

**MITROVICA  
ROCK  
SCHOOL**

Mitrovica Rock School

Independent Auditor's Report and financial individual statements  
for the year ended December 31, 2017

# Mitrovica Rock School

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## INDEPENDENT AUDITORS' REPORT

To the Management of Mitrovica Rock School - MRS

### ***Opinion***

We have audited the accompanying financial statements of Mitrovica Rock School - MRS, which comprise the statement of financial position as at December 31, 2017, and the statement of revenue and expenditure, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mitrovica Rock School - MRS as of December 31, 2017, results of its operation and the cash flow for the years then ended in conformity with International Financial Reporting Standards.

### ***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 Project financial report section of our report. We are independent of the Business in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and those charged with Governance for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the company's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Company or Interrupt the operation, or there is no other possible alternative than to do it. 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 total, 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 skepticism 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


  
Astrit Musa – Statutory Auditor  
ACA – Audit & Consulting Associates  
Prishtine, Kosovo  
March 2018



**Mitrovica Rock School**  
**Statement of Financial Position**  
**For the year ended December 31, 2017**

|   |              | Year<br>Ended<br>December 31,<br>2017<br>(in EUR) | Year<br>Ended<br>December 31,<br>2016<br>(in EUR) |
|---|--------------|---|---|
| <b>ASSETS</b>                           | <b>Notes</b> |   |   |
| <b>Non-Current Assets</b>               |              |   |   |
| Properties, Plant and Equipment         |              | -   | -   |
| Total Non-Current Assets                |              | -   | -   |
| <b>Current Assets</b>                   |              |   |   |
| Accounts Receivable                     |              | 6,000   | -   |
| Other accounts receivable               |              | 158   | -   |
| Cash and bank balances                  | 4            | 3,755   | 1,342   |
| Total i asetevė qarkulluese             |              | 9,913   | 1,342   |
| <b>TOTAL ASSETS</b>                     |              | <b>9,913</b>                                      | <b>1,342</b>                                      |
| <b>LIABILITIES AND RESERVES</b>         |              |   |   |
| <b>Current liabilities</b>              |              |   |   |
| Accounts payable and accrual expenses   | 5            | 6,000   | -   |
| Deferred revenues and other liabilities | 6            | 3,913   | 1,722   |
| Total current liabilities               |              | 9,913   | 1,722   |
| <b>Reserves</b>                         |              |   |   |
| Retained surplus                        |              | -   | -   |
| Net (deficit)/surplus for the year      |              | -   | (381)   |
| Total reserves                          |              | -   | (381)   |
| <b>TOTAL LIABILITIES AND RESERVES</b>   |              | <b>9,913</b>                                      | <b>1,342</b>                                      |

The financial statements have been signed on March, 2018 by:

  
 \_\_\_\_\_  
**Milizza Kosova**  
 Legal Representative



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

**Mitrovica Rock School**  
**Statement of Revenue and Expenditures**  
**For the year ended December 31, 2017**

|   | Notes | Year Ended<br>December 31,<br>2017<br>(in EUR) | Year Ended<br>December 31,<br>2016<br>(in EUR) |
|---|-------|--|--|
| <b>Income</b>                             |       |  |  |
| Incomes from donors                       | 7     | 102,719  | 84,152   |
| <b>Total income</b>                       |       | <b>102,719</b>                                 | <b>84,152</b>                                  |
| <b>Expenditure</b>                        |       |  |  |
| Staff salaries and benefits               | 8     | 48,979   | 38,048   |
| Travel and Transport                      | 9     | 9,224  | 13,101   |
| Equipment and supplies                    | 10    | 1,079  | 3,261  |
| Local office                              | 11    | 4,731  | 4,829  |
| Project activities                        | 12    | 21,871   | 5,113  |
| Mitrovica Rock School Facilities          | 13    | 15,694   | 14,895   |
| Other                                     | 14    | 1,142  | 5,287  |
| <b>Total expenditure</b>                  |       | <b>102,719</b>                                 | <b>84,533</b>                                  |
| <b>Net (Deficit)/surplus for the year</b> |       | <b>-</b>                                       | <b>(381)</b>                                   |

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

**Mitrovica Rock School**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2017**

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|   | <b>Year<br/>Ended<br/>December 31,<br/>2017<br/>(in EUR)</b> |
|---|--|
| <b>Opening balance as at January 1<sup>st</sup>, 2016</b> | -  |
| Net deficit/surplus for the year ended December 31, 2016  | <u>(381)</u>   |
| <b>Balance as at December 31, 2016</b>                    | (381)  |
| <b>Opening balance as at January 1<sup>st</sup>, 2017</b> | (381)  |
| Net deficit/surplus for the year ended December 31, 2017  | -  |
| <b>Balance as at December 31, 2017</b>                    | <u><u>(381)</u></u>  |

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

**Mitrovica Rock School**  
**Statement of Cash Flows**  
For the year ended December 31, 2017

|  | Year<br>Ended<br>December 31,<br>2017<br>(in EUR) | Year<br>Ended<br>December 31,<br>2016<br>(in EUR) |
|--|---|---|
| <b>Cash flows from operating activities</b>      |   |   |
| (Deficit)/surplus for the period                 | -   | (381)   |
| Adjustment for:                                  |   |   |
| Depreciation                                     | -   | -   |
| Other Adjustments (last years profit)            | -   | -   |
| Change in deferred revenues                      | 2,571   | (1,414)   |
| Change in receivables                            | (6,000)   | -   |
| Change in other receivables                      | (158)   | 145   |
| Change in payables                               | 6,000   | (15,436)  |
| Change in other current liabilities              | -   | -   |
| <b>Net cash from operating activities</b>        | <u>2,413</u>                                      | <u>(17,086)</u>                                   |
| <b>Cash flows from investing activities</b>      |   |   |
| Acquisition of property and equipment            | -   | -   |
| <b>Net cash used in investing activities</b>     | <u>-</u>  | <u>-</u>  |
| <b>Net increase in cash and cash equivalents</b> | <b>2,413</b>                                      | <b>(17,086)</b>                                   |
| Cash and cash equivalents at 1 January           | 1,342   | 18,427  |
| <b>Cash and cash equivalents at 31 December</b>  | <u><u>3,755</u></u>                               | <u><u>1,342</u></u>                               |

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



**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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**1. INTRODUCTION**

The Mitrovica Rock School ("Rock School") is a non-governmental organization registered under the laws of Kosovo at the end of 2012. It started in 2008 as a project of Musicians without Borders (MwB) and Community Building Mitrovica (CBM) in order to bridge ethnic, ideological and religious divides between people, especially youth, in north and south Mitrovica and throughout the Kosovo region through music.

Due to the security situation, the Rock School was unable to realize its original plan of establishing the school in a single location, working instead from branches in north and south Mitrovica and, for the first years, bringing youth together in band camps and training weeks outside Kosovo. Since 2011, the Rock School has been working with long-term ethnically mixed bands.

From August 2008 through December 2017, over 1,100 youth have attended the Rock School and approximately 245 students have played in ethnically mixed bands. On average, the Rock School delivers around 160 activities per month (lessons, workshops, band sessions, concerts, presentations, etc.), making it one of Mitrovica's most active organizations.

**The Mitrovica Rock School in 2017**

In 2017, we saw a normalization of having inter-ethnic band practice in Mitrovica and mixed concerts in Kosovo, and saw progress in inter-ethnic workshops in Mitrovica. Significantly, a growing number of teachers and participants are crossing the bridge on foot, and a number of students have started taking lessons exclusively with teachers from the other side, at their own request.

2017 has been a highly active year, with many different but cross-cutting activities: a Spring Camp for four mixed bands and a Summer School for seven mixed bands, bi-monthly training weeks for mixed bands, regular concerts of mixed bands, daily lessons and weekly mixed workshops.

2017 in numbers:

- Six ethnically mixed training weeks in Mitrovica, with nine mixed bands formed by 44 youth (22 from north, 22 from south Mitrovica) rehearsing on both sides of the city
- 162 mixed band rehearsals
- Eight ethnically mixed concerts, in Kosovo (6) and abroad (2)
- 682 concert audience from both sides of Mitrovica
- Seven teachers worked with inter-ethnic groups on both sides of Mitrovica by giving 43 mixed workshops
- 126 Rock School students, ages 11 to 26, who participated in 1,526 skills lessons and band coaching sessions
- 21 media reports in four languages featuring the Mitrovica Rock School.

**Mitrovica Rock School**  
**Notes to the Financial Statements (Continued)**  
For the year ended December 31, 2017

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**2.1 Standards and Interpretations effective in the current period**

Below are presented the amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee which are effective for the current period:

| Standard                         | Description   | Effective date                                       |
|----------------------------------|---|--|
| Amendment to IFRS 14             | Regulatory Deferral Accounts  | beginning on or after 1 January 2016                 |
| Amendment to IFRS 10             | Consolidated Financial Statements   | beginning on or after 1 January 2016                 |
| Amendment to IFRS 11             | Joint Arrangements  | beginning on or after 1 January 2016                 |
| Amendment to IFRS 12             | Disclosure of Interests in other Entities   | beginning on or after 1 January 2017                 |
| Amendment to IAS 1               | Presentation of Financial Statements  | beginning on or after 1 January 2016                 |
| Amendment to IAS 7               | Disclosure Initiative   | beginning on or after 1 January 2017                 |
| Amendment to IAS 12              | Recognition of Deferred Tax Assets for Unrealised Losses  | beginning on or after 1 January 2017                 |
| Amendment to IAS 16              | Property, Plant and Equipment   | beginning on or after 1 January 2016                 |
| Amendment to IAS 27              | Separate Financial Statements   | beginning on or after 1 January 2016                 |
| Amendment to IAS 28              | Investments in Associates and Joint Ventures  | beginning on or after 1 January 2016                 |
| Amendment to IAS 38              | Intangible Assets   | beginning on or after 1 January 2016                 |
| Amendment to IAS 41              | Agriculture-Bearer Plants   | beginning on or after 1 January 2016                 |
| Amendment to different standards | Improvements to IFRS (2012-2014 Cycle)-resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to remove inconsistencies and clarifying wording | annual periods beginning on or after January 1, 2016 |
| Amendment to different standards | Improvements to IFRS (2010-2012 Cycle) - The annual project resulting   | beginning on or after 1 July 2014                    |

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

|                                  |  |   |
|----------------------------------|--|---|
|                                  | from improvements in quality of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to remove inconsistencies and clarifying wording                                 |   |
| Amendment to different standards | Improvements to IFRS (2011-2013 Cycle)-resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to remove inconsistencies and clarifying wording | annual periods beginning on or after July 1, 2014 |

**2.2 Standards and interpretations in issue not yet effective**

In these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

| Standard | Description   | Effective date                       |
|----------|---|--------------------------------------|
| IFRS 1   | Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (removing short-term exemptions)                                     | beginning on or after 1 January 2018 |
| IFRS 2   | Classification and Measurement of Share-based Payment transactions  | beginning on or after 1 January 2018 |
| IFRS 3   | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest)                          | beginning on or after 1 January 2019 |
| IFRS 9   | Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. | beginning on or after 1 January 2018 |
| IFRS 9   | Amendments regarding prepayment features with negative compensation and modifications of financial liabilities                            | beginning on or after 1 January 2019 |
| IFRS 11  | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of  | beginning on or after 1 January 2019 |

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

|         |  |                                      |
|---------|--|--------------------------------------|
|         | previously held interest)  |                                      |
| IFRS 15 | Clarifications to IFRS 15  | beginning on or after 1 January 2018 |
| IFRS 16 | Leases   | beginning on or after 1 January 2019 |
| IFRS 17 | Original issue   | beginning on or after 1 January 2021 |
| IAS 12  | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (income tax consequences of dividends)        | beginning on or after 1 January 2019 |
| IAS 19  | Amendments regarding plan amendments, curtailments or settlements  | beginning on or after 1 January 2019 |
| IAS 23  | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (borrowing costs eligible for capitalisation) | beginning on or after 1 January 2019 |
| IAS 28  | Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (clarifying certain fair value measurements)  | beginning on or after 1 January 2018 |
| IAS 28  | Amendments regarding long-term interests in associates and joint ventures  | beginning on or after 1 January 2019 |
| IAS 40  | Amendments to clarify transfers or property to, or from, investment property                                       | beginning on or after 1 January 2018 |

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

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

Financial Statements are prepared for reporting purposes in accordance with applicable laws of Kosovo, and represent the entire picture of economic events that occurred in "MRS" during 2017.

**3.2 Currency of presentation**

The reporting currency of MRS is the European Union currency unit Euro ("EUR").

**3.3 Significant accounting policies**

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

**3.3.1 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at banks and in operating accounts at banks with an original maturity of three months or less.

**3.3.2 Revenue recognition**

Revenues from grants are recognized as income on a straight-line basis over the period of the operation.

**3.3.3 Expenses recognition**

Expenses incurred for generation incomes are recognized in that period with the historical costs.

**3.3.4 Taxation**

MRS was established as a non-governmental organization, therefore it has responsibility and acts as an NGO according to the laws in force in Kosovo.

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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**4. CASH AND BANK BALANCES**

Cash and cash equivalents as of December 31, 2017 are composed as follows:

|                                     | Year<br>Ended<br>December 31,<br>2017<br>(in EUR) | Year<br>Ended<br>December 31,<br>2016<br>(in EUR) |
|-------------------------------------|---|---|
| Patty cash                          | -   | -   |
| Cash at bank                        | 3,755   | 1,342   |
| <b>Total Cash and Bank Balances</b> | <u><u>3,755</u></u>                               | <u><u>1,342</u></u>                               |

**5. ACCOUNTS PAYABLE**

|                               | Year<br>Ended<br>December 31,<br>2017<br>(in EUR) | Year<br>Ended<br>December 31,<br>2016<br>(in EUR) |
|-------------------------------|---|---|
| Musicians Without Border      | 6,000   | -   |
| <b>Total accounts payable</b> | <u><u>6,000</u></u>                               | <u><u>-</u></u>                                   |

**6. DEFERRED REVENUES**

As deferred revenues which will be encountered as Income in year 2018.

|   | Year<br>Ended<br>December 31,<br>2017<br>(in EUR) | Year<br>Ended<br>December 31,<br>2016<br>(in EUR) |
|---|---|---|
| Deferred revenues MRS                               | 3,907   | 1,715   |
| Deferred Revenues VAT                               | -   | -   |
| Members Due   | -   | -   |
| <b>Total Deferred Revenue</b>                       | <u><u>3,907</u></u>                               | <u><u>1,715</u></u>                               |
| Other liabilities                                   | 6   | 7   |
| <b>Total Deferred Revenue and other liabilities</b> | <u><u>3,913</u></u>                               | <u><u>1,722</u></u>                               |

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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**7. INCOMES**

|                                 | Year<br>Ended<br>December 31<br>2017<br>(in EUR) | Year<br>Ended<br>December 31<br>2016<br>(in EUR) |
|---------------------------------|--|--|
| Income from MwB                 | 39,893   | 16,144   |
| Income from Austrian Embassy    | -  | 10,000   |
| Income from UNMIK               | -  | 8,949  |
| Income from UNDP                | -  | 3,500  |
| Income from NetherlandsEmbassy  | -  | -  |
| Income from German Embassy      | 42,194   | 34,036   |
| Income Haella Foundation MwB    | -  | -  |
| Income Robert Bosch StiftungMwB | -  | -  |
| Income from EC/EIDHR project    | -  | -  |
| Income nga Swiss Cooperation    | 20,000   | -  |
| Members Due                     | -  | -  |
| Own source of income            | 632  | 3,634  |
| Income from Culture for all     | -  | 5,758  |
| Other Income                    | -  | 1,495  |
| Deferred revenues               | -  | 637  |
| <b>Total incomes</b>            | <b><u>102,719</u></b>                            | <b><u>84,152</u></b>                             |

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

**8. STAFF SALARIES AND BENEFITS**

|  | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|--|----------------------------------|----------------------------------|
| Branch Managers                          | -                                | 3,150                            |
| Teachers Org. Duties                     | 23,595                           | 3,702                            |
| Student Trainees                         | 4,758                            | 9,571                            |
| Director                                 | -                                | 5,250                            |
| Development and Communication Officer    | 4,800                            | -                                |
| Local MRS Administrator                  | -                                | 2,100                            |
| Local MwB Administrator                  | -                                | 2,000                            |
| Program Manager                          | -                                | -                                |
| Program Coordinator                      | 13,044                           | -                                |
| MRS trainee project coordinator          | -                                | 3,000                            |
| Music instructor                         | -                                | 9,274                            |
| Per Diem for participants                | -                                | -                                |
| Per Diem for Coordinator and Assistant   | -                                | -                                |
| Cleaning Person                          | 1,380                            | -                                |
| Driver                                   | 1,402                            | -                                |
| <b>Total Staff Salaries and Benefits</b> | <b><u>48,979</u></b>             | <b><u>38,048</u></b>             |

**9. TRAVEL AND TRANSPORT**

|   | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|---|----------------------------------|----------------------------------|
| Van, Mitrovica to Macedonia                     | 2,400                            | 4,540                            |
| Airline tickets for trainers and participants   | 15                               | 1,889                            |
| Trasnsport and other travel expenses            | 3,658                            | 1,377                            |
| Local Transportation                            | 1,136                            | -                                |
| Visa fees                                       | 2,014                            | 5,296                            |
| <b>Total Travel and Transportation Expenses</b> | <b><u>9,224</u></b>              | <b><u>13,101</u></b>             |



**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

**10. EQUIPMENT AND SUPPLIES**

|  | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|--|----------------------------------|----------------------------------|
| Instrument accessories                       | -                                | 404                              |
| Instruments/equipment MRS north and south    | 1,079                            | 2,000                            |
| Laptops and printer for Rock School branches | -                                | 856                              |
| <b>Total Equipment and Supplies Expenses</b> | <b><u>1,079</u></b>              | <b><u>3,261</u></b>              |

**11. LOCAL OFFICE**

|   | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|---|----------------------------------|----------------------------------|
| Office rent for local management, team from Mitrovica | 2,637                            | 2,637                            |
| Office Materials MRS, CBM and MwB                     | 981                              | 951                              |
| Expenditure of Municipal Mitrovica                    | 589                              | 508                              |
| Communication costs-local management                  | -                                | 213                              |
| Internet and software costs                           | 523                              | 520                              |
| <b>Total local office</b>                             | <b><u>4,731</u></b>              | <b><u>4,829</u></b>              |

**12. PROJECT ACTIVITIES**

|   | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|---|----------------------------------|----------------------------------|
| Project-related cost of external admin MwB              | -                                | -                                |
| Audit at project-end                                    | 944                              | 708                              |
| Accommodation and meals                                 | 1,200                            | 1,296                            |
| MRS inter-ethnic team retreat                           | -                                | 1,744                            |
| Project-end external evaluation of achievement of goals | -                                | -                                |
| Building/Rehearsal Room/Concert Stage                   | -                                | 800                              |
| Bank Fees   | 282                              | 415                              |
| Project Activities - Other                              | 19,445                           | 150                              |
| <b>Total Project Activities</b>                         | <b><u>21,871</u></b>             | <b><u>5,113</u></b>              |

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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**13. MITROVICA ROCK SCHOOL FACILITIES**

|   | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|---|----------------------------------|----------------------------------|
| Rent south branch building                | 6,593                            | 4,347                            |
| Rent north branch building                | 6,379                            | 4,185                            |
| Utilities south branch                    | 1,633                            | 713                              |
| Utilities north branch                    | 527                              | 254                              |
| School rooms in north and south Mitrovica | 560                              | 5,395                            |
| <b>Total facilities</b>                   | <b><u>15,694</u></b>             | <b><u>14,895</u></b>             |

**14. OTHER COSTS**

|   | December 31,<br>2017<br>(in EUR) | December 31,<br>2016<br>(in EUR) |
|---|----------------------------------|----------------------------------|
| Marketing                               | 120                              | 2,116                            |
| Instrument and instrument accessories   | 16                               | 1,100                            |
| Activity 2: Ambassador Band Program     | -                                | 200                              |
| Communication                           | 900                              | 1,008                            |
| Representation cost                     | 106                              | 864                              |
| Indirect costs                          | -                                | -                                |
| Apartment accomodation for Mwb trainers | -                                | -                                |
| <b>Total other costs</b>                | <b><u>1,142</u></b>              | <b><u>5,287</u></b>              |

**Mitrovica Rock School**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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**15. RELATED PARTY DISCLOSURE**

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

**16. RISK MANAGEMENT**

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. MRS is not exposed to credit risk in respect of Grant receivable from its Donors.

***Interest rate risk***

The MRS currently is not exposed to the interest rate risk.

***Foreign exchange risk***

MRS has not been exposed to international exchange risk as transactions occur in local currency.

***Liquidity risk***

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The MRS is committed monitor its liquidity on a periodic basis in order to manage its obligations as and when they shall become due.

***Fair value of financial instruments***

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.