RIT Kosovo (A.U.K) – College

American University in Kosovo Foundation Inc. (AUKF Inc.)
The American University in Kosovo Foundation (AUKF)

Altogether, the Reporting Entity Financial Statements prepared in accordance with International Financial Reporting Standards

For the year ended 30 June 2024

Contents

RSM Kosovo SH.P.K

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the RIT Kosovo (A.U.K) College, the American University of Kosovo Foundation Inc (AUKF Inc.) and American University in Kosovo Foundation (AUKF), altogether (the "Reporting Entity"), which comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Reporting Entity as of 30 June 2024 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Reporting Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is responsible for assessing the Reporting Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Reporting Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Reporting Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Reporting Entity'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 Reporting Entity'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 Reporting Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM Kosovo Sh.p.k

RSM Kosovo Sh.p.k

Prishtina, Republic of Kosovo

12 September 2024

RIT Kosovo (A.U.K) – College
Statement of financial position
(amounts in EUR, unless otherwise stated)

	Notes	30 June 2024	30 June 2023
Assets			
Non-current assets			
Property and equipment	6	6,801,170	6,287,006
Intangible assets	7	16,095	17,325
Total non-current assets		**6,817,265**	**6,304,331**
Current assets			
Investments in equity securities at FVTPL	8	2,057,529	1,322,093
Accounts receivable and other assets	9	264,900	205,440
Cash and cash equivalents	10	3,791,479	3,558,191
Total current assets		**6,113,908**	**5,085,724**
Total assets		**12,931,173**	**11,390,055**
Liabilities			
Non-current liabilities			
Deferred income: donated assets	6.1	6,342,235	5,902,497
Total non-current liabilities		**6,342,235**	**5,902,497**
Current liabilities			
Scholarship fund payable		529,491	241,986
Unearned revenue: tuition fees	11	814,259	878,793
Accounts payable and accrued expenses		134,193	149,034
Total current liabilities		**1,477,943**	**1,269,813**
Total liabilities		**7,820,178**	**7,172,310**
Net assets			
Net assets		5,110,995	4,217,745
Total net assets		**5,110,995**	**4,217,745**

These financial statements were approved for issuance by the Board of Trustees and signed on its behalf on 19 August 2024:

Mr. Kamal Shahrabi	Mr. Edmond Muhaxheri	Ms. Argjentina Dragobuzhda
President	Chief Financial Officer	Accounting Manager

RIT Kosovo (A.U.K) – College
Statement of comprehensive income for the year ended

(amounts in EUR, unless otherwise stated)

	Notes	30 June 2024	30 June 2023
Income			
Tuition and other related fee income	12	3,696,248	3,461,101
Income from special programs and other income	13	781,164	432,036
Grants and donation income	14	215,683	155,773
Interest income		33,916	50,553
Total income		**4,727,011**	**4,099,463**
Expenses			
Staff salaries and other benefits	15	(1,743,179)	(1,537,428)
Academic consultation fees	16	(792,069)	(771,285)
Training and Development Institute direct costs (‘TDI’)	17	(413,379)	(280,178)
Other operating expenses	18	(971,576)	(715,645)
Credit losses (charge)/ release	9	24,423	(51,293)
Total expenses		**(3,895,780)**	**(3,355,829)**
Gain/(loss) on financial assets at FVPL		25,992	(53,032)
Foreign exchange gains/(losses), net		36,027	(41,122)
Increase in unrestricted net assets		**893,250**	**649,480**

The notes 1 to 25 are an integral part of these financial statements

RIT Kosovo (A.U.K) – College
Statement of cash flows for the year ended

(amounts in EUR, unless otherwise stated)

	Notes	30 June 2024	30 June 2023
Cash flows from operating activities			
Net increase in net assets for the year		**893,250**	**649,480**
Adjustments for:			
Depreciation of property and equipment	7	405,805	314,830
Amortisation of intangible assets	8	10,074	9,448
Credit losses charge/(release)		(24,423)	51,293
Interest income		(33,916)	(50,553)
Gain/(loss) on financial assets at FVPL		(25,992)	53,032
		1,224,798	**1,027,530**
Operating cash flows before working capital changes			
Change in accounts receivable and other assets		(35,036)	(156,840)
Change in deferred income: donated assets		439,738	(120,347)
Change in scholarship fund		287,505	90,856
Change in deferred tuition fees		(64,534)	158,515
Change in accounts payable and accrued expenses		(14,841)	32,878
Net cash generated from operating activities		**1,837,630**	**1,032,592**
Cash flows used in investing activities			
Purchases of property and equipment		(919,969)	(184,924)
Purchases of intangible assets		(8,844)	(17,185)
Investments in equity securities at FVTPL		(709,445)	(167,690)
Interest received		33,916	50,553
Net cash used in investing activities		**(1,604,342)**	**(319,246)**
Net change in cash and cash equivalents		**233,288**	**713,346**
Cash and cash equivalents at the beginning of the year	11	3,558,191	2,844,845
Cash and cash equivalents at the end of the year	11	**3,791,479**	**3,558,191**

The notes 1to 25 are an integral part of these financial statements

1. General information

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 30 June 2024 for RIT Kosovo (A.U.K) College ("RIT Kosovo" or "AUK" or the "Organization"), American University in Kosovo Foundation Inc. (AUKF Inc.) and the American University in Kosovo Foundation (AUKF) – altogether, the Reporting Entity.

The Board of Trustees of the Reporting Entity is composed of seventeen members.

Key management

Kamal Shahrabi, President of the Faculty

Albina Balidemaj – Basha, **-** Dean of the Faculty

Lavon Bajrami, Chief Administration Officer

Teuta Avdimetaj, Chief Development Officer

Edmond Muhaxheri, Chief Finance Officer

Lendita Rugova, Director of Employee Relations

As the three organizations share common objectives and they have the same Board of Trustees which oversees the operations of all three organizations, the assets, liabilities, income and expenses of the three entities are included in these financial statements.

RIT Kosovo, is a non-profit organization registered as a Non-Governmental Organization ("NGO") with the SPP number 6000739-0, on 8 May 2002 under United Nations Interim Administration Mission in Kosovo ("UNMIK") in accordance with Regulation No. 1999/22 on "the Registration and Operations of Non – Government Organizations in Kosovo", which was further replaced with the Law No. 04/L-57 "On Freedom Of Association In Non-Governmental Organizations" effective 29 August 2011, and later replaced by Law No. 06/L-043 "On freedom of association in non-governmental organizations" effective from May 2019.

1. General information (continued)

RIT KOSOVO (A.U.K) was founded for the purpose of establishing and supporting the operation of the American College in Kosovo. The Union Fund for the Reconstruction of Kosovo ("UFORK") provided the initial funding for RIT Kosovo (A.U.K). The Organization has established a four-year program in English language which is accredited in Kosovo and offers studies in collaboration with Rochester Institute of Technology ("RIT"), a private research university in the United States of America, which provides undergraduate and graduate degrees, including doctoral and professional degrees and online masters as well.

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

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

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

Presentation currency. These financial statements are presented in Euro ('EUR'), which is also the Reporting Entity's functional currency.

2. Material accounting policies

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

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. Management relied on their own judgment when applying the accounting policies of the Reporting Entity. The elements of the financial statements whose presentation includes higher degree of judgement or subjectivity and for which the assumptions and judgments have higher influence are separately disclosed in Note 3.

Foreign currency translation. The functional currency of the Reporting Entity is the currency of the primary economic environment in which the entity operates. The functional currency and presentation currency of the Reporting Entity is Euro ("EUR").

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

Property and equipment

i. Recognition and measurement

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

ii. Subsequent costs

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

iii. Depreciation

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

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

2. Material accounting policies (continued)

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

Financial instruments key measurement terms

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

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

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

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

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

(i) Recognition

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

2. Material accounting policies (continued)

(ii) Derecognition

The Reporting Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Reporting Entity is recognised as a separate asset or liability.

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

(iii) Offset

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Reporting Entity has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only for the presentation of gains or losses from a group of similar transactions.

(iv) Measurement

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

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

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

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

Grants related to assets. RIT Kosovo (A.U.K) has elected to treat “Germia campus” which is used by RIT Kosovo (A.U.K) as the educational facility, as government grant in the form of a non-monetary asset. RIT Kosovo (A.U.K) measures both the item of property and the land at nominal value. Asset-linked grants are presented on the statement of financial position as deferred income. Deferred income is recognized as income on a systematic and rational basis over the lifetime of the use of the related assets. Other grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and RIT Kosovo (A.U.K) will comply with the conditions associated with the grant; they are then recognised in statement of financial performance as income from donated assets on a systematic basis over the useful life of the asset. Grants that compensate the RIT Kosovo (A.U.K) for expenses incurred are recognised in statement of financial performance as Grant income on a systematic basis in the periods in which the expenses are recognised.

Scholarship fund. RIT Kosovo (A.U.K) is the custodian of various scholarship funds provided by governmental and non-governmental organisations. The funds are awarded to students qualifying for scholarships under the criteria set out by the donors. The funds are initially recognized at their fair value and presented as liabilities in the statement of financial position, they are then recognised in statement of financial performance as tuition income on a systematic basis over the period of scholarship awarded to students.

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

2. Material accounting policies (continued)

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

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

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

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

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

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

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

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

Provisions. Provision is recognised if, as a result of a past event, RIT Kosovo (A.U.K) has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Taxes. RIT Kosovo (A.U.K) was established as a non-profit organisation and was granted public benefit status. Based on the laws in force in Kosovo, it is exempted from corporate taxation and value added tax.

3. Critical accounting estimates and judgments

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

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

Tuition receivables	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**
Not past due	-	-	-
1 – 30 Days past due	-	-	-
31 – 90 Days past due	6%	17,178	1,013
91 – 180 Days past due	11%	96,519	10,761
181 – 360 Days past due	13%	39,078	5,199
Over 360 days past due	100%	140,893	140,893
Total		**293,668**	**157,866**

4. Adoption of new and revised standards and interpretations

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. The adoption of these standards and interpretation had no significant impact in Company's financial statements.

The following new standards and amendments are effective for annual period beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1;
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7
- Lack of Exchangeability (Amendments to IAS 21

5. New accounting standards and interpretations not yet mandatory or early adopted

Certain new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. These standards, amendments and interpretations are not expected to have a material impact on the financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.

6. Property and equipment

	Land and building	Leasehold improvements	IT equipment	Furniture & equipment	Vehicles	Laptops	Other	Total
Cost								
As at 30 June 2022	**6,464,519**	**1,014,683**	**611,965**	**181,392**	**40,364**	**562,287**	**472**	**8,875,682**
Additions	-	-	8,124	39,075	-	137,725	-	184,924
Disposals								
As at 30 June 2023	**6,464,519**	**1,014,683**	**620,089**	**220,467**	**40,364**	**700,012**	**472**	**9,060,606**
Additions	58,751	-	194,175	524,898	-	138,700	3,445	919,966
Disposals								
As at 30 June 2024	**6,523,270**	**1,014,683**	**814,264**	**745,365**	**40,364**	**838,712**	**3,917**	**9,980,575**
Accumulated depreciation								
As at 30 June 2022	**452,516**	**910,384**	**546,378**	**155,478**	**37,702**	**356,312**	**-**	**2,458,770**
Charge for the year	129,290	15,854	30,784	15,415	2,662	120,825	-	314,830
Disposals								
As at 30 June 2023	**581,806**	**926,238**	**577,162**	**170,893**	**40,364**	**477,137**	**-**	**2,773,600**
Charge for the year	129,290	19,806	59,608	66,653	-	130,448	-	405,805
Disposals								
As at 30 June 2024	**711,096**	**946,044**	**636,770**	**237,546**	**40,364**	**607,585**	**-**	**3,179,405**
Net book value								
As at 30 June 2023	**5,882,713**	**88,445**	**42,927**	**49,574**	**-**	**222,875**	**472**	**6,287,006**
As at 30 June 2024	**5,812,174**	**68,639**	**177,494**	**507,819**	**-**	**231,127**	**3,917**	**6,801,170**

6.1. Deferred income related to donated assets

	30 June 2024	30 June 2023
Balance as at 1 July	5,902,497	6,022,844
Donation received during the year	636,841	12,021
Release to income during the year	(197,103)	(132,368)
Balance as at 30 June	**6,342,235**	**5,902,497**

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

7. Intangible assets

Cost	
As at 30 June 2023	**121,623**
Additions	8,844
As at 30 June 2024	**130,467**

Accumulated amortisation

As at 30 June 2023	**104,298**
Charge for the year	10,074
As at 30 June 2024	**114,372**

Net book value	
As at 30 June 2023	**17,325**
As at 30 June 2024	**16,095**

8. Investments in equity securities at FVTPL

The table below discloses investments in equity securities at 30 June 2024 by measurement categories and classes:

	30-Jun-24	30-Jun-23
Investments in equity securities at FVTPL	2,057,529	1,322,093
Total investments in equity securities at FVTPL	**2,057,529**	**1,322,093**

Equity securities at FVTPL represent securities held for trading and other equity securities for which FVOCI election was not made on initial recognition. At 30 June 2024 no securities have been pledged to third parties as collateral. All investments are with Hajdari Group and are managed by Charles Schwab, a financial services company with headquarters in Westlake, Texas, United States.

9. Accounts receivable and other assets

	30 June 2024	30 June 2023
Tuition fees receivable	293,668	276,207
Advances	29,516	24,298
Other receivables	99,582	87,899
Total gross receivables	**422,766**	**388,404**
Allowance for expected credit losses	(157,866)	(182,964)
Total net receivables	**264,900**	**205,440**

The ageing of tuition fees receivable is as follows:

	30 June 2024	30 June 2023
Current	-	-
Between 31 and 90 days past due	17,179	33,003
Between 91 and 180 days past due	96,519	121,780
Between 181 and 360 days past due	39,078	20,160
More than 360 days past due	140,893	101,264
Tuition fees receivable, gross	**293,668**	**276,207**
Less: Allowance for Expected Credit Losses	(157,866)	(182,964)
Tuition fees receivable, net	**135,802**	**93,243**

The Reporting Entity believes that the amounts that are past due but not impaired are still collectible, based on historical payment behaviour, ageing and counterparties credit risk.

Details in regards of the method used and provision rates for impairment of trade receivables are disclosed in Note 4.
Movement in the impairment provision for trade and other receivables is as follows:

	30 June 2024	30 June 2023
Balance at beginning of the year	182,964	226,953
Write offs	-	(92,542)
Recoveries for the year	(675)	(2,740)
Credit losses charge/ (release)	(24,423)	51,293
Balance at the end of the year	**157,866**	**182,964**

10. Cash and cash equivalents

Cash balances of RIT Kosovo (A.U.K.) as of 30 June 2024 and 30 June 2023 are comprised as follows:

	30 June 2024	30 June 2023
Cash at banks	3,790,236	3,557,157
Cash on hand	1,243	1,034
Total cash and cash equivalents	**3,791,479**	**3,558,191**

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

Rating Agency	Long term credit rating	30 June 2024	30 June 2023
Fitch	BB+	1,807,954	1,850,512
Fitch	B+	778,518	557,588
Moody	A2	191,236	483,567
Standard and Poor’s	A3	824,144	363,305
Fitch	A	19,293	193,541
No ranking	-	169,091	108,644
Total		**3,790,236**	**3,557,157**

11. Deferred income: tuition fees

	30 June 2024	30 June 2023
Undergraduate	461,337	568,975
Summer program and special programs	352,922	309,818
Total	**814,259**	**878,793**

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

12. Tuition and other related fee income

	30 June 2024	30 June 2023
Undergraduate program	4,194,251	3,850,866
TDI	107,799	132,433
Master program	78,155	416
Contribution to scholarship fund	(683,957)	(522,614)
Total	**3,696,248**	**3,461,101**

The contribution to scholarship fund is allocated by the Reporting Entity to provide scholarships to students who meet certain criteria. Total revenue before contributions is presented in the table above, and contributions to the scholarship funds are deducted from such total, resulting in net revenue recognised during the period. Revenue from the Institute for Development and Training ("TDI") represent income from trainings offered. TDI is part of the Reporting Entity structure of the Organization.

13. Income from special programs and other income

	30 June 2024	30 June 2023
Special program – TDI	500,988	234,429
Summer program	101,235	66,510
Other	83,251	26,480
Special programs	65,002	66,836
Income from dormitories	15,957	23,405
Income from rent	14,056	11,636
Release of credit loss from accounts receivable	675	2,740
Net gain from disposal of equipment	-	-
Total	**781,164**	**432,036**

14. Grants and donation income

	30 June 2024	30 June 2023
Grants related to assets released to income (note 6.1)	197,103	132,368
Grants received from related parties (note 24)	5,413	7,625
Grants and donations	13,167	15,780
Total	**215,683**	**155,773**

15. Staff salaries and benefits

	30 June 2024	30 June 2023
Academic staff salaries	792,248	636,858
Administrative staff salaries	575,153	568,386
International academic salaries	148,695	159,212
Pension contributions	68,322	58,941
Special program salaries	76,366	30,070
TDI salaries	37,420	50,021
Health insurance	44,975	33,719
Per diem	-	221
Total	**1,743,179**	**1,537,428**

The number of employees as of 30 June 2024 is 46 (30 June 2023: 44).

16. Academic consulting fees

Fees of EUR 792,069 (2021: EUR 771,285) represent amounts paid to the Rochester Institute of Technology ("RIT"), a United States not for profit education institution for undergraduate and graduate programs. These fees are based on the agreement dated 1 April 2020 between the RIT Kosovo, AUKF and RIT GDC for the provision of experts and certain educational services provided by RIT to the Reporting Entity.

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

	30 June 2024	30 June 2023
IT, Business and Management Courses	413,379	280,178
Total	**413,379**	**280,178**

18. Other operating expenses

	30 June 2024	30 June 2023
Depreciation and amortization	415,879	324,278
Repairs and maintenance	79,679	61,425
Security costs	64,955	59,375
Other expenses	119,577	55,941
Utilities	36,081	33,398
U.S.A. office costs	48,944	30,702
Marketing costs	43,532	30,205
Special programs/Summer Program	43,583	20,412
Bank charges	19,855	19,566
Telephone and internet	19,682	16,287
Audit and legal fees	29,362	15,998
Office supplies	12,529	15,295
Representation	10,629	11,123
Energy and fuel costs	6,419	9,105
Travel expenses	14,550	4,842
Property tax and Insurance	4,744	3,908
Academic events	1,576	3,785
Total	**971,576**	**715,645**

19. Germia campus premises

Pursuant to a Memorandum of Understanding signed between the Reporting Entity and the Ministry of Education, Science and Technology of Kosovo, followed by a contract between the Reporting Entity and the Municipality of Pristina, the Reporting Entity will use the "Germia Campus" educational facility for a period of ten years commencing from 1 July 2005 with the possibility of renewal after the expiry of this term. The contract specifies that the Reporting Entity will use the site on a rent-free and tax-free status during this period. The decision to renew the contract for an additional period of fifty years at the end of 2018 was taken by the Assembly of the Municipality of Pristina. As described in Note 3, both the asset and the grant are measured subsequently at amortised cost, while at inception the fair value has been determined by a certified independent external valuation specialist, engaged by the management. The asset will be depreciated on a straight-line basis over 50 years, which is the term that Municipality has approved.

Furthermore, the renovation and reconstruction of the Germia Campus which was carried out by Mabetex Corporation from February 2005 to October 2005, was performed on a donor basis and the contract between AUK and the Municipality of Prishtina specifies that such renovation shall remain the property of the owner. Therefore, only costs incurred by the Reporting Entity were capitalised and included in leasehold improvements as shown in Note 7.

20. Financial risk management

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

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

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

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

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

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

(a) Credit risk

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

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

	30 June 2024	**30 June 2023**
Cash and cash equivalents	3,791,479	3,558,191
Investments in equity securities at FVTPL	2,057,529	1,322,093
Accounts receivable	264,900	205,440
Total maximum exposure to credit risk	**6,113,908**	**5,085,724**

(b) Liquidity risk

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

i. Management of liquidity risk

The Reporting Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and severe conditions, without incurring unacceptable losses or risking damage to the Reporting Entity's reputation.

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

20 Financial risk management (Continued)

30 June 2024	Contractual cash flows			
	Carrying amount	**Up to 6 months**	**6 to 12 months**	**Over 1 year**
Financial liabilities				
Accounts payables and accrued expenses	134,193	134,193	-	-
Total	**134,193**	**134,193**	**-**	**-**

30 June 2023	Contractual cash flows			
	Carrying amount	**Up to 6 months**	**6 to 12 months**	**Over 1 year**
Financial liabilities				
Accounts payables and accrued expenses	149,034	149,034	-	-
Total	**149,034**	**149,034**	**-**	**-**

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

c) Market risk

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

i. Exposure to foreign exchange risk

Currency risk arises from the change in price of one currency against another. The currency risk is managed through monitoring of open foreign exchange positions. The Reporting Entity's exposure to foreign currency risk as translated in EUR is as follows:

Assets denominated in USD	30 June 2024	30 June 2023
Cash at banks	172,332	290,589
Investments in equity securities at FVTPL	2,057,529	1,322,093
Total exposure to foreign exchange risk	**2,229,861**	**1,612,682**

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

Change in statement of financial performance	2024	2023
+5% of Euro	111,493	80,760
- 5% of Euro	(111,493)	(80,760)

ii.Exposure to interest rate risk

The Reporting Entity generates interest income from short term investments. The Reporting Entity does not pay interest on liabilities. Below is the analysis of financial assets and liabilities:

	30 June 2024			30 June 2023		
	Interest bearing	**Non–interest bearing**	**Total**	**Interest bearing**	**Non–interest bearing**	**Total**
Cash and cash equivalents	1,719,373	2,071,742	3,791,115	1,893,621	1,664,570	3,558,191
Investments in equity securities at FVTPL	2,057,529	-	2,057,529	1,322,093	-	1,322,093
Accounts receivable	-	264,900	264,900	-	205,440	205,440
Total exposure to interest risk	**3,776,902**	**2,336,642**	**6,113,544**	**3,215,714**	**1,870,010**	**5,085,724**

21 Fair value disclosures

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

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

The tables below show the fair value of financial assets and liabilities not measured at fair value but for which fair value is disclosed as of 30 June 2024 and 30 June 2023:

30 June 2024	**Carrying amount**	**Fair Value**
Cash and cash equivalents	3,791,115	3,791,115
Investments in equity securities at FVTPL	2,057,529	2,057,529
Accounts receivable	264,900	264,900
Total	**6,113,544**	**6,113,544**

30 June 2023	**Carrying amount**	**Fair Value**
Cash and cash equivalents	3,558,191	3,558,191
Investments in equity securities at FVTPL	1,322,093	1,322,093
Accounts receivable	205,440	205,440
Total	**5,085,724**	**5,085,724**

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

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

22 Contingencies and commitments

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

23 Related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The following table summarizes the related party's transactions and balances as of and for the years ended 30 June 2024 and 30 June 2023, respectively:

Statement of financial position	**Nature of relationship**	**30 June 2024**	**30 June 2023**
Liabilities			
Scholarship fund payable	Board of Trustees	41,476	39,547
Total		**41,476**	**39,547**
Statement of financial performance			
Income			
Scholarships	Board of Trustees	13,335	58,196
Other income	Board of Trustees	5,296	6,619
Total		**18,631**	**64,815**
Expenses			
Personnel costs	Key management	291,107	352,936
Total		**291,107**	**352,936**

24 Events after the reporting period

No subsequent events have occurred after the reporting date that may require adjustment or disclosure in the financial statements.