

KOSOVO PENSION SAVINGS TRUST OPERATIONS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

As at and for the year ended December 31, 2014

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Independent Auditors' Report

Grant Thornton LLC
Rr. Rexhep Mala 18
10 000 Prishtina
Kosovo

T +381 38 247 771
T +381 38 247 801
F +381 38 247 802
www.grant-thornton.com.mk

To the Board of Governors of Kosovo Pension Savings Trust

We have audited the accompanying financial statements of Kosovo Pension Savings Trust – Operations (the “KPST-O”), which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Kosovo Pension Savings Trust – Operations as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLC

GRANT THORNTON LLC

Pristina, Kosovo

April 14 2015

	Notes	As at December 31 2014	As at December 31 2013
		EUR	EUR
Assets			
Current Assets			
Cash in hand and at banks	4	1,293,109	888,141
Held to maturity investments	5	4,897,475	4,000,000
Account receivables	6	406,516	350,373
Prepaid expenses		20,479	45,151
		6,617,579	5,283,665
Fixed Assets			
Property, plant and equipment	7	146,182	159,566
Intangible assets	8	193,236	233,691
		339,418	393,257
Total assets		6,956,997	5,676,922
Liabilities			
Current Liabilities			
Accounts payable		870,638	629,542
		870,638	629,542
Net assets attributable to KPST Operations		6,086,359	5,047,380

Authorised for issue by the Governing Board and Management of KPST and signed on their behalf on April 14, 2015.





Dr. Prof. Ymer Havolli
 Chairperson of the Board

Mr. Adrian Zalli
 Managing Director



Mr. Vërshim Hatipi
 Deputy Director - Finance and IT

The accompanying notes from 1 to 16 form an integral part of these financial statements

	Notes	Year ended December 31 2014	Year ended December 31 2013
		EUR	EUR
Income			
Fees charged on pension assets	10	5,269,319	4,599,464
Other income	11	273,510	314,706
Total income		5,542,829	4,914,170
Expenses			
<i>Investment expenses</i>			
Open-end vehicle net fees	12	(3,039,313)	(2,836,938)
CBK transfer and maintenance charges		(53,244)	(30,422)
Brokerage, custody and pledge expenses		(11,487)	(25,508)
		(3,104,044)	(2,892,868)
<i>Operational expenses</i>			
Governing Board expenses	13	(177,863)	(147,914)
Staff costs	14	(521,541)	(522,970)
Account statements and correspondence		(300,707)	(112,094)
Office operating expenses		(82,631)	(88,529)
Public education and advertising		(33,824)	(19,901)
Software maintenance		(54,525)	(36,271)
CBK supervision charges		(7,755)	(15,539)
Depreciation and amortisation	7-8	(144,257)	(103,319)
Professional services/Contractors/Consultants	15	(9,952)	(2,920)
External audit		(9,900)	(9,900)
Disaster recovery - rent and other associated costs		(17,177)	(8,616)
Meetings and conferences		(937)	(808)
Communication		(11,662)	(8,860)
Bank charges		(8,440)	(3,982)
Other costs		(16,135)	(13,851)
		(1,397,306)	(1,095,474)
Total expenses		(4,501,350)	(3,988,342)
Surplus for the year		1,041,479	925,828

The accompanying notes from 1 to 16 form an integral part of these financial statements

	Notes	Surplus	Reserve	Total
		EUR	EUR	EUR
As at January 1, 2013		7,121,552	-	7,121,552
Surplus for the year		925,828	-	925,828
Transfers to reserves		(5,000,000)	5,000,000	-
Return of surplus to KPST-PA		(3,000,000)	-	(3,000,000)
As at December 31, 2013		47,380	5,000,000	5,047,380
Surplus for the year	9	1,041,479	-	1,041,479
Donations		(2,500)	-	(2,500)
As at December 31, 2014		1,086,359	5,000,000	6,086,359

The accompanying notes from 1 to 16 form an integral part of these financial statements

	Notes	Year ended December 31 2014	Year ended December 31 2013
		EUR	EUR
Cash flows from operating activities			
Surplus for the year		1,041,479	925,828
Adjustments for:			
Depreciation and amortisation	7-8	144,257	103,319
		1,185,736	1,029,147
Changes in operating assets and liabilities:			
Increase in accounts payable / accruals		241,096	146,140
(Increase) Decrease in accounts receivable / prepaid expenses		(31,471)	174,418
Net cash flows from operating activities		1,395,361	1,349,705
Cash flows from investing activities			
Purchase of equipment		(58,624)	(144,208)
Purchase of software and licenses		(31,794)	(53,966)
(Increase) Decrease in held to maturity investments		(897,475)	2,000,000
Net cash flows from investing activities		(987,893)	1,801,826
Cash flows from financing activities			
Return of surplus to KPST-PA		-	(3,000,000)
Donations		(2,500)	-
Net cash flows from financing activities		(2,500)	(3,000,000)
Increase in cash and cash equivalents		404,968	151,531
Cash and cash equivalents at the start of the year		888,141	736,610
Cash and cash equivalents at the end of the year	4	1,293,109	888,141

The accompanying notes from 1 to 16 form an integral part of these financial statements

1 GENERAL

The Kosovo Pension Savings Trust (hereinafter "KPST"), registered at address: Rr. Agim Ramadani No. 10, 10000 Prishtina, Republic of Kosovo, with registration number 90000225; was created by UNMIK Regulation 2001/35 on 22 December 2001, later amended to Regulation No. 2005/20, further amended by Law No. 03/L-084 of the Republic of Kosovo, further amended by Law No. 04/L-101 of the Republic of Kosovo, the latter complemented by additions and changes of Law No. 04/L-168; as a not-for-profit, financial institution whose sole and exclusive purpose is to administer and manage individual accounts for savings pensions, assuring the prudent investment and custody of pension assets, and paying the proceeds of individual accounts to purchase annuities for savings pensions, as management trustee acting on behalf of participants' and beneficiaries.

Law No. 04/L-101 provides for a pension savings program, funded by contributions of both employees and their employers, and administered and invested through the KPST. Under this defined contribution system, all employed residents of Kosovo and their employers are required to make pension contributions (except for foreign employees with temporary stay in Kosovo). KPST is maintaining individual accounts for each participant to which contributions as well as investment returns are credited.

The KPST is overseen by a Board of Governors, which is comprised of investment and pension experts, as well as employee and employer representatives from Kosovo. One non-voting member represents the interests of the Government.

A Director and 25 permanent staff members managed the day to day operations of the KPST during 2014 (2013: Director and 25 permanent staff members).

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of KPST-O have been prepared in accordance International Financial Reporting Standards ("IFRS").

2.2 Basis of preparation

KPST-O maintains its accounting records and prepares its statutory financial statements under the historical cost convention. Current and comparative data stated in these financial statements are expressed in Euro, which is the functional and presentation currency of KPST-O. Where necessary, comparative figures have been reclassified in order to conform to the current year presentation.

2.3 Changes in accounting policies and disclosures

2.3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

IFRIC 21 'Levies'

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date;
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has no material effect on the KPST-O financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2014 (continued)

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off';
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the KPST-O does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the KPST-O financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made;
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments are applied retrospectively in accordance with their transitional provisions.

The application of IAS 36 does not impact KPST-O financial statements.

2.3.2 Early adoption of 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)'

The amendments to IAS 19 made a number of changes to the accounting for employee benefits. These amendments are effective for annual periods beginning on or after 1 July 2014 and:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties;
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

The application of IAS 19 does not impact KPST-O financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by KPST-O

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by KPST-O.

Management anticipates that all of the relevant pronouncements will be adopted in KPST-O accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to KPST-O financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on KPST-O financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

KPST-O management has yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The application of IFRS 15 does not impact KPST-O financial statements.

Amendments to IFRS 11 'Joint Arrangements'

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

The application of IFRS 11 does not impact KPST-O financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Fees are accrued on daily basis by charging specified rates on the gross daily pension assets.

Interest on bank deposits is recognised on accrual basis.

3.2 Property, plant and equipment

Property, plant and equipment of KPST-O consist of: Computers and related equipment; Furniture, fixtures and related equipment; Other office equipment; and Motor vehicles; which are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets using the following rates:

Computer and related equipment - 33%
Furniture, fixtures and equipment - 20%
Other office equipment - 20%
Motor vehicles - 20%.

3.3 Intangible assets

Intangible assets comprise of licensed computer software. These are initially stated at cost and subsequently at their cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recorded when these assets are available for use using straight-line basis whereby the cost of an intangible asset is written off over its estimated useful life using the following rates:

Software - 20%
Licenses are amortised over the term of the license.

3.4 Financial instruments

Financial assets and liabilities carried on the statement of financial position include investments, cash, cash equivalents, receivables, and liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies included in this note. Financial instruments are classified as assets or liabilities in accordance with the substance of the related contractual arrangement. Interest, gains and losses relating to financial instruments classified as assets or liabilities are reported as income or expense. Financial instruments are offset when KPST-O has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Impairment of non-financial assets

The carrying value of non-financial assets is reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of such assets is the greater of the net selling price and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax-discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

Impairment losses are recognised in the statement of comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Investments

All purchases and sales of securities are recognised at the trade date. Trade date is the date on which KPST-O commits to purchase or sell the asset.

Held to maturity investments

Held to maturity investments are represented by deposits and investments with fixed or determinable payments and fixed maturity which KPST-O has the positive intent and ability to hold to maturity. Term deposits with original maturities of three months or less are classified as cash equivalents for the purpose of cash flow statement, whilst those with original maturities of more than three months are classified as held to maturity investments.

Interest is calculated on a time accrual basis and interest receivable is reflected in other receivables. Government or treasury bills and notes at the time of acquisition are valued at their discounted values with subsequent valuations done at amortised values.

Available for sale investments

Investment securities in the open-end mutual funds held by KPST-O are classified as available for sale. These investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

After the initial recognition, investments in available for sale securities are re-measured at fair value on the basis of quoted market prices at the close of trading on the reporting date.

Determining fair values

Fair value represents 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.

Financial instruments measured at fair value

The financial assets measured according to the fair value in the statement of financial position are presented in accordance with the hierarchy of the fair value. This hierarchy groups the financial assets and liabilities into three levels that are based on the significance of the incoming data used during the measurement of the fair value of the financial assets:

- Level 1: quoted prices (not adjusted) on the active markets for identical assets or liabilities;
- Level 2: other incoming data, aside from the quoted prices, included in Level 1 which are available for asset or liability observing, directly (i.e. as prices), or indirectly (i.e. made of prices); and
- Level 3: incoming data on the asset or liability that are not based on data available for market observing.

As of the reporting dates, there were no financial instruments of KPST-O measured at fair value. Due to the fact that absolute surplus liquidity of KPST-O is invested only in term deposits or Kosovo Treasury debt instruments, it is not exposed to any financial risks over and above the bankruptcy of banks in which term deposits are placed, or the country of Kosovo.

Impairment of financial assets

Impairment of investments is recognised in the statement of comprehensive income when there is a permanent diminution in their value.

3.7 Cash and cash equivalents

For cash flow purposes, cash and cash equivalents consist of cash with bank, cash in hand and short term deposits with an original maturity of three months or less.

3.8 Taxation

KPST as a trust fund is exempt from the payment of corporate profit taxes.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Pension costs

KPST-O makes no provision and has no obligation for employees' pensions over and above the contributions paid into the above mentioned pension scheme.

3.10 Significant estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Useful life of depreciable assets

Management reviewed the useful lives of depreciable assets at 31 December 2014. Management estimates the determined useful life of assets represents the expected usefulness (utility) of assets. The carrying values of such assets are analysed in Notes 7 and 8. However, the factual results may differ due to the technological obsolescence.

3.11 Financial risk management

3.11.1 Credit risk

Credit risk is the risk of financial loss to KPST-O if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from KPST-O deposits with banks, cash and cash equivalents, as well investments in Kosovo Treasury debt instruments.

3.11.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funds through adequate credit facilities and ability to collect timely - within the terms established - the amounts due from third parties.

The following table presents the remaining contractual maturities of financial assets and liabilities of KPST-O. The table is prepared on the basis of undiscounted cash flows.

	As at December 31 2014		As at December 31 2013	
	Current Up to 1 year	Non-current Over 1 year	Current Up to 1 year	Non-current Over 1 year
	EUR	EUR	EUR	EUR
Financial assets				
Cash in hand and at banks	1,293,109		888,141	-
Held to maturity investments	4,897,475		4,000,000	-
Account receivables	406,516		350,373	-
	6,597,100		5,238,514	-
Financial Liabilities				
Account payables	870,638		629,542	-
	870,638		629,542	-
Maturity gap	5,726,462		4,608,972	-

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial risk management (continued)

3.11.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the income of KPST-O or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising returns.

Foreign exchange risk

Assets and liabilities of KPST-O are not exposed to the foreign exchange rate movement since all of the transactions and balances are in local currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. KPST-O management is primarily responsible for monitoring daily the net interest rate risk position and it sets limits to reduce the potential of interest rate mismatch. At the financial position date KPST-O has no interest-bearing assets of a floating interest rate, or funds borrowed from local or foreign financial institutions.

	As at December 31 2014		As at December 31 2013	
	Assets	Liabilities	Assets	Liabilities
	EUR	EUR	EUR	EUR

Interest-bearing

Fixed rate

Held to maturity investments	4,897,475		4,000,000	-
Total	4,897,475		4,000,000	-

3.11.4 Financial instruments that are not presented at fair value

The following table summarises the carrying amounts and fair values to those financial assets and liabilities that are not presented in the Statement of financial position at their fair value as at December 31, 2014 and 2013.

	As at December 31 2014		As at December 31 2013	
	Carrying Value	Fair value	Carrying Value	Fair value
	EUR	EUR	EUR	EUR

Financial assets

Cash in hand and at banks	1,293,109	1,293,109	888,141	888,141
Held to maturity investments	4,897,475	4,897,475	4,000,000	4,000,000
Account receivables	406,516	406,516	350,373	350,373
	6,597,100	6,597,100	5,238,514	5,238,514

Financial Liabilities

Account payables	870,638	870,638	629,542	629,542
	870,638	870,638	629,542	629,542

4 CASH IN HAND AND AT BANKS

	As at December 31 2014	As at December 31 2013
	EUR	EUR
Raiffeisen Bank Kosovo - Current account	1,029,350	278,688
ProCredit Bank - Current account	134,279	481,482
NLB Prishtina - Current account	125,657	124,782
Raiffeisen Bank International (Austria) - Current account	3,414	2,673
Cash in hand	409	516
Total cash in hand and at banks	1,293,109	888,141

5 HELD TO MATURITY INVESTMENTS

	Notes	As at December 31 2014	As at December 31 2013
		EUR	EUR
Term deposits	5.1	-	4,000,000
Kosovo Treasury debt instruments	5.2	4,897,475	-
Total held to maturity investments		4,897,475	4,000,000

5.1 Term deposits

As of December 31, 2014 there were no term deposits placements. The balance of terms deposits as of December 31, 2013 of EUR 4,000,000 represented deposits with local banks with original maturity of 12 months which carried interest rates in the range of 2.63% -2.90% p.a. and which matured during year ending December 31, 2014.

5 HELD TO MATURITY INVESTMENTS (CONTINUED)

5.2 Kosovo Treasury debt instruments

	2014	2013
	EUR	EUR
As at January 1		-
Placements		
KV1102320237 T-Bill Mat. 20.11.2014 @0.95%	-	2,488,114
KV1105640563 T-Bill Mat. 09.12.2015 @2.20%	4,891,198	-
	4,891,198	2,488,114
Interest		
KV1102320237 T-Bill Mat. 20.11.2014 @0.95%	-	11,886
KV1105640563 T-Bill Mat. 09.12.2015 @2.20%	6,277	-
	6,277	11,886
Redemptions (upon maturity)		
KV1102320237 T-Bill Mat. 20.11.2014 @0.95%	-	(2,500,000)
	-	(2,500,000)
As at December 31	4,897,475	-

The Kosovo Treasury securities are not yet rated. It is the intention of the Governing Board to hold to maturity its investments of KPST-O in Kosovo Treasury debt instruments.

6 ACCOUNT RECEIVABLES

	As at December 31 2014	As at December 31 2013
	EUR	EUR
Receivables from KPST-PA	366,825	294,010
Rebates receivable from open-end funds	37,965	31,368
Other account receivables	1,726	24,995
Total account receivables	406,516	350,373

As at December 31, 2014 the balance of receivables from KPST-PA amounting EUR 366,825 (2013: EUR 294,010) relates to the fee charged on participants' accounts amounting EUR 319,203 (2013: EUR 292,357), as well as differences from refunds of erroneous contributions amounting EUR 47,622 (2013: EUR 1,653); which were not received as of reporting date.

7 PROPERTY, PLANT AND EQUIPMENT

	Computers and related equipment	Furniture, fixtures and equipment	Other office equipment	Motor Vehicles	Total
	EUR	EUR	EUR	EUR	EUR
Cost					
As at January 1, 2013	119,725	19,815	35,301	53,365	228,206
Additions for the year	128,525	1,639	14,044	-	144,208
Disposals for the year	(5,408)	(738)	(909)	-	(7,055)
As at December 31, 2013	242,842	20,716	48,436	53,365	365,359
Additions for the year	39,059	-	19,565	-	58,624
Disposals for the year	-	-	-	-	-
As at December 31, 2014	281,901	20,716	68,001	53,365	423,983
Accumulated depreciation					
As at January 1, 2013	(89,017)	(17,929)	(23,118)	(40,337)	(170,401)
Charge for the year	(31,562)	(1,131)	(5,156)	(4,598)	(42,447)
Eliminated through disposals	5,408	738	909	-	7,055
As at December 31, 2013	(115,171)	(18,322)	(27,365)	(44,935)	(205,793)
Charge for the year	(59,490)	(931)	(6,989)	(4,598)	(72,008)
Eliminated through disposals	-	-	-	-	-
As at December 31, 2014	(174,661)	(19,253)	(34,354)	(49,533)	(277,801)
Net book value					
As at December 31, 2014	107,240	1,463	33,647	3,832	146,182
	-	-	-	-	-
As at December 31, 2013	127,671	2,394	21,071	8,430	159,566

As at 31 December 2014 and 2013, there are no encumbrances over KPST-O assets.

8 INTANGIBLE ASSETS

	Software and Licenses
	EUR
Cost	
As at January 1, 2013	285,832
Additions for the year	53,966
Disposals for the year	-
As at December 31, 2013	339,798
Additions for the year	31,794
Disposals for the year	-
As at December 31, 2014	371,592
Accumulated amortisation	
As at January 1, 2013	(45,235)
Charge for the year	(60,872)
Eliminated through disposals	-
As at December 31, 2013	(106,107)
Charge for the year	(72,249)
Eliminated through disposals	-
As at December 31, 2014	(178,356)
Net book value	
As at December 31, 2014	193,236
As at December 31, 2013	233,691

9 SURPLUS

	Operational Activities	Investment Activities	Total
	EUR	EUR	EUR
Income for the year 2014			
Income from fees charged	1,292,475	3,976,844	5,269,319
Non-fee income	264,551	8,959	273,510
	1,557,026	3,985,803	5,542,829
Expenses for the year 2014	(1,397,306)	(3,104,044)	(4,501,350)
Surplus for the year 2014	159,720	881,759	1,041,479
Surplus at the start of the year	47,380	-	47,380
Donations	(2,500)	-	(2,500)
Surplus at the end of the year	204,600	881,759	1,086,359

In April 2014 the Governing Board decided to donate funds worth EUR 10,000 obtained through confiscating tender securities. These funds formed part of the surplus from operational activities at the start of the year. During the year ending December 31, 2014 funds amounting EUR 2,500 were donated to a single non-governmental organisation.

During 2013 the Governing Board decided to refund EUR 3,000,000 to contributors' pension assets (KPST-PA) from surpluses from joint and operational activities leaving a surplus balance of only EUR 47,380 as of December 31, 2013.

10 FEES CHARGED ON PENSION ASSETS

	Year ended December 31 2014	Year ended December 31 2013
	EUR	EUR
Fees charged for joint activities	-	1,796,645
Fees charged for investment activities	3,976,844	2,009,569
Fees charged for operational activities	1,292,475	793,250
Total fees charged on pension assets	5,269,319	4,599,464

Fees are accrued on daily basis according to the formula:

Fee = [Gross Participants' Assets] * [Rate] / [Number of calendar days in a year].

Total fees charged on gross participants' assets for the purpose of financing the activities of KPST-O for the year ended December 31, 2014 amounted EUR 5,269,319 (2013: EUR 4,599,464).

For the year ending December 31, 2014 fees charged in accordance with Law Nr. 04/L-168 were 0.40% p.a. for investment activities and 0.13% p.a. for operational activities. From May 20, 2013 and up to December 31, 2013 fees charged were 0.38% p.a. for investment activities and 0.15% p.a. for operational activities. From January 1, 2013 and up to May 20, 2013 joint fees of 0.60% p.a. (covering both investment and operational activities) were charged in accordance with Law Nr. 04/L-101. Fees are at all times approved by the Assembly of the Republic of Kosovo.

11 OTHER INCOME

	Year ended December 31 2014	Year ended December 31 2013
	EUR	EUR
Interest income on held to maturity investments	93,892	233,384
Differences from refunds of erroneous contributions	164,733	71,300
Other income from operational activities	5,926	10,022
Other income from investment activities	8,959	-
Total other income	273,510	314,706

12 OPEN-END VEHICLE NET FEES

	Year ended December 31 2014			Year ended December 31 2013		
	Gross fee	Rebate	Net fee	Gross fee	Rebate	Net fee
	EUR	EUR	EUR	EUR	EUR	EUR
Vanguard - GSIF	813,537	(390,498)	423,039	1,185,522	(789,074)	396,448
BNY Mellon - RRF	868,854	-	868,854	763,930	-	763,930
AXA – GILB	246,174	(30,762)	215,412	472,252	(39,207)	433,045
Schroders - SISF	508,375	-	508,375	453,392	-	453,392
Aquila - RP7	231,565	-	231,565	625,429	-	625,429
ECM – DEC	101,033	-	101,033	113,244	-	113,244
Nordea 1 - GSEF	81,464	-	81,464	-	-	-
Nordea 1 – SRF	232,940	-	232,940	-	-	-
KBI - IDPDEF	152,493	-	152,493	-	-	-
AXA - WFOI	61,130	-	61,130	-	-	-
Pictet - HDS	76,744	-	76,744	-	-	-
Tobam - ABWEF	86,264	-	86,264	-	-	-
State Street - EMIF	-	-	-	51,450	-	51,450
Total open-end vehicle net fees	3,460,573	(421,260)	3,039,313	3,665,219	(828,281)	2,836,938

13 GOVERNING BOARD EXPENSES

	Year ended December 31 2014	Year ended December 31 2013
	EUR	EUR
Trustees honoraria	99,799	90,403
Fiduciary Insurance	26,677	21,503
Meetings (Travel/Hotel/Other costs)	45,598	31,370
Employer's pension contributions	5,789	4,638
Total Governing Board expenses	177,863	147,914

14 STAFF COSTS

	Year ended December 31 2014	Year ended December 31 2013
	EUR	EUR
Staff salaries	404,895	397,020
Overtime, bonuses and retention fees	46,109	60,619
Employer's pension contributions	42,984	43,444
Staff training	4,613	3,573
Health insurance	7,930	6,225
Travel and other staff expenses	15,010	12,089
Total staff costs	521,541	522,970

15 PROFESSIONAL SERVICES/CONTRACTORS/CONSULTANTS

	Year ended December 31 2014	Year ended December 31 2013
	EUR	EUR
Translation and proofreading services	3,742	1,688
Design services	6,001	-
Notary/Legal services	209	1,200
Other	-	32
Total Professional services/Consultants/Contractors	9,952	2,920

16 EVENTS AFTER THE REPORTING PERIOD

For the first two months of 2015 the KPST-O has following financial data based on unaudited financial statements for those two months.

	As at February 28 2015
EUR	
Total assets	6,782,759
Current liabilities	(614,557)
Net assets attributable to KPST Operations	6,168,202

	For the period January 1 to February 28 2015
EUR	
Total income	975,736
Total expenses	(893,913)
Net surplus	81,823

On March 12, 2015 the Assembly of Kosovo approved investment fees of 0.40% p.a. of assets and operating fees of 0.085% p.a. of assets for the remainder of year ending December 31, 2015.

There are no additional subsequent events that require adjustment or further disclosure in the financial statements for the year ended December 31, 2014.