

KOSOVO PENSION SAVINGS TRUST OPERATIONS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

As at and for the year ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

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, 2015, 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 the 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, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



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Other Matter

The financial statements of Kosovo Pension Savings Trust – Operations for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on April 14, 2015.

Pristina, Kosovo
April 12, 2016

	Notes	As at December 31 2015	As at December 31 2014
		EUR	EUR
Assets			
<i>Current Assets</i>			
Cash in hand and at banks	4	374,974	1,293,109
Held to maturity investments	5	4,925,174	4,897,475
Account receivables	6	615,766	406,516
Prepaid expenses		40,448	20,479
		5,956,362	6,617,579
<i>Fixed Assets</i>			
Property, plant and equipment	7	91,180	146,182
Intangible assets	8	123,752	193,236
		214,932	339,418
Total assets		6,171,294	6,956,997
Liabilities			
<i>Current Liabilities</i>			
Accounts payable	9	931,480	870,638
		931,480	870,638
Net assets attributable to KPST Operations		5,239,814	6,086,359

Authorised for issue by the Governing Board and Management of KPST and signed on their behalf on April 12, 2016.

Prof. Dr. 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 17 form an integral part of these financial statements

	Notes	Year ended December 31 2015	Year ended December 31 2014
		EUR	EUR
Income			
Fees charged on pension assets	11	5,819,478	5,269,319
Other income	12	114,233	273,510
Total income		5,933,711	5,542,829
Expenses			
<i>Investment expenses</i>			
Open-end vehicle net fees	13	(4,423,748)	(3,039,313)
CBK transfer and maintenance charges		(9,138)	(53,244)
Brokerage, custody and pledge expenses		(9,887)	(11,487)
		(4,442,773)	(3,104,044)
<i>Operational expenses</i>			
Staff costs	14	(574,068)	(521,541)
Governing Board expenses	15	(157,403)	(177,863)
Account statements and correspondence		(170,387)	(300,707)
Office operating expenses		(82,664)	(82,631)
Public education and advertising		(41,479)	(33,824)
Software maintenance		(44,812)	(54,525)
CBK supervision charges		(6,606)	(7,755)
Depreciation and amortisation	7-8	(151,399)	(144,257)
Professional services/Contractors/Consultants	16	(8,583)	(9,952)
External audit		(9,900)	(9,900)
Disaster recovery - rent and other associated costs		(6,650)	(17,177)
Meetings and conferences		(1,791)	(937)
Communication		(8,705)	(11,662)
Bank charges		(8,141)	(8,440)
Other costs		(9,895)	(16,135)
		(1,282,483)	(1,397,306)
Total expenses		(5,725,256)	(4,501,350)
Net surplus for the year		208,455	1,041,479

The accompanying notes from 1 to 17 form an integral part of these financial statements

	Notes	Surplus	Reserve	Total
		EUR	EUR	EUR
As at January 1, 2014		47,380	5,000,000	5,047,380
Net surplus for the year		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
Net surplus for the year	10	208,455	-	208,455
Return of surplus to KPST-PA		(1,055,000)	-	(1,055,000)
As at December 31, 2015		239,814	5,000,000	5,239,814

The accompanying notes from 1 to 17 form an integral part of these financial statements

	Notes	Year ended December 31 2015	Year ended December 31 2014
		EUR	EUR
Cash flows from operating activities			
Net surplus for the year		208,455	1,041,479
<i>Adjustments for:</i>			
Depreciation and amortisation	7-8	151,399	144,257
		359,854	1,185,736
<i>Changes in operating assets and liabilities:</i>			
Increase in accounts payable / accruals		60,842	241,096
(Increase) in accounts receivable / prepaid expenses		(229,219)	(31,471)
Net cash flows from operating activities		191,477	1,395,361
Cash flows from investing activities			
Purchase of equipment		(22,564)	(58,624)
Purchase of software and licenses		(4,349)	(31,794)
(Increase) in held to maturity investments		(27,699)	(897,475)
Net cash flows from investing activities		(54,612)	(987,893)
Cash flows from financing activities			
Return of surplus to KPST-PA		(1,055,000)	-
Donations		-	(2,500)
Net cash flows from financing activities		(1,055,000)	(2,500)
(Decrease) / Increase in cash and cash equivalents		(918,135)	404,968
Cash and cash equivalents at the start of the year		1,293,109	888,141
Cash and cash equivalents at the end of the year	4	374,974	1,293,109

The accompanying notes from 1 to 17 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.

These financial statements are for KPST Operations (or "KPST-O"), which is the entity managing and administering contributors' pension savings (pension assets). The financial statements for KPST Pension Assets (or "KPST-PA") are prepared separately to the financial statements of the entity.

A Director and 25 permanent staff members managed the day to day operations of the KPST during 2015 (2014: 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

Adoption of new and revised standards

i) Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014);
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014);
- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the KPST-O's accounting policies.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

- ii) **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.

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016);
- **IFRS 15 “Revenue from Contracts with Customers”** and further amendments (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 16 “Leases”** (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded);
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 7 “Statement of Cash Flows”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
- **Amendments to IAS 12 “Income Taxes”** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017);
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

KPST – O has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Trust anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements in the period of initial application.

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 up to the maximum of 5 years.

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-0 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 2015. 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-0 if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from KPST-0 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-0. The table is prepared on the basis of undiscounted cash flows.

	As at December 31 2015		As at December 31 2014	
	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	374,974	-	1,293,109	-
Held to maturity investments	4,925,174	-	4,897,475	-
Account receivables	615,766	-	406,516	-
	5,915,914	-	6,597,100	-
Financial Liabilities				
Account payables	931,480	-	870,638	-
	931,480	-	870,638	-
Maturity gap	4,984,434	-	5,726,462	-

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 2015		As at December 31 2014	
	Assets	Liabilities	Assets	Liabilities
	EUR	EUR	EUR	EUR
Interest-bearing				
<i>Fixed rate</i>				
Held to maturity investments	4,925,174	-	4,897,475	-
Total	4,925,174	-	4,897,475	-

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, 2015 and 2014.

	As at December 31 2015		As at December 31 2014	
	Carrying Value	Fair value	Carrying Value	Fair value
	EUR	EUR	EUR	EUR
Financial assets				
Cash in hand and at banks	374,974	374,974	1,293,109	1,293,109
Held to maturity investments	4,925,174	4,926,185	4,897,475	4,897,475
Account receivables	615,766	615,766	406,516	406,516
	5,915,914	5,916,925	6,597,100	6,597,100
Financial Liabilities				
Account payables	931,480	931,480	870,638	870,638
	931,480	931,480	870,638	870,638

4 CASH IN HAND AND AT BANKS

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Raiffeisen Bank Kosovo - Current account	31,420	1,029,350
ProCredit Bank - Current account	342,955	134,279
NLB Prishtina - Current account	257	125,657
Raiffeisen Bank International (Austria) - Current account	-	3,414
Cash in hand	342	409
Total cash in hand and at banks	374,974	1,293,109

5 HELD TO MATURITY INVESTMENTS

	2015	2014
	EUR	EUR
As at January 1	4,897,475	-
Placements		
KV1105640563 T-Bill Mat. 09.12.2015 @2.20%	-	4,891,198
KV1107540754 T-Bill Mat. 07.12.2016 @1.60%	4,920,399	-
	4,920,399	4,891,198
Interest		
KV1105640563 T-Bill Mat. 09.12.2015 @2.20%	102,525	6,277
KV1107540754 T-Bill Mat. 07.12.2016 @1.60%	4,775	-
	107,300	6,277
Redemptions (upon maturity)		
KV1105640563 T-Bill Mat. 09.12.2015 @2.20%	(5,000,000)	-
	(5,000,000)	-
As at December 31	4,925,174	4,897,475

During the year ended December 31, 2015, the held-to-maturity investments of KPST-O consisted only of Kosovo Treasury securities, which are not yet rated, and which had an original maturity of less than 1 year. The balance of such investments on reporting date was EUR 4,925,174, and it is the intention of the Governing Board to hold them to maturity.

6 ACCOUNT RECEIVABLES

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Receivables from KPST-PA	277,050	366,825
Rebates receivable from open-end funds	338,716	37,965
Other account receivables	-	1,726
Total account receivables	615,766	406,516

As at December 31, 2015 the balance of receivables from KPST-PA amounting EUR 277,050 (2014: EUR 366,825) relates to the fees charged on participants' accounts amounting EUR 237,612 and re-invested rebates amounting EUR 38,987 (2014: EUR 319,203 and EUR nil, respectively), as well as differences from refunds of erroneous contributions amounting EUR 451 (2014: EUR 47,622); 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, 2014	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
Additions for the year	15,083	2,196	5,285	-	22,564
Disposals for the year	(10,104)	(1,042)	(2,355)	-	(13,501)
As at December 31, 2015	286,880	21,870	70,931	53,365	433,046
Accumulated depreciation					
As at January 1, 2014	(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)
Charge for the year	(63,008)	(507)	(10,219)	(3,832)	(77,566)
Eliminated through disposals	10,104	1,042	2,355	-	13,501
As at December 31, 2015	(227,565)	(18,718)	(42,218)	(53,365)	(341,866)
Net book value					
As at December 31, 2015	59,315	3,152	28,713	-	91,180
As at December 31, 2014	107,240	1,463	33,647	3,832	146,182

As at 31 December 2015 and 2014, there are no encumbrances over KPST-O assets.

8 INTANGIBLE ASSETS

	Software and Licenses
	EUR
Cost	
As at January 1, 2014	339,798
Additions for the year	31,794
Disposals for the year	-
As at December 31, 2014	371,592
Additions for the year	4,349
Disposals for the year	(3,110)
As at December 31, 2015	372,831
Accumulated amortisation	
As at January 1, 2014	(106,107)
Charge for the year	(72,249)
Eliminated through disposals	-
As at December 31, 2014	(178,356)
Charge for the year	(73,833)
Eliminated through disposals	3,110
As at December 31, 2015	(249,079)
Net book value	
As at December 31, 2015	123,752
As at December 31, 2014	193,236

9 ACCOUNTS PAYABLE

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Payables for investment activities	716,681	675,289
Accruals for printing and mailing member account statements	146,598	147,553
Other accounts payable	68,201	47,796
Total accounts payable	931,480	870,638

As at December 31, 2015 the balance of payables for investment activities included management fees invoiced by managers of open-end vehicles in the amount of EUR 715,938 as well as brokerage and custody fees in the amount of EUR 743 (2014: EUR 673,837 and EUR 1,452 respectively).

10 SURPLUS

	Operational Activities	Investment Activities	Total
	EUR	EUR	EUR
Income for the year 2015			
Income from fees charged	1,101,069	4,718,409	5,819,478
Non-fee income	112,824	1,409	114,233
	1,213,893	4,719,818	5,933,711
Expenses for the year 2015	(1,282,483)	(4,442,773)	(5,725,256)
Surplus / (Deficit) for the year 2015	(68,590)	277,045	208,455
Surplus at the start of the year	204,600	881,759	1,086,359
Return of surplus to KPST-PA	-	(1,055,000)	(1,055,000)
Surplus at the end of the year	136,010	103,804	239,814

During 2015 the Governing Board decided to refund EUR 1,055,000 to contributors' pension assets (KPST-PA) from surpluses from investment activities leaving a net surplus balance of EUR 239,814 as of December 31, 2015.

11 FEES CHARGED ON PENSION ASSETS

	Year ended December 31 2015	Year ended December 31 2014
	EUR	EUR
Fees charged for investment activities	4,718,409	3,976,844
Fees charged for operational activities	1,101,069	1,292,475
Total fees charged on pension assets	5,819,478	5,269,319

Fees are accrued on daily basis according to the formula:

$$\text{Fee} = [\text{Gross Participants' Assets}] * [\text{Rate}] / [\text{Number of calendar days in a year}].$$

Total fees charged on gross participants' assets for the purpose of financing the activities of KPST-O for the year ended December 31, 2015 amounted EUR 5,819,478 (2014: EUR 5,269,319).

For the year ending December 31, 2015 fees charged in accordance with Law Nr. 04/L-168 were: a) from January 1, 2015 up to March 12, 2015: 0.400% p.a. for investment activities and 0.130% p.a. for operational activities; b) from March 13, 2015 up to December 31, 2015: 0.400% p.a. for investment activities and 0.085% p.a. for operational activities. Fees are approved by the Assembly of the Republic of Kosovo.

12 OTHER INCOME

	Year ended December 31 2015	Year ended December 31 2014
	EUR	EUR
Interest income on held to maturity investments	107,300	93,892
Differences from refunds of erroneous contributions	5,144	164,733
Other income from operational activities	380	5,926
Other income from investment activities	1,409	8,959
Total other income	114,233	273,510

13 OPEN-END VEHICLE NET FEES

	Year ended December 31 2015			Year ended December 31 2014		
	Gross fee	Rebate	Net fee	Gross fee	Rebate	Net fee
	EUR	EUR	EUR	EUR	EUR	EUR
Vanguard - GSIF	884,512	(424,566)	459,946	813,537	(390,498)	423,039
BNY Mellon - RRF	1,033,227	-	1,033,227	868,854	-	868,854
AXA - GILB	357,110	(44,635)	312,475	246,174	(30,762)	215,412
Schroders - SISF	558,529	-	558,529	508,375	-	508,375
Aquila - RP7	143,518	-	143,518	231,565	-	231,565
ECM - DEC	-	-	-	101,033	-	101,033
Nordea 1 - GSEF	241,760	-	241,760	81,464	-	81,464
Nordea 1 - SRF	676,803	-	676,803	232,940	-	232,940
KBI - IDPDEF	431,497	(19,186)	412,311	152,493	-	152,493
AXA - WFOI	154,565	-	154,565	61,130	-	61,130
Pictet - HDS	209,272	-	209,272	76,744	-	76,744
Tobam - ABWEF	515,590	(294,248)	221,342	86,264	-	86,264
Total open-end vehicle net fees	5,206,383	(782,635)	4,423,748	3,460,573	(421,260)	3,039,313

14 STAFF COSTS

	Year ended December 31 2015	Year ended December 31 2014
	EUR	EUR
Staff salaries	418,946	404,895
Cost of the Collective Agreement	32,811	-
Overtime, bonuses and retention fees	46,830	46,109
Employer's pension contributions	46,340	42,984
Staff training	8,219	4,613
Health insurance	7,363	7,930
Travel and other staff expenses	13,559	15,010
Total staff costs	574,068	521,541

15 GOVERNING BOARD EXPENSES

	Year ended December 31 2015	Year ended December 31 2014
	EUR	EUR
Trustees honoraria	84,153	99,799
Fiduciary Insurance	38,210	26,677
Meetings (Travel/Hotel/Other costs)	29,126	45,598
Employer's pension contributions	5,914	5,789
Total Governing Board expenses	157,403	177,863

16 PROFESSIONAL SERVICES/CONTRACTORS/CONSULTANTS

	Year ended December 31 2015	Year ended December 31 2014
	EUR	EUR
Design services	5,759	6,001
Translation and proofreading services	2,649	3,742
Notary/Legal services	175	209
Total Professional services/Consultants/Contractors	8,583	9,952

17 EVENTS AFTER THE REPORTING PERIOD

For the first two months of 2016 the KPST-O has following financial data based on unaudited financial statements for those two months.

	As at February 29 2016
	EUR
Total assets	5,950,236
Current liabilities	(642,750)
Net assets attributable to KPST Operations	5,307,486

	For the period January 1 to February 29 2016
	EUR
Total income	970,301
Total expenses	(902,629)
Net surplus	67,672

There are no additional subsequent events that require adjustment or further disclosure in the financial statements for the



year ended December 31, 2015.