RIT Kosovo (A.U.K) – College

Financial Statements prepared in accordance with International Financial Reporting Standards

For the year ended 30 June 2021

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Independent Auditor's Report

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

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RIT Kosovo A.U.K. College (the "Organization") as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Organization`s financial statements comprise:

- the statement of financial position as at 30 June 2021;
- the statement of financial performance for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kosovo Council for Financial Reporting (KCFR) that are relevant to our audit of the financial statements in the Republic of Kosovo. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KCFR.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 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 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 management 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.

PricewaterhouseCoopers Kosovo Sh.p.k.

PricewaterhouseCoopers Kosovo SH.P.K.

30 September 2021

Prishtina, Kosovo

Statement of financial position

(amounts in EUR, unless otherwise stated)

	Notes	30 June 2021	30 June 2020
Assets			
Non-current assets			
Property and equipment	7	6,494,477	6,637,473
Financial assets at fair value	8	894,507	-
Total non-current assets		**7,388,984**	**6,637,473**
Current assets			
Accounts receivable and other assets	9	147,501	151,781
Cash and cash equivalents	10	2,621,451	2,667,439
Total current assets		**2,768,952**	**2,819,220**
Total assets		**10,157,936**	**9,456,693**
Liabilities			
Non-current liabilities			
Deferred income: Donated assets	7	6,159,844	6,302,649
Total non-current liabilities		**6,159,844**	**6,302,649**
Current liabilities			
Scholarship fund payable		171,660	162,010
Deferred income: Tuition fees	11	502,233	567,236
Accounts payable and accrued expenses		431,393	110,413
Total current liabilities		**1,105,286**	**839,659**
Total liabilities		**7,265,130**	**7,142,308**
Net assets		**2,892,806**	**2,314,385**

These financial statements were approved for issuance by the Board of Trustees and signed on its behalf on 30 September 2021:

Mr. Kamal Shahrabi
President and Dean of Faculty

Mrs. Flutra Pushka Emini
Chief Finance and Administration Officer

(amounts in EUR, unless otherwise stated)

	Notes	30 June 2021	30 June 2020
Income			
Fee income	12	2,882,588	2,350,741
Income from special programs and other income	13	70,529	341,354
Grants and donation income	14	179,984	183,365
Interest income		6,028	2,297
Total income		**3,139,129**	**2,877,757**
Expenses			
Staff salaries and benefits	15	(1,216,737)	(1,156,448)
Academic consulting fees	16	(633,704)	(761,709)
Training and Development Institute Direct costs (‘TDI’)	17	(77,046)	(147,770)
Other operating expenses	18	(593,198)	(707,973)
Credit losses release/(charge)	9	16,225	(41,047)
Finance cost		(10,554)	-
Foreign exchange (losses)/gains, net		(45,694)	34,486
Total expenses		**(2,560,708)**	**(2,780,461)**
Surplus for the year		**578,421**	**97,296**

The notes on pages 4 to 18 are an integral part of these financial statements

(amounts in EUR, unless otherwise stated)

	Notes	30 June 2021	30 June 2020
Cash flows from operating activities			
Surplus for the year		**578,421**	**97,296**
Adjustments for:			
Depreciation of property and equipment	7	289,643	290,531
Loss/(gain) from disposal of property and equipment		2,089	(70)
Credit losses (release)/charge	9	(16,225)	41,047
Interest income		(6,028)	(2,297)
Finance cost		10,554	-
		858,454	**426,507**
Operating cash flows before working capital changes			
Change in accounts receivable and other assets		20,505	1,652
Change in deferred income: Donated assets		(142,806)	(142,985)
Change in scholarship fund		9,650	(42,302)
Change in deferred tuition fees		(65,003)	185,574
Change in accounts payable and accrued expenses		320,980	(625)
Net cash from operating activities		**1,001,780**	**427,821**
Cash flows used in investing activities			
Purchases of property and equipment		(151,775)	(92,724)
Proceeds from disposal of property and equipment		3,040	400
Financial assets at fair value		(894,507)	-
Unrealized loss from investments		(10,554)	-
Interest received		6,028	2,297
Net cash used in investing activities		**(1,047,768)**	**(90,027)**
Net change in cash and cash equivalents		**(45,988)**	**337,794**
Cash and cash equivalents at the beginning of the year	10	2,667,440	2,329,645
Cash and cash equivalents at the end of the year	10	**2,621,452**	**2,667,439**

The notes on pages 4 to 18 are an integral part of these financial statements

1. General information

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 30 June 2021 for RIT Kosovo (A.U.K) College ("RIT Kosovo" or "AUK" or the "Organization").

RIT Kosovo, 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, later replaced by Law No. 06/L-043 "On freedom of association in non-governmental organizations" entered into force on May 2019.

RIT KOSOVO (A.U.K) was founded for the purpose of establishing and supporting the 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) has established a four-year program in English language which is accredited in Kosovo. RIT KOSOVO (A.U.K) offers studies in collaboration with Rochester Institute of Technology ("RIT"), a private research university in the United States of America, which offers undergraduate and graduate degrees, including doctoral and professional degrees and online masters as well. The Board of Trustees of RIT Kosovo (A.U.K) is composed of seventeen members.

American University in Kosovo Foundation Inc. (AUKF Inc.) was created to help advance education and science by seeking the help and contribution of society in general, both the private and public sectors, with the aim of creating, supporting and operating RIT Kosovo (AUK) College. AUKF Inc. contracts international academic staff so that they teach at RIT Kosovo (A.U.K) College.

The American University in Kosovo Foundation in New York provides technical assistance to the American University in Kosovo Foundation Inc. in the form of recruiting as well as hiring qualified international staff from America as well as from other countries, in order to offer programs at RIT Kosovo (A.U.K.) College.

As the three organizations share common objectives, the assets, liabilities, income and expenses of the three entities are included in these financial statements.

Registered address and place of operation. The entity's registered address is Shpëtim Robaj Street NN, 10000 Pristina, Republic of Kosovo.

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

2. Operating Environment of the Company

On March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Kosovar authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Kosovo and have negatively impacted, and could continue to negatively impact businesses, market participants, as well as the Kosovo and global economy for an unknown period of time.

Despite the challenges and difficulties imposed by Covid-19 during 2020 and 2021, the Organization was able to maintain its operations and continued to deliver classes to its existing students and increase the number of the freshmen, which in turn helped the Organization improve its financial performance.

Nevertheless, the future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results.

3. Significant accounting policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. Management relied on their own judgment when applying the accounting policies of the Organization. The elements of the financial statements whose presentation includes higher degree of judgement or subjectivity and for which the assumptions and judgments have higher influence are separately disclosed in Note 4.

Foreign currency translation. The functional currency of the Organization is the currency of the primary economic environment in which the entity operates. The functional currency and presentation currency of the Organization is Euro ("EUR"), which is the primary currency in the Republic of Kosovo since 1 January 2002.

Transaction and balances. Foreign currency transactions are transactions undertaken by the Organization in a currency other than in its functional currency. Foreign currency transactions are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in statement of financial performance. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in statement of financial performance.

ii. Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Organization, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in statement of financial performance as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in statement of financial performance using the straight line method, and the useful lives are as follows:

• Donated assets (land and building)	50 years
• Leasehold improvements	10 years
• Computers and related equipment	3 years
• Laptops	4 years
• Furniture, fixtures and equipment	5 years
• Vehicles	5 years

3. Significant accounting policies (continued)

The premises of the campus together with the land where they are located and leasehold improvements are depreciated over 50 years and 10 years respectively, which is the shorter of the lease term and their useful lives. The useful lives, depreciation methods, and residual values if significant, are reviewed at each reporting date and revised if appropriate.

Financial instruments key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flow of variable interest instruments to the next interest reprising date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

(i) Recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

3. Significant accounting policies (continued)

(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.

On the other hand, the Organization derecognizes financial liabilities when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(iii) Offset

Financial assets and liabilities are offset and the net amount is 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 for the presentation of gains or losses from a group of similar transactions.

(iv) Measurement

Financial instruments of RIT Kosovo (A.U.K) comprise: (1) cash and cash equivalents; (2) financial assets at fair value; (3) trade and other receivables; and (4) trade and other payables

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Grants related to assets. RIT Kosovo (A.U.K) has elected to treat "Germia campus" which is used by RIT Kosovo (A.U.K) as the educational facility, as government grant in the form of a non-monetary asset. RIT Kosovo (A.U.K) measures both the item of property and the land at nominal value. Asset-linked grants are presented on 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. 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 statement of financial performance 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 statement of financial performance as Grant income on a systematic basis in the periods in which the expenses are recognised.

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 recognized at their fair value and presented as liabilities in the statement of financial position, they are then recognised in statement of financial performance as tuition income on a systematic basis over the period of scholarship awarded to students.

Prepayments. Prepayments are carried at cost less provision for impairment, if any. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Organization has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Organization.

3. Significant accounting policies (continued)

Other prepayments are written off in the statement of financial performance when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in statement of financial performance for the year.

Revenue recognition. Revenue is income arising in the course of the Organization's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for rendering promised services to a student. Revenue is recognised net of discounts.

Services – tuition fees
Revenue from tuition fee is recognised in statement of financial performance over the period of the relevant tuition course in proportion to the stage of completion of the transaction at the reporting date.

If the payments made by the students exceed the tuition fee for the respective semester or the academic year, a liability is recognized in the Statement of Financial Position.

Services – training and development institute
Training and Development Institute ("TDI") is a continuing education department within RIT Kosovo (A.U.K) offering professional development of individuals, advancement of learning methods and contents, business support, linking of university expertise with business community and certification of skills with international recognized standards. Revenue from training and development institute is recognised in statement of financial performance over the period of the courses organized in proportion to the stage of completion of the transaction at the reporting date.

Grant income
Grants are recognised in statement of financial performance on a systematic basis over the periods in which the Organization recognises as expenses the related costs for which the grants are intended to compensate. The way a grant is received does not affect the accounting method to be adopted in regard to the grant. Thus, a grant is accounted for in the same manner whether it is received in cash or as a reduction of a liability towards the counterparty.
Services – others
Revenue from dorms, rent, donated assets etc. are recognised in statement of financial performance over the period the services are provided in proportion to the stage of completion of the transaction at the reporting date.

Financial income and costs. Finance income comprises interest income on balances with banks. Interest income is recognized as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Employees Benefits. The Organization only makes contributions to the publicly administered pension plan. The Kosovo Pension Saving Trust (KPST), as required by the law. RIT Kosovo (A.U.K) has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Provisions. 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.

Taxes. 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 value added tax.

4. Critical accounting estimates and judgments

The Organization makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year.
Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of trade and other receivables. RIT Kosovo (A.U.K.) applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all tuition fees receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over four years period, while all students were considered as a group who share similar credit risk characteristics. The corresponding historical credit losses experienced within this period for student category is then calculated.
The credit loss allowance for tuition fees receivable is determined according to provision matrix, the loss rates and expected credit losses are presented in the table below. The provision matrix is based on the number of days that an asset is past due, the effect of forward-looking information is considered as insignificant.

Tuition receivables	Loss rate	Gross carrying amount	Lifetime ECL
Not past due	0%	-	-
1 – 30 Days past due	0%	-	-
31 – 90 Days past due	23%	27,176	6,137
91 – 180 Days past due	38%	80,331	30,298
181 – 360 Days past due	33%	71,394	23,324
Over 360 days past due	100%	179,075	179,075
Total		**357,976**	**238,834**

5. Adoption of new and revised standards and interpretations

COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020. The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.
The application of the amendment did not have any impact on the right-of-use asset nor lease liabilities.

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Organization:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

6. New accounting pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Branch has not early adopted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022);
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023);
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023); and
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

7. Property and equipment

	Land and building	Leasehold improvements	IT equipment	Furniture & equipment	Vehicles	Laptops	Total
Cost							
As at 1 July 2019	**6,464,519**	**1,009,390**	**522,633**	**168,030**	**40,364**	**314,151**	**8,519,087**
Additions	-	-	4,939	4,264	-	83,520	92,723
Disposals	-	-	-	(3,078)	-	(45,717)	(48,795)
As at 30 June 2020	**6,464,519**	**1,009,390**	**527,572**	**169,216**	**40,364**	**351,954**	**8,563,015**
Additions	-	-	29,893	4,082	-	117,800	151,775
Disposals	-	-	(1,099)	(6,332)	-	(50,917)	(58,348)
As at 30 June 2021	**6,464,519**	**1,009,390**	**556,366**	**166,966**	**40,364**	**418,837**	**8,656,442**
Accumulated depreciation							
As at 1 July 2019	**64,645**	**857,319**	**435,053**	**126,361**	**25,176**	**174,922**	**1,683,476**
Charge for the year	129,290	19,997	40,068	16,066	4,383	80,727	290,531
Disposals	-	-	-	(3,078)	-	(45,387)	(48,465)
As at 30 June 2020	**193,935**	**877,316**	**475,121**	**139,349**	**29,559**	**210,262**	**1,925,542**
Charge for the year	129,290	17,258	39,350	12,149	4,154	87,442	289,643
Disposals	-	-	(702)	(6,332)	-	(46,185)	(53,219)
As at 30 June 2021	**323,225**	**894,574**	**513,769**	**145,166**	**33,713**	**251,519**	**2,161,966**
Net book value							
As at 30 June 2020	**6,270,584**	**132,074**	**52,451**	**29,867**	**10,805**	**141,692**	**6,637,473**
As at 30 June 2021	**6,141,294**	**114,816**	**42,597**	**21,800**	**6,651**	**167,318**	**6,494,476**

7. Property and equipment (continued)

7.1. Deferred income related to donated assets

	30 June 2021	30 June 2020
Balance as at 1 July	6,302,649	6,445,634
Donation received during the year	5,250	-
Release to income during the year	(148,055)	(142,985)
Balance as at 30 June	**6,159,844**	**6,302,649**

From 1 January 2019, following a decision taken from the Assembly of the Municipality of Prishtina, to renew the Organizations right to use the premises of the Campus for another 50 years, management decided to revise the fair value of the Land and Building based on the valuation report performed by an independent external valuation specialist and measure it subsequently at cost. Previously, the nominal value of the asset was measured to be zero. From 1 January 2019 the revised value of the Land and Premises of the Campus in amount of EUR 6,514,013 is reduced each year by the depreciation amount calculated on a straight-line basis over 50 years.

8. Financial assets at fair value

The table below discloses investments in equity securities at 30 June 2021 by measurement categories and classes:

Investments in mutual funds	894,508
Total financial assets at fair value	**894,508**

Equity securities at FVTPL represent securities held for trading and other equity securities for which FVOCI election was not made on initial recognition. At 30 June 2021 no securities have been pledged to third parties as collateral.

9. Accounts receivable and other assets

	30 June 2021	30 June 2020
Tuition fees receivable	357,976	317,675
Training and Development Institute (“TDI”) receivables	9,614	21,609
Advances	14,781	34,812
Other receivables	3,964	38,077
Total gross receivables	**386,335**	**412,173**
Allowance for expected credit losses	(238,834)	(260,392)
Total net receivables	**147,501**	**151,781**

The ageing of tuition fees receivable is as follows:

	30 June 2021	30 June 2020
Not past due	-	-
Between 1 and 30 days past due	-	-
Between 31 and 90 days past due	27,176	29,903
Between 91 and 180 days past due	80,331	74,308
Between 181 and 360 days past due	71,394	29,968
More than 360 days past due	179,075	183,496
Tuition fees receivable, gross	**357,976**	**317,675**
Less: Allowance for Expected Credit Losses	(238,834)	(260,392)
Tuition fees receivable, net	**119,142**	**57,283**

The Organization believes that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour, ageing and counterparties credit risk.

Details in regards of the method used and provision rates for impairment of trade receivables are disclosed in Note 4.

9. Accounts receivable and other assets (continued)

Movement in the impairment provision for trade and other receivables is as follows:

	30 June 2021	30 June 2020
Balance at beginning of the year	260,392	231,164
Credit losses (release)/charge	(16,225)	41,047
Recoveries for the year	(4,784)	(6,100)
Write offs	(549)	(5,719)
Balance at the end of the year	**238,834**	**260,392**

10. Cash and cash equivalents

Cash balances of RIT Kosovo (A.U.K.) as of 30 June 2021 and 30 June 2020 are comprised as follows:

	30 June 2021	30 June 2020
Cash at banks	2,620,434	2,667,138
Cash on hand	1,017	301
Total cash and cash equivalents	**2,621,451**	**2,667,439**

Cash and cash equivalents at banks consist of flexi deposits and current accounts held with some of the largest local and international banks. The credit risk rating of international banks has been presented in the table below, while for local banks which are part of international banking groups, credit risk rating of their respective banking group is presented.

Rating Agency	Long term credit rating	30 June 2021	30 June 2020
Fitch	B+	1,630,292	1,269,813
Standard and Poor's	A3	441,497	88,159
Moody	A3	320,500	262,922
Standard and Poor's	BBB+	143,430	901,707
Fitch	BBB	57,152	107,908
Fitch	A	21,805	-
Fitch	A-	5,758	36,629
Total		**2,620,434**	**2,667,138**

11. Deferred income: tuition fees

	30 June 2021	30 June 2020
Undergraduate	387,454	394,755
Summer program and special programs	52,262	80,356
Graduate	59,751	79,582
TDI	2,766	12,543
Total	**502,233**	**567,236**

Deferred income: Tuition fees comprise prepayments made by students for the upcoming classes.

12. Fee income

	30 June 2021	30 June 2020
Undergraduate program	2,986,029	2,560,155
Master program	147,513	5,018
TDI	130,731	168,892
Contribution to scholarship fund	(381,685)	(383,324)
Total	**2,882,588**	**2,350,741**

The contribution to scholarship fund is allocated by the Organization to provide scholarships to students who meet certain criteria. 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.

13. Income from special programs and other income

	30 June 2021	30 June 2020
Special programs	46,690	62,387
Special program – TDI	6,088	98,871
Income from dormitories	5,085	10,775
Recoveries from receivables	4,784	6,100
Income from rent	3,867	5,782
Net gain from disposal of equipment	253	70
Special Program - Summer Program	-	109,704
Other	3,762	47,665
Total	**70,529**	**341,354**

14. Grants and donations income

	30 June 2021	30 June 2020
Grants related to assets released to income (note 7.1)	148,056	142,985
Grants and donations	27,416	30,275
Grants received from related parties (note 23)	4,512	10,105
Total	**179,984**	**183,365**

15. Staff salaries and benefits

	30 June 2021	30 June 2020
Academic staff salaries	520,973	432,161
Administrative staff salaries	512,583	382,462
International academic salaries	68,955	136,821
Pension contributions	47,175	47,932
Special program salaries	32,523	68,020
TDI salaries	28,560	53,467
Health insurance	5,939	34,336
Per diem	29	1,249
Total	**1,216,737**	**1,156,448**

The number of employees as of 30 June 2021 is 72 (30 June 2020: 79).

16. Academic consulting fees

Fees of EUR 633,704 (2020: EUR 761,709) represent amounts paid to the Rochester Institute of Technology ("RIT"), a United States not for profit education institution for undergraduate and graduate programs. These fees are based on the agreement dated 1 April 2020 between the RIT Kosovo, AUKF and RIT GDC for the provision of experts and certain educational services provided by RIT to the Organization.

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

	30 June 2021	30 June 2020
IT, Business and Management Courses	77,046	147,770
Total	**77,046**	**147,770**

18. Other operating expense

	30 June 2021	30 June 2020
Depreciation	289,643	290,531
Security costs	58,029	59,475
Marketing costs	55,482	61,993
Repairs and maintenance	50,745	50,808
Utilities	24,819	29,319
Telephone and internet	20,030	23,669
Audit and legal fees	15,072	21,947
U.S.A. office costs	14,079	15,933
Office supplies	9,618	14,592
Bank charges	9,590	8,861
Property tax and insurance	7,449	11,038
Academic events	7,202	5,886
Energy and fuel costs	4,811	5,377
Special programs/Summer Program	2,113	56,421
Travel expenses	1,806	3,420
Representation	1,689	33,706
Admission test fee	-	2,580
Faculty housing costs	-	900
Other expenses	21,021	11,517
Total	**593,199**	**707,973**

19. 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 fifty years at the end of 2018 was taken by the Assembly of the Municipality of Pristina. As described in Note 3, both the asset and the grant are measured subsequently at amortised cost, while at inception the fair value has been determined by a certified independent external valuation specialist, engaged by the management. The asset will be depreciated on a straight-line basis over 50 years, which is the term that Municipality has approved.

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 the Organization were capitalised and included in leasehold improvements as shown in Note 7.

20. Financial risk management

The risk management function within the Organization is carried out in respect of financial risks, operational risks and legal risks. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks, while, financial risk comprises from the following:

(a) Credit risk
(b) Liquidity risk
(c) Market risks (including currency risk and interest rate risk)

This note presents information about the Organization's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management framework. The Board of Trustees has overall responsibility for the establishment and oversight of the Organization's risk management framework. The Board is responsible for developing and monitoring the Organization's risk management policies.

20. Financial risk management (continued)

The Organization's risk management policies are established to identify and analyse the risks faced by the Organization, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Organization, through management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The management of the Organization performs frequent monitoring over all positions of assets and liabilities, income and expenses, applying the best practices. The management, based on this analysis on profitability, liquidity and the cost of funds, implements measures in respect to credit, market and liquidity risk, thus limiting the possible negative effects from external financial uncertainty. In this way the Organization responds to the challenges of the market environment, maintaining a stable capital and liquidity position.

(a) Credit risk

The Organization takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Organization's rendering of services on credit terms and other transactions with counterparties giving rise to financial assets.

Credit risk management. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks, as shown in Note 10.
The Organization's maximum exposure to credit risk by class of assets is as below:

	30 June 2021	30 June 2020
Cash and cash equivalents (Note 10)	2,621,451	2,667,439
Financial assets at fair value	894,508	-
Accounts receivable (Note 9)	132,720	116,969
Total maximum exposure to credit risk	**3,648,679**	**2,784,408**

(b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations from its financial liabilities.

i. Management of liquidity risk

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 severe conditions, without incurring unacceptable losses or risking damage to the Organization's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

30 June 2021	Contractual cash flows			
	Carrying amount	Up to 6 months	6 to 12 months	Over 1 year
Financial liabilities				
Accounts payables and accrued expenses	431,393	431,393	-	-
Total	**431,393**	**431,393**	-	-

30 June 2020	Contractual cash flows			
	Carrying amount	Up to 6 months	6 to 12 months	Over 1 year
Financial liabilities				
Accounts payables and accrued expenses	110,413	110,413	-	-
Total	**110,413**	**110,413**	-	-

Management believes that the Organization will be able to repay its liabilities using expected cash inflows generated from its main activity and donations received by different donors.

20. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. Exposure to foreign exchange 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's exposure to foreign currency risk as translated in EUR is as follows:

Assets denominated in USD	**30 June 2021**	**30 June 2020**
Cash at banks	185,870	792,912
Financial assets at fair value	894,508	-
Total exposure to foreign exchange risk	**1,080,378**	**792,912**

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

Change in statement of financial performance	**2021**	**2020**
+5% of Euro	54,019	39,646
- 5% of Euro	(54,019)	(39,646)

ii. Exposure to 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 2021			**30 June 2020**		
	Interest bearing	**Non–interest bearing**	**Total**	**Interest bearing**	**Non–interest bearing**	**Total**
Cash and cash equivalents	1,113,554	1,507,897	2,621,451	970,692	1,696,747	2,667,439
Financial assets at fair value	894,508	-	894,508	-	-	-
Accounts receivable	-	371,554	371,554	-	377,361	377,361
Total exposure to interest risk	**2,008,062**	**1,879,451**	**3,887,513**	**970,692**	**2,074,108**	**3,044,800**

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:

Change in statement of financial performance	**30 June 2021**	**30 June 2020**
100 bp increase	20,081	9,707
100 bp decrease	(20,081)	(9,707)

21. Fair value disclosures

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

21. Fair value disclosure (continued)

The tables below show the fair value of financial assets and liabilities not measured at fair value but for which fair value is disclosed as of 30 June 2021 and 30 June 2020:

30 June 2021	Note	Carrying amount	Fair Value
Cash and cash equivalents	10	2,621,451	2,621,451
Accounts receivable	9	371,554	371,554
Total		**2,993,005**	**2,993,005**

30 June 2020	Note	Carrying amount	Fair Value
Cash and cash equivalents	10	2,667,439	2,667,439
Accounts receivable	9	377,361	377,361
Total		**3,044,800**	**3,044,800**

Financial assets carried at amortized cost. As disclosed in the above table, the fair value of accounts receivable approximates carrying value because of their short-term nature.

Liabilities carried at amortized cost. The fair value of accounts payable is determined using valuation techniques. The estimated fair value is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of accounts payable is approximately equal to their carrying value due to their short-term nature.

22. Contingencies and commitments

Local tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Organization. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Local tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for six calendar years preceding the year when decisions about the review was made.

23. Related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The following table summarizes the related party's transactions and balances as of and for the years ended 30 June 2021 and 30 June 2020, respectively:

Statement of financial position	Nature of relationship	30 June 2021	30 June 2020
Liabilities			
Scholarship fund payable	Board of Trustees	49,375	10,381
Total		**49,375**	**10,381**
Statement of financial performance			
Income			
Scholarships	Board of Trustees	81,070	51,459
Grant income	Board of Trustees	4,512	10,105
Other income	Board of Trustees	1,094	5,732
Total		**86,676**	**67,296**
Expenses			
Personnel costs	Key management	330,721	151,042
Total		**330,721**	**151,042**

24. Events after the reporting period

The Government of Kosovo is closely monitoring the situation with Covid-19 in the country and depending on the number of infected people and the ones getting vaccinated, new measure might take place.
While this is still an evolving situation at the time of issuing these financial statements, to date there has been no discernible impact on the Organization's operations, and given the industry in which the Organization operates, no severe impact is expected. Nevertheless, it appears that the negative impact on global terms and on the Organization may be more severe than originally expected and management will continue to monitor the potential impact and will take all the steps possible to mitigate any effects, to the extent possible.
Other than this, there are no events after the reporting date that would require either adjustments or additional disclosures in the financial statements.