IPKO Foundation, Kosovo Government, USAID, US Embassy, British Embassy, Kosovo Diplomatic Observer Mission, Kosovo Security Forces ('KSF') following an ongoing agreement, whereby KSF covers the tuition of its cadets, and also funds contributed by other donors to finance fees for students that meet the criteria agreed with those donors.

A summary of the scholarship fund movements is as follows:

	<b>30 June 2017</b>	<b>30 June 2016</b>
As at 1 July	74,757	86,201
Donations received during the year and RIT Kosovo (A.U.K) Contribution	688,488	720,230
Scholarships granted during the year	(717,061)	(731,674)
<b>Balance as at 30 June</b>	<b>46,184</b>	<b>74,757</b>

The total scholarships granted during the year from the RIT Kosovo (A.U.K) contributions are EUR 297,281 (2016: EUR 317,641), as detailed in Note 11.

**9. Deferred income: Tuition fees**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Undergraduate	113,352	126,003
TDI	9,135	24,797
Summer program	59,197	49,290
<b>Balance as at 30 June</b>	<b>181,684</b>	<b>200,090</b>

Deferred tuition fees relate to fees received for courses that will be held in future semesters. Undergraduate deferred fees decreased mainly due to the extension of the payment terms for the academic year 2017-2018, from April to August 2017.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**10. Accounts payable and accrued expenses**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Accounts payable	43,590	109,325
Accrued expenses	25,205	26,380
<b>Balance as at 30 June</b>	<b><u>68,795</u></b>	<b><u>135,705</u></b>

**11. Fee income**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Undergraduate program	2,783,557	3,151,206
TDI	223,511	246,177
RIT Kosovo (A.U.K) Contribution to scholarship fund	(297,281)	(317,641)
<b>Total</b>	<b><u>2,709,787</u></b>	<b><u>3,079,742</u></b>

A Scholarship Fund is allocated each year by RIT Kosovo (A.U.K) to be given to students fulfilling certain criteria (see note 8).

**12. Grant income**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Special Program/USAID TLP	390,598	362,945
Grants from related parties (note 19)	74,705	23,266
Other donations	14,027	17,386
<b>Total</b>	<b><u>479,330</u></b>	<b><u>403,597</u></b>

Special Program/USAID TLP consists of income earned pursuant to a Cooperative Agreement between the U.S. Agency for International Development (“USAID”), and RIT Kosovo (A.U.K), whereby RIT Kosovo (A.U.K) is awarded with funds in order to provide support for the “Transformational Leadership Immersion & Public Service Courses Program”. The agreement has been effective from 24 April 2014, and the estimated completion date of the award is 24 April 2019. Income from Special Program for the year ended 30 June 2016 was classified from other income to grant income to conform to the current year presentation.

**13. Interest income**

Interest income of EUR 434 (2016: EUR 1,736) consists of interest earned on deposits and balances with banks.

**14. Other income**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Special Program/Summer Program	151,034	170,221
Late payment fees	15,800	22,600
Income from rent	11,734	10,521
Net gain from disposal of equipment	105	-
Income from dormitories	6,555	1,685
Income from sale of books	6,580	-
Recoveries from receivables	5,872	16,172
Other	12,406	21,222
<b>Total</b>	<b><u>210,086</u></b>	<b><u>242,421</u></b>

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

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**15. Staff salaries and benefits**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Faculty salaries	628,718	708,526
Staff salaries	525,957	520,563
Special program salaries	250,798	242,911
Pension contributions	58,878	55,519
TDI salaries	35,456	43,859
Health insurance	37,376	36,527
Per diem	1,781	605
	<u><b>1,538,964</b></u>	<u><b>1,608,510</b></u>

The American University in Kosovo Foundation Inc. (“AUKF-NY”) provides technical assistance to RIT Kosovo (A.U.K) in the form of recruiting and employing American and other qualified international staff to deliver programs at the RIT Kosovo (A.U.K) through AUKF-NY, which is a separate legal entity from RIT Kosovo (A.U.K). During the year ended 30 June 2017, an amount of EUR 313,989 (2016: EUR 390,200) represents the cost of such international technical assistance services.

The number of employees as at 30 June 2017 is 149 (2016: 164).

**16. Academic consulting fees**

These fees represent amounts paid to the Rochester Institute of Technology (“RIT”), a United States education corporation for undergraduate and graduate programs. These fees are in accordance with the terms of an agreement dated 21 January 2013 between RIT Kosovo (A.U.K) and RIT for the provision of experts and certain specific educational services by RIT to RIT Kosovo (A.U.K).

**17. Training and Development Institute Direct costs (‘TDI’)**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
IT, Business and Management Courses	177,806	155,034
<b>Total</b>	<u><b>177,806</b></u>	<u><b>155,034</b></u>

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**18. Other operating expenses**

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Special programs/Summer Program	136,098	122,889
Depreciation	192,374	254,877
Marketing costs	75,211	65,941
Repairs and maintenance	70,620	69,041
Security costs	76,523	76,046
Telephone and internet	34,928	35,810
Utilities	39,437	41,432
U.S.A. office costs	15,993	42,827
Academic events	38,456	30,961
Office supplies	27,292	25,352
Audit and legal fees	32,528	24,068
Amortisation	1,323	14,539
Travel expenses	17,226	19,878
Energy and fuel costs	12,188	7,873
Admission test fee	2,328	535
Faculty housing costs	600	800
Loss from disposal of property and equipment	-	6,334
Other expenses	44,908	46,510
Total	<u><b>818,033</b></u>	<u><b>885,713</b></u>

**19. Related party disclosure**

Related parties include AUKF-NY, Board of Trustees and key management. Transactions with key management personnel are summarized below, while for transactions with AUKF-NY refer to Note 15.

	<b>Year ended 30 June 2017</b>	<b>Year ended 30 June 2016</b>
Key management compensation	<u>166,436</u>	<u>195,949</u>

The remuneration of the President is determined by the Board of Directors having regard to the performance of the individual and market trends.

Included in accounts payable as at 30 June 2016 are EUR 331 which relate to key management personnel compensations. There were no such payables at 30 June 2017.

Grant income includes an amount of EUR 74,705 (2016: EUR 23,266) donated by members of RIT Kosovo (A.U.K) Board of Trustees and management.

**20. Germia campus premises**

Pursuant to a Memorandum of Understanding signed between RIT Kosovo (A.U.K) and the Ministry of Education, Science and Technology of Kosovo, followed by a contract between RIT Kosovo (A.U.K) and the Municipality of Pristina, RIT Kosovo (A.U.K) 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 RIT Kosovo (A.U.K) 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.

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**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:

	<b>30 June 2017</b>	<b>30 June 2016</b>
Accounts receivable and other assets	169,437	182,120
Deposits	860,850	1,184,741
Cash and balances with banks	1,140,500	826,819
<b>As at 30 June</b>	<b><u>2,170,787</u></b>	<b><u>2,193,680</u></b>

*(ii) Management of credit risk*

RIT Kosovo (A.U.K) is exposed to credit risk in respect of tuition fees receivable from its students. RIT Kosovo (A.U.K) manages its credit risk by continuously monitoring the collectability of its receivables. The aging of receivables and related impairment allowances are detailed in note 5.

**(b) Liquidity risk**

Liquidity risk is the risk that the RIT Kosovo (A.U.K) will not be able to meet its financial obligations as they fall due. RIT Kosovo (A.U.K)'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.

RIT Kosovo (A.U.K) monitors its liquidity on a periodic basis in order to manage its obligations as and when they become due.

The remaining maturities of financial assets and liabilities as at 30 June 2017 and 2016 are as follows:

	<b>Carrying Amounts</b>	<b>6 Months or less</b>	<b>6-12 months</b>	<b>More than 1 year</b>
<i>Financial assets</i>				
Accounts receivable and other assets	169,437	169,437	-	-
Deposits	860,850	860,850	-	-
Cash and balances with banks	1,140,500	1,140,500	-	-
	<b><u>2,170,787</u></b>	<b><u>2,170,787</u></b>	-	-
<i>Financial liabilities</i>				
Scholarship fund	(46,184)	(46,184)	-	-
Accounts payable and accrued expenses	(68,795)	(68,795)	-	-
	<b><u>(114,979)</u></b>	<b><u>(114,979)</u></b>	-	-
<b>Liquidity gap at 30 June 2017</b>	<b><u>2,055,808</u></b>	<b><u>2,055,808</u></b>	-	-

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**21. Financial instruments (continued)**

**(b) Liquidity risk (continued)**

	<b>Carrying Amounts</b>	<b>6 Months or less</b>	<b>6-12 months</b>	<b>More than 1 year</b>
<i>Financial assets</i>				
Accounts receivable and other assets	182,120	182,120	-	-
Deposits	1,184,741	1,184,741	-	-
Cash and balances with banks	826,819	826,819	-	-
	<b>2,193,680</b>	<b>2,193,680</b>	-	-
<i>Financial liabilities</i>				
Scholarship fund	(74,757)	(74,757)	-	-
Accounts payable and accrued expenses	(135,705)	(135,705)	-	-
	<b>(210,462)</b>	<b>(210,462)</b>	-	-
<b>Liquidity gap at 30 June 2016</b>	<b>1,983,218</b>	<b>1,983,218</b>	-	-

**(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. Currency risk is managed through using assets/liabilities matching principles.

Foreign currency risk relates to cash, balances with banks and deposits with AUKF-NY that are denominated in USD. AUK does not use any derivative instrument to hedge its foreign currency risk. The RIT Kosovo (A.U.K)'s exposure to foreign currency risk as translated in EUR is as follows:

	<b>30 June 2017</b>		<b>30 June 2016</b>	
	<b>(in EUR)</b>	<b>(in USD)</b>	<b>(in EUR)</b>	<b>(in USD)</b>
Accounts receivable and other assets	169,437	-	182,120	-
Deposits	181,158	679,692	151,733	1,033,008
Cash and balances with banks	1,132,054	8,446	747,079	79,740
	<b>1,482,649</b>	<b>688,138</b>	<b>1,080,932</b>	<b>1,112,748</b>
Scholarship fund	(46,184)	-	(74,757)	-
Accounts payable and accrued expenses	(68,795)	-	(135,705)	-
<b>As at 30 June</b>	<b>1,367,670</b>	<b>688,138</b>	<b>870,470</b>	<b>1,112,748</b>

An analysis of RIT Kosovo (A.U.K)'s sensitivity to an increase or decrease in the exchange rate for USD is as follows:

	<b>2017</b>	<b>2016</b>
Sensitivity rates	5%	5%
<b>Profit or (loss)</b>		
<b>+5% of Euro</b>	34,407	55,637
<b>- 5% of Euro</b>	(34,407)	(55,637)

**RIT Kosovo (A.U.K) – College (previously named AUK – THE AMERICAN COLLEGE OF KOSOVO)**

**Notes to the Financial Statements for the year ended 30 June 2017**

(Amounts in Euro, unless otherwise stated)

**21. Financial instruments (continued)**

**(d) Interest rate risk**

RIT Kosovo (A.U.K) generates interest income from short term investments. Below is the analysis of financial assets and liabilities:

	30 June 2017			30 June 2016		
	Interest bearing	Non-interest bearing	Total	Interest bearing	Non-interest bearing	Total
<b>Assets</b>						
Accounts receivable and other assets	-	169,437	169,437	-	182,120	182,120
Deposits	-	860,850	860,850	-	1,184,741	1,184,741
Cash and balances with banks	701,051	439,449	1,140,500	475,922	350,897	826,819
	<b>701,051</b>	<b>1,469,736</b>	<b>2,170,787</b>	<b>475,922</b>	<b>1,717,758</b>	<b>2,193,680</b>
<b>Liabilities</b>						
Scholarship fund	-	46,184	46,184	-	74,757	74,757
Accounts payable and accrued expenses	-	68,795	68,795	-	135,705	135,705
	-	<b>114,979</b>	<b>114,979</b>	-	<b>210,462</b>	<b>210,462</b>

An analysis of RIT Kosovo (A.U.K)'s sensitivity 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:

<b>Year ended 30 June 2017</b>		
	100 bp Increase	100 bp Decrease
Estimated Profit (loss) effect	7,011	(7,011)
<b>Year ended 30 June 2016</b>		
	100 bp Increase	100 bp Decrease
Estimated Profit (loss) effect	4,759	(4,759)

**(e) Fair value of financial instruments**

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

**22. Commitments and contingencies**

RIT Kosovo (A.U.K) has no commitments and contingencies as at the 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.