Monego sh.p.k
Financial Statements as at and for the year ended December 31, 2018
With the Independent Auditor's Report thereon

Content

MAZARS

INDEPENDENT AUDITOR'S REPORT

To the management and owner of **Monego sh.p.k**

Opinion

We have audited the financial statements of **Monego sh.p.k** (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of ethical requirements applicable in the audit of financial statements in Kosovo and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of **Monego sh.p.k** for the year ended December 31,2017 were not audited by another auditor.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern andusing the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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.

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

We are required to 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.

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April 26, 2019

Teit Gjini
Legal Auditor

Statement of Financial Position
at December 31, 2018

	Notes	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	123,066	7,963
Intangible assets	7	153,719	6,180
Leasehold improvements	8	92,868	733
Advances paid	9	6,950	2,000
Total non-current assets		**376,603**	**16,876**
Current assets			
Loans and advances to customers	10	4,082,378	-
Other receivables from clients	11	180,050	-
Prepaid income tax	12	217	-
Other receivables	13	74,605	-
Cash and cash equivalents	14	364,997	311,876
Total current assets		**4,702,247**	**311,876**
Total assets		**5,078,850**	**328,752**
EQUITY			
Subscribed capital	15	1,100,000	300,000
Accumulated loss		(54,373)	-
Current year profit		(644,380)	(54,373)
Total equity		**401,247**	**245,627**
LIABILITIES			
Non – current liabilities			
Long term loans	16	4,422,000	80,000
Total non-current liabilities		**4,422,000**	**80,000**
Current liabilities			
Trade payables	17	136,607	1,742
Deferred income	18	58,035	-
Tax liabilities	19	16,163	1,383
Other payables	20	44,798	-
Total current liabilities		**255,603**	**3,125**
Total liabilities		**4,677,603**	**83,125**
Total equity and liabilities		**5,078,850**	**328,752**

The financial statements have to be read in conjuction with the notes set out in pages 7-28, forming part of these financial statements.

Statement of Profit or Loss and other Comprehensive Income
For the year ended December 31, 2018

	Notes	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Interest income		90,298	-
Interest expenses		(148,566)	(3,982)
Net income from interests	21	**(58,268)**	**(3,982)**
Income from commissions		592,522	-
Other income		332,268	-
Other Income total	22	**924,790**	**-**
Imparment of financial assets	10,11	(691,001)	-
Personnel expenses	23	(306,487)	(23,031)
Depreciation and amortisation expenses	24	(42,369)	-
Other expenses	25	(471,045)	(27,360)
Total expenses		**(1,510,902)**	**(50,391)**
Interest expense and other similar		-	-
Loss before tax		**(644,380)**	**(54,373)**
Income tax expense	26	**-**	**-**
Current year income tax expense		-	-
Deferred income tax expense		-	-
Los for the year		**(644,380)**	**(54,373)**
Total of other comprehensive income for the year		**-**	**-**
Total of other comprehensive income for the year		**(644,380)**	**(54,373)**

The financial statements have to be read in conjuction with the notes set out in pages 7-28, forming part of these financial statements.

Statement of Changes in Equity for the year ended December 31, 2018

	Subscribed capital	Accumulated loss	Loss of the year	Total
Financial position as at June 19th 2017	**300,000**	**-**	**-**	**300,000**
Total comprehensive income for the year:			(54,373)	(54,373)
Issue of new shares				-
Financial position as at December 31st 2017	**300,000**	**-**	**(54,373)**	**245,627**
Total comprehensive income for the year:			(644,380)	(644,380)
Transfer to accumulated loss		(54,373)	54,373	-
Issue of new shares	800,000			800,000
Financial position as at December 31st 2018	**1,100,000**	**(54,373)**	**(644,380)**	**401,247**

The financial statements have to be read in conjuction with the notes set out in pages 7-28, forming part of these financial statements.

The Financial Statements have been approved by the Management on April 22, 2019 and have been signed on behalf for publication by:

Gramos Hashani
Preparer of the Financial Statements

Egzon Halili
Legal Representative

Statements of Cash Flows
for the year ended in December 2018

	Notes	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Cash Flows from operating activities			
Net profit before tax		**(644,380)**	**(54,373)**
Adjustment for non-cash items:			
Depreciation and amortization		42,369	
Impairment of financial assets		691,001	
Disposals		8,000	
Operational Income/(loss) before changes in working capital		**96,990**	**(54,373)**
Changes in working capital			
Changes in loan given to clients		(4,706,539)	
Changes in trade and other receivables		(246,890)	
Changes in other assets		(74,826)	
Changes in trade and other payables		252,478	3,125
Changes in prepayments & deferred expenses		(4,950)	(2,000)
Cash generated from operations		**(4,683,737)**	**(53,248)**
Investing activities			
Purchase of property, plant and equipment		(306,941)	(14,143)
Investments in leasehold improvements		(98,201)	(733)
Cash generated from investments		**(405,142)**	**(14,876)**
Financing activities			
Proceeds from long term borrowings		4,342,000	80,000
Issues of new shares		800,000	300,000
Cash generated from financing		**5,142,000**	**380,000**
Net change in cash and cash equivalents		53,121	311,876
Cash and cash equivalents at beginning		311,876	
Cash and cash equivalents at end	**14**	**364,997**	**311,876**

The financial statements have to be read in conjuction with the notes set out in pages 7-28, forming part of these financial statement

1. General Information

Monego shpk (Company) was founded on June 19, 2017 by a private idividual, the only owner of the company.

The main core of the company is the providing financial services as monthly and consumer loans. Monego Ltd was licensed as a Non-Banking Financial Institution-NBFI by the Central Bank of Kosovo on February 26, 2018.

The head offices of the company are located at Rr.Nazim Gafurri street, Floor 2 no. 31 Prishtina.

During 2018, the company operated in 10 branches in 9 different cities: Prishtina, Ferizaj, Fushë Kosovë, Prizren, Gjakova, Peja, Mitrovica, Gjilan, Podujeva and Vushtrri.

On December 31, 2018 the number of employees of the company is 107 employees.

The capital registered for the year ended December 31, 2018 is EUR 1,100,000 (2017: EUR 300,000).

The legal representative of the company is Mr. Egzon Halili.

The company is managed by the board of directors and managing director.

The Board of Directors of the Company consists of:

1. Mr.Marcis Grinis- Chairman of Board of Directors
2. Mr.Jekabs Endzins- Vc. Chairman of Board of Directors
3. Mr.Egzon Halili – Member of Board of Directors

2. Basis of preparation

2.1. Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis.

2.3. Going concern

The Financial Statements are prepared on the assumption of the business as a going concern, which takes into account that the company will continue its activity for a foreseeable future.

2.4. Functional and presentation currency

These financial statements are presented in Euro, which is the Company’s functional currency.

3. Application of new and revised international financial reporting standards

3.1. Standards and Interpretations effective in the current period

Adoption of IFRS 9 "Financial Instruments"
At each balance sheet date the Company assesses whether there is objective evidence that financial assets other than cash and cash equivalents are impaired. Financial assets are considered impaired when there is evidence that a loss event occurs after the initial recognition of the asset, and this has an impact on future cash flows of the asset, which can be measured reliably.
Objective evidence that impaired financial assets may include default or violation by the borrower, loan restructuring or advances from the Company provided that the Company does not consider the information that a borrower or issuer will go bankrupt, the disappearance of an active market for financial instruments, or other observable data relating to a group of assets such as negative changes in the borrower's status of the borrower or group issuers, or economic conditions associated with the failure of the group.
The application of IFRS 9 has completely changed the method of calculating depreciation of loan losses by replacing the expected loss method of IAS 39 with the expected loss method (ECL) that estimates the future. The Company has no instrument that is affected by the initial application of SRFN 9 after its lending activity began in May 2018. ECL (Credit Loss) is based on losses expected to occur throughout the loan period except when there is no significant increase in credit risk since its origination. The Company has short-term loans that do not exceed 12 months and calculates the relevant depreciation based on shorter than 12 months.
The company has a policy of estimating the financial instruments each month as well as any reporting date if the credit risk of a financial instrument has increased significantly from initial recognition. The association groups them in the following stages:
• Stage 1: When credits are recognized for the first time, the Company records a provision based on expected loan losses of 12 months.
• Stage 2: When a loan has shown significant risk growth from initial recognition.
• Stage 3: When credits are considered depreciated
For financial assets for which the Company does not expect to recover the amount given, the gross value of the loan is reduced to the expected loss that is not being recovered. This is considered a (partial) census of the financial asset.

(i) Financial assets at amortized cost
Impairment losses on assets held at amortized cost are measured as the difference between the carrying amount of financial assets and the present value of expected cash flows discounted at the effective interest rate on assets. Losses are recognized in profit or loss and are reflected in a provision versus loans and advances. Interest on impaired assets continues to be recognized through a deduction restitution. When a subsequent event causes the amount of the impairment loss to decrease, the impairment loss is recognized (recognized) through profit or loss.

(ii) Available-for-sale financial instruments
For financial instruments available for sale, the Company assesses at each financial statement date if there is objective evidence that an investment is impaired.

Impairment losses on available-for-sale financial assets are recognized by transferring through a reclassification, cumulative loss that is recognized in other comprehensive income, in profit or loss. The cumulative loss that is reclassified from other income to profit or loss is the difference between the purchase cost net of any principal and amortization and the present fair value less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to the value in time are reflected as a component of interest income.

3. Application of new and revised international financial reporting standards (continues)

3.1. Standards and Interpretations effective in the current period (continues)

Adoption of IFRS 9 "Financial Instruments" (continues)

If, at a later date, the fair value of a value-for-sale, impaired asset is increased, and the increase may be objectively related to an event that occurred after the impairment loss is recognized in profit or loss, the impairment loss is reversed (recoverable), and the amount of return is recognized in profit or loss. However, any subsequent increase in the fair value of an impaired equity paper is recognized in other comprehensive income.

Adoption of IFRS 15 "Revenue from Contracts with Customers"
The Company applied the simplified method of transition to IFRS 15, and elected to apply the practical expedient available for simplified transition method. The Company applies IFRS 15 only to contracts that were not completed at the date of initial application (1 January 2018).
The adoption of IFRS 15 does not result in corrections in the financial statements.

The following amended standards became effective for the Company from 1 January 2018, but did not have any material impact on the Company:

- Amendments to IFRS 2 "Share-based Payment" (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4 - "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 1 an IAS 28 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40 – "Transfers of Investment Property" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

3.2 Standards and interpretations in issue but not adopted yet

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the company has decided not to adopt early. The Company plans to adopt these pronouncements when they become effective.

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019).
The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases almost result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss and other comprehensive income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

3. Application of new and revised international financial reporting standards (continues)

3.2 Standards and interpretations in issue but not adopted yet (continues)

The following table presents a reconciliation of the operating lease commitments disclosed to the recognized liability:

	31 December 2018 / 1 January 2019
Total future minimum lease payments for non-cancellable operating leases	245,911
- Future lease payments that are due in periods subject to lease extension options that are reasonably certain to be exercised	228,372
- Future variable lease payments that are based on an index or a rate	-
- Effect of discounting to present value	17,540
Total lease liabilities	**-**

The amendments that may be relevant to the Company, but are not expected to have any significant impact in its financial statements, are set out below:

- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019)
- Annual improvements (2015-2017 cycle) (mandatorily effective for periods beginning on or after 1 January 2019).
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 19 "Plan amendments, curtailments and settlements"(mandatorily effective for periods beginning on or after 1 January 2019).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"(mandatorily effective for periods beginning on or after 1 January 2019).
- IFRS 17 “Insurance Contracts” (mandatorily effective for periods beginning on or after 1 January 2021).

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Interest

Interest income and expense are recognized in profit or loss through the effective interest rate method. The effective interest rate is the rate that updates the expected future cash flows and receipts during the expected life of the asset or financial liability (or, as the case may be, a shorter period), up to the carrying amount of asset or financial liability. When calculating an effective interest rate, the Company assesses the future cash flows taking into account all the contractual terms of the financial instrument, but not the future loan losses. The calculation of the effective interest rate includes all transaction costs and commissions and other deductions paid or received, which are an integral part of the effective interest rate. Transaction costs include additional costs that are directly related to the purchase or issue of a financial asset or liability. The Company calculates interest up to 200 days of delays. These interests for overdue amounts over 30 days are fully charged.

4. Significant accounting policies (continues)

4.2 Fees and commissions

Income and expenses for fees and commissions that are an integral part of the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate. When a loan commitment is not expected to result in a loan being withdrawn, the related loan commitment fees are recognized on a straight-line basis over the commitment period. Other commissions income is recognized at the time of service delivery. The company calculates commissions up to 200 days of delays. These commissions for overdue amounts over 30 days are fully charged.

4.3 Financial assets and liabilities

(i) Recognition

The company initially recognizes loans and advances to customers and borrowings on the date they are created. All other financial assets and liabilities (including regular sales and purchases) are initially recognized at the trading date, which is the date the Company becomes a party to the contractual terms of the instrument. A financial asset or liability is initially measured at fair value plus (for an item that is not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

(ii) Derecognition

The company derecognises a financial asset when the contractual cash flow rights expire from the financial asset or when it transfers the right to receive contractual cash flows in a transaction in which all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain the control of the financial asset.
The Company derecognises a financial liability when the contractual obligations are fullfilled, interrupted or terminated.

(iii) Compensation

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position then and only when the Company has the legal right to settle the amounts and intends to settle on a net basis or to realize only when allowed by accounting standards, or for gains and losses arising from a group of similar transactions such as the Company's activity.

(iv) Measurement of the depreciation cost

The amortized cost of a financial asset or liability is the amount by which the asset or liability is recognized at initial recognition by deducting principal payments, plus or minus accumulated amortization, using the effective interest method for each difference between the initial recognition value and the value at maturity, minus any depreciation allowance.

4. Significant accounting policies (continues)

4.3 Financial assets and liabilities (continues)

(v) Measurement of fair value

Fair value is the price that would be accepted to sell an asset or price that would be paid to transfer an obligation in an ordinary transaction between market participants at the measurement date under current market conditions or at its absence, in the most favorable market where the Company has access to that date. The fair value of an obligation reflects the risk of its non-performance.
Whenever possible, the Company measures the fair value of an instrument using quoted prices for this instrument in active markets or using quoted prices of intermediaries for quoted financial instruments in active markets.
A market is considered active if quoted prices are readily and regularly available and present current and regular market transactions based on normal market relationships.
If the market for a financial instrument is not active, the Company makes fair value measurement using the valuation method. The valuation methods include the net present value method, the discounted cash flows, comparisons with similar financial instruments for which there are observable market prices and valuation methods, for these financial instruments, the data used in the model are not observable.

(vi) Identification and measurement of depreciation

At each reporting date the Company assesses whether there is objective evidence that financial assets that are not carried at fair value through profit or loss are impaired. Financial assets are impaired if objective evidence indicates that an impairment event occurred after the initial recognition of the asset, and that the impairment event has an impact on the future cash flows of the asset, which can be measured reliably.
The objective evidence that a financial asset is impaired includes the default or bankruptcy of the borrower, the loan or advance restructuring by the Company under conditions that, of collateral is significantly reduced as a result of the deterioration of market conditions or other observable data relating to a group of assets such as unfavorable movements in the Borrower's payment status to the Company or economic conditions that are in correlation with non-payment to the Company .
For the purposes of the collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics.
These features are important for assessing future cash flows for such asset groups as indicators of the debtor's ability to pay all the appropriate amounts under the contractual terms of the assets being valued.
Losses from assets measured at amortized cost are accounted for as the difference between the carrying amount and the present value of the future cash flows discounted at the original effective interest rate of the asset. Losses are recognized as gains or losses and reflected in an impairment allowance against loans and advances. Interest on impaired assets continues to be recognized through deferral of the discount rate. When a subsequent event occurs because the amount of the impairment loss is lower then the impairment loss is reversed through profit or loss.
The company includes loans and advances to customers when they are determined to be unearned. Uncollectible assets are removed from the impairment fund after all necessary procedures have been completed to recover the asset and the amount of the loss is determined. Subsequent reversals of previously written off amounts are recognized in profit or loss for the year.

4. Significant accounting policies (continues)

4.4 Cash and cash equivalents

Cash and cash equivalents include banknotes and coins in cash, unconditional terms in the Bank and other short-term financial assets with an original maturity of three months or less, which are subject to a non-significant change in value, and are used by the Company in the management of short-term commitments. Cash and cash equivalents are kept in the statement of financial position at amortized cost.

4.5 Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets and the institution does not intend to sell in short-term periods.
Loans and advances are initially measured at fair value plus other direct transaction costs, and are subsequently measured at amortized cost using the effective interest method.

4.6 Borrowings

Borrowings are a major part of the Company's funding sources. Borrowings are initially measured at fair value plus the costs that are directly attributable to the transaction, and are then measured at amortized cost using the effective interest method.

4.7 Property plant and equipment

Property plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenses that are directly related to the purchase of the asset. The cost of self-generated assets includes the cost of materials and direct labor, any other costs directly attributable to the behavior of the asset in its working condition for its intended use, as well as the costs of dismantling and removal of parts and restoration of the site previous situation. When different parts of a device have different useful lives, they are accounted for as separate elements (key components) of the devices.
The cost of replacing a part of a device is recognized in the carrying amount of the asset if it is probable that the future economic benefits included within the part will flow to the Company and its cost can be measured reliably. Daily service cost expense is recognized in profit or loss when incurred.
At the end of each reporting period, management assesses whether there is evidence of impairment of assets and assets.
If there are such indicators, management estimates the recoverable amount, which is defined as the higher of the fair value of an asset minus the cost of the sale and its value in use. The carrying amount is reduced to recoverable amount and the impairment loss is recognized in profit or loss for the year.
An impairment loss recognized for an asset in previous years is reversed if there has been a change in the estimates used to determine the value of the asset in use or fair value less costs to sell.
Gains and losses on disposal are determined by comparing the amount received for the asset with the carrying amount and recognized in profit or loss.

4. Significant accounting policies (continues)

4.7 Property plant and equipment(continues)

(i) Deprecation
Depreciation is calculated using the straight-line method to allocate their cost to their residual values over the expected life of the asset:

Assets Category	Depreciation Period
Electronic equipment	3 years
Other equipment	5 years
Improvement of leasehold property, plant and equipment	The shorter of beneficial period and leasing period

The residual values and useful life are reviewed and adjusted if necessary at the end of each reporting period.

4.7 Intagible assets

Intangible assets acquired by the Company are held at cost less accumulated amortization and accumulated impairment losses.
Subsequent expense on intangible assets is capitalized only when the future economic benefits embodied in the specific asset to which it relates are capitalized. All other expenses are recognized when they occur.
Amortization shall begin from the next month what is following the month intangible asset is available for use. The useful life of an intangible asset whether is finite or indefinite should be assessed. The intangible asset with a definite useful life shall be amortized. The Intangible asset, which has been fully depreciated or it impairment has been fully provided, shall not be amortized. The amortization shall be on a straight-line basis (unless the other methods are more able to reflect the pattern in which the asset's future economic benefits are expected to be consumed.), that is, the intangible assets shall be amortized evenly over its expected useful life, starting from the 1st date of the next month after the intangible asset is available for use. If Intangible assets are disposed in the current month, the amortization shall be ceased in the current month. If the value of intangible asset is adjusted as a result of provision or reversal for impairment, the adjusted value shall be adopted to amortization over its remaining useful life. An intangible asset with an indefinite useful life shall not be amortized.

The amortization period is determined as follows:

- If the benefit period of an intangible asset that arises from contractual other than effective period arises from legal rights, the amortization period shall not exceed the benefit period.

- If the effective period of an intangible asset arises from legal rights other than benefit period arises from contractual, the amortization period shall not exceed the effective period.

- The useful life of an intangible asset that arises from both contractual and legal rights, the amortization period shall not exceed the shorter of benefit period and the effective period.

4. Significant accounting policies (continues)

4.8 Intangible assets (continues)

- If neither benefit period arises from contractual nor the effective period arises from legal rights, the amortization period shall not exceed expected period of management as shown in the following table:

Category	Amortization Period
Software	4 years

The residual value of intangible assets is zero.

4.9 Operating lease

When the Company is a leaseer in a lease that does not substantially transfer all the risks and rewards of ownership from the lessor to the Company, the total lease payments are charged to the profit or loss for the year on a straight-line basis during the lease period.

4.10 Income Tax

Income tax expense includes current and deferred tax. Income tax expense is recognized in profit or loss, except for the measure relating to items recognized directly in equity or other comprehensive income.
Current tax is the expected tax payable on taxable income for the year, using tax forms approved or substantially set at the reporting date and any tax adjustment payable in respect of the previous years. Income tax rate for the year ended December 31, 2018 is 10% (2017: 10%).

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amounts used for tax purposes. Deferred tax is measured at tax rates that are expected to apply to temporary differences when they change, based on laws that are approved or substantially endorsed at the reporting date. In determining the amount of current and deferred tax, the Company takes into account the impact of unsecured tax positions and whether additional taxes and interests may be in arrears. The company believes that assessed tax liabilities are adequate for all open tax years based on many factors, including tax law interpretations and previous experience. This assessment is based on estimates and assumptions and may include a series of judgments about future events. Due to the new information that may be made available, the Company may change its judgment regarding the appropriateness of the existing tax liabilities; such changes in tax liabilities will affect the tax expense in the period when such determination has been made. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be used. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer possible for the respective tax benefit to be realized.

4.11 Provisions for liabilities and charges

A provision is recognized if, as a result of past events, the Company has a legal or constructive obligation that can be measured reliably and is likely to require an outflow of resources involving economic benefits to settle the obligation. Provisions are determined by discounting expected cash flows with a pre-tax discount rate that reflects the current market valuation of the time value of money and, where appropriate, the specific liability risks.

4. Significant accounting policies (continues)

4.12 Employee benefits

Liabilities for contributions to defined contribution pension plans are recognized as an expense in profit or loss when they occur. The company pays contributions to compulsory social insurance for employee benefits after retirement. Local authorities are responsible for determining the minimum legal limit for pensions in Kosovo under a defined contribution plan.

5. Use estimates and judgments

The Company makes estimates and judgments that affect the reported values of assets and liabilities within the next financial year. Reviews and judgments are continually revised and based on historical experience and other factors, including expectations on future events that are thought to be reasonable under the circumstances. Information on provisions and contingencies is detailed in notes 10 and 11.

(i) Loans and advances devaluation funds

Assets measured at amortized cost are reviewed to determine impairment losses in the manner described in accounting policy 4.3
Collectively assessed impairment provisions cover losses on loan and advances portfolios for customers with similar economic characteristics when there are objective evidence suggesting they contain indications of loss, but their individual depreciation can not yet be identified. To determine whether a loan loss should be recorded in profit or loss, management judges on such factors as credit quality, portfolio size, credit portfolio trends and behavior, and economic factors. For the purposes of assessing the required fund, assumptions are based on historical experience, credit risk characteristics in the The Company and in microfinance institutions and other credit markets in Kosovo and current economic conditions. The adequacy of the fund for such losses depends on how accurate the assumptions and parameters used in determining the collective loss.

(ii) Income Tax

Information on significant valuation uncertainty areas that have the greatest effect on the amounts of profit tax recognized in the financial statements are included in Note 26. Unsecured tax and tax positions are reassessed by management at the end of each reporting period. Profit tax liabilities are recorded on the basis of management's assessment that no additional tax will result if tax rates may differ from tax authorities. The assessment is based on the interpretation of tax laws that are in effect until the end of the reporting period and on court decisions or other decisions on such matters. Liabilities for fines, interests and other taxes other than profit tax are recognized on the basis of the best management's estimate of the amount required to settle the obligations.

5. Use estimates and judgments (continues)

(iii) Determining fair value

Determination of the fair value of financial assets and liabilities for which there are no available market prices requires the use of valuation techniques mentioned in accounting policies 4.3. For financial instruments that are rarely traded and have low price transparency, fair value is less objective and requires different levels of judgment that depend on liquidity, concentration, market factors uncertainty, price assumptions and other risks affecting the specific instrument . The accounting policies of the The Company for measuring fair value are discussed in Note 4.3. Company measures fair values using the following hierarchy of methods:

• Level 1: Quoted prices in an active market for an identical instrument.
• Level 2: Evaluation technique based on observable data. This category includes instruments valued using: quoted prices in active markets for long-term instruments, quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all relevant data are directly or indirectly observable from market data
• Level 3: Evaluation techniques that use important unobtrusive data. This category includes all those instruments where the valuation technique includes data that is not observable and unobservable data have a significant effect on the instrument's valuation. This category includes instruments that are evaluated based on quoted prices for similar instruments where important non-observable arrangements or judgments are required to reflect the difference between the instruments.

The Company determines fair value using valuation techniques. Valuation techniques include net present value and discount cash flow models, comparisons with similar instruments for which there are significant market prices and other valuation models. The assumptions and inputs used in the valuation techniques include interest rate risk-free or benchmarking rates, and fluctuations or correlations of expected prices.

6. Property plant and equipment

Property, plant and equipment are as follows:

	IT equipment	Office equipment	Total
Cost			
Balance as at 19 June 2017			-
Additions	5,301	2,662	7,963
Disposals			-
Balance as at 31 December 2017	**5,301**	**2,662**	**7,963**
Additions	95,530	37,139	132,669
Disposals			-
Balance as at 31 December 2018	**100,831**	**39,801**	**140,632**
Accumulated depreciation			
Balance as at 19 June 2017			-
Charge for the year			-
Disposals			-
Balance as at 31 December 2017	**-**	**-**	**-**
Charge for the year	14,108	3,458	17,566
Disposals			-
Balance as at 31 December 2018	**14,108**	**3,458**	**17,566**
Net Book Value			
Balance as at 31 December 2017	**5,301**	**2,662**	**7,963**
Balance as at 31 December 2018	**86,723**	**36,343**	**123,066**

7. Intangible assets

Intangible assets are as follows:

	Intangible assets	Total
Cost		
Balance as at 19 June 2017		-
Additions	6,180	6,180
Disposals		-
Balance as at 31 December 2017	**6,180**	**6,180**
Additions	174,272	174,272
Disposals	(8,000)	(8,000)
Balance as at 31 December 2018	**172,452**	**172,452**
Accumulated depreciation		
Balance as at 19 June 2017		-
Charge for the year		-
Disposals		-
Balance as at 31 December 2017	**-**	**-**
Charge for the year	18,733	18,733
Disposals		-
Balance as at 31 December 2018	**18,733**	**18,733**
Balance as at 31 December 2017	**6,180**	**6,180**
Balance as at 31 December 2018	**153,719**	**153,719**

8. Leasehold improvements

	December 31,2018	December 31,2017
Leasehold improvements	98,934	733
Reversal in leasehold improvements	(6,066)	-
	92,868	**733**

The value of EUR 98,934 represents the value of investments and improvements in leased premises for the branches where the company exercises its activity as well as the head office. The Company recovers quotas and investments in leased premises in a straight-line method for the entire duration of the rented premises contract.

9. Advances paid

The value of the advances paid represents the value of the guarantees given to the premises rented.

	December 31,2018	December 31,2017
Warranty	6,950	2,000
	6,950	**2,000**

10. Loans and advances to customers

	December 31,2018	December 31,2017
Loans and Advances to Customers	4,706,539	-
Impairment for Loans to Customers	(624,161)	-
	4,082,378	**-**

11. Other receivables from clients

Proceeds from loans represent interest income, administration and disbursement fees belonging to 2018 but not paid by customers.

	December 31,2018	December 31,2017
Accrued income from loans	246,890	-
Impairment of accrued income	(66,840)	-
	180,050	**-**

12. Prepaid income tax

Prepaid income tax for the year ended as at December 31, 2018 and 2017 are presented as per below:

	December 31,2018	December 31,2017
Prepaid income tax	217	-
	217	**-**

13. Other receivables

The value of deferred prepayments and expenditures represents the value of prepayments made for the provision of facilities. The value of other accounts receivable relates to receivables from Western Union and Post of Kosovo, for the value of payments made at their branches on behalf of Monego sh.pk.

	December 31,2018	December 31,2017
Prepayments and deferred expenses	7,758	-
VAT receivables	6,278	-
Other receivables	60,569	-
	74,605	**-**

14. Cash and cash equivalents

By the end of 2018, the company has open accounts at banks: Raiffeisen Bank Kosovo, Procredit Bank, Banka për Biznes dhe TEB. Money cash devices represent the state of money at the close of the day at each branch where the company operates.

	December 31,2018	December 31,2017
Cash and cash equivalents in bank	345,646	311,750
Cash on hand	19,351	126
	364,997	**311,876**

15. Subscribed capital

The registered capital of the company presented in the statement of financial position is owned by a private individual, the sole owner. During 2018 the company has increased its capital by EUR 800,000, the quotes signed with the money contribution are settled immediately through bank transfers.

16. Long term loans

The company has secured borrowing from 3 lenders in the amounts presented below. Loan disbursements are made on the basis of the needs of the company, based on previously drafted budgets. Loan repayment is expected to take place by 31 December 2020 under an agreed plan between the lender and Monego shpk. The annual interest rate on loans is 12%.

	December 31,2018	December 31,2017
Borrowings from Lender 1	813,000	10,000
Borrowings from Lender 2	1,205,000	70,000
Borrowings from Lender 3	2,404,000	-
	4,422,000	**80,000**

17. Trade payables

Trade payable for the year ended as at December 31, 2018 and 2017 are presented as per below:

	December 31,2018	December 31,2017
Suppliers	136,607	1,742
	136,607	**1,742**

18. Deferred income

Deferred income for the year ended as at December 31, 2018 and 2017 are presented as per below:

	December 31,2018	December 31,2017
Deferred income	58,035	-
	58,035	**-**

19. Tax liabilities

Tax liabilities for the year ended as at December 31, 2018 and 2017 are presented as per below:

	December 31,2018	December 31,2017
VAT payable	-	600
Social insurance liabilities	6,391	325
Withholding tax liabilities	5,626	193
Income tax liabilities	4,146	265
	16,163	**1,383**

20. Other payables

Other payble for the year ended as at December 31, 2018 and 2017 are presented as per below:

	December 31,2018	December 31,2017
Salaries payables	20,202	-
Other payables	24,596	-
	44,798	**-**

21. Net income from interests

Net income from interest for the year ended as at December 31, 2018 and 2017 are presented as per below:

	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Interest income from loans to customers	90,298	-
Interest expenses from loans	(148,566)	(3,982)
Net interest income	**(58,268)**	**(3,982)**

22. Other income

Other income for the year ended as at December 31, 2018 and 2017 are presented as per below:

	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Income from management commissions	136,977	-
Income from disbursement commissions	455,545	-
Income from extension fee	266,017	-
Income from penalties	42,551	-
Other income	23,700	-
	924,790	**-**

23. Personnel expenses

Personnel expenses for the year ended as at December 31, 2018 and 2017 are presented as per below:

	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Salary expenses	292,368	21,934
Social insurance expenses	14,119	1,097
	306,487	**23,031**

24. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the year ended as at December 31, 2018 and 2017 are presented as per below:

	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Depreciation of fixed assets	17,570	-
Amortisation of intangible assets	18,733	-
Amortisation of leasehold improvements	6,066	-
	42,369	**-**

25. Other expenses

Other expenses for the year ended as at December 31, 2018 and 2017 are presented as per below:

	For the year ended as at December 31,2018	For the year ended as at December 31,2017
Maintenance expenses	11,389	70
IT services	49,759	-
Stationeries and office expenses	32,075	3,107
Expenses on access to credit history of CBK	12,064	-
Travel expenses	5,669	717
Insurance expenses	7,428	-
Rent	63,200	5,331
Legal and consultancy expenses	23,622	3,674
Translation expenses	1,101	1,039
Expenses for employees	1,364	210
Marketing expenses	156,850	120
Phone and internet expenses	50,559	1,257
Commissions and bank charges	7,165	634
Representation expenses	3,234	-
Debt collection expenses	4,477	-
Small value assets	19,796	314
Other expenses	21,293	10,887
	471,045	**27,360**

26. Income tax expenses

Income tax expenses for the year ended as at December 31, 2018 and 2017 are presented as per below:

	December 31,2018	December 31,2017
Profit (Loss) before tax	**(644,380)**	**-**
Total of non-deducted expenses	**12,468**	**-**
Different expenses	12,468	
Profit before tax (including non-deducted expenses)	**(631,912)**	**-**
Accumulated fiscal loss as at 01.01.2018	(56,027)	
Accumulated fiscal loss as at 31.12.2018	(687,939)	
Income tax @ 10%	-	-
	(644,380)	**-**

27. Financial risk management

Main financial liabilities of the Company consist of accounts payable and other liabilities. The main purpose of these financial liabilities is to finance and to provide guarantees for the Company's operations. The Company has loans and tade receivables, cash and cash equivalents and short-term deposits resulting from its operations. The Company is exposed to Market risk, credit risk and liquidity risk.

The top management of the company is in charge of managing these risks.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will vary due to changes in market prices. Market prices comprise four types of risk: interest rate risk, exchange rate risk, commodity price risk and other price risks, such as capital price risk. Financial instruments affected by market risk include borrowings, loans and deposits.

Interest rate risk

Interest rate risk consists of the risk that the value of future cash flows of a financial instrument will vary due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of interest bearing liabilities used to fund those assets. The extension of time within which the interest rate of a financial instrument is fixed determines to what extent it is exposed to interest rate risk.

Credit risk

Credit risk is the risk that the other party will not be able to pay its obligations arising from a financial instrument or customer agreements, thus leading to a financial loss. Company is exposed to credit risk due to its operational activities (first of all due to the accounts receivable) and from its financing activities, which include deposits with banks and financial institutions, foreign currency transactions and other financial instruments.
Credit risk is limited to the carrying amount of financial assets at the reporting date.

	Total Receivables	**Impairment**	**Net receivables**
Current loans	3,847,778	269,380	3,578,398
0-30 days delay	457,802	91,560	366,242
31-60 days delay	206,372	103,186	103,186
61-90 days delay	64,924	48,693	16,231
91-180 days delay	118,369	100,613	17,756
181-365 days delay	11,294	10,729	565
Over 365 days delay	-	-	-
	4,706,539	**624,161**	**4,082,378**

27. Financial risk management(continued)

Liquidity risk

Liquidity risk is the risk that the Company may not be able to pay its obligations associated with financial liabilities at their due date. Liquidity risk is the risk inherent in the business of the Company as some specific assets purchased or liabilities sold may have specific liquidity characteristics. If the Company will need to have large amounts in a short period of time that exceeds normal requirements for cash, the Company may encounter difficulty to ensure competitive prices. The Company manages the liquidity risk by continuously monitoring forecasts and actual cash flows and by trying to match the maturity profiles of assets and liabilities.

	December 31st, 2018			
	Up to 6 months	6-12 months	Over 12 months	Total
Financial assets				
Loans to customers	2,426,966	1,977,711	301,862	4,706,539
Other receivables	321,495			321,495
Cash and cash equivalents	364,997			364,997
Total	**3,113,458**	**1,977,711**	**301,862**	**5,393,031**
Financial liabilities				
Borrowings			4,422,000	4,422,000
Other payables	197,568			197,568
Total	**197,568**	**-**	**4,422,000**	**4,619,568**
Liquidity risk as at December 31, 2018	**2,915,890**	**1,977,711**	**(4,120,138)**	**773,463**

	December 31st, 2017			
	Up to 6 months	6-12 months	Over 12 months	Total
Financial assets				
Loans to customers				-
Other receivables				-
Cash and cash equivalents	311,876			311,876
Total	**311,876**	**-**	**-**	**311,876**
Financial liabilities				
Borrowings			80,000	80,000
Other payables	3,125			3,125
Total	**3,125**	**-**	**80,000**	**83,125**
Liquidity risk as at December 31, 2018	**308,751**	**-**	**(80,000)**	**228,751**

27. Financial risk management(continued)

Currency risk

The Company undertakes transactions denominated in foreign currencies as a result of exposure to fluctuations in exchange rates. The exposure to exchange rates is managed by determining a policy between accounts receivable and payable. The net book value of monetary assets and liabilities of the company by currency for the year ended are presented in the table below:

	December 31st 2018		
	EUR	**USD**	**Total**
Financial assets			
Loans to customers	4,706,539		4,706,539
Other receivables	321,495		321,495
Cash and cash equivalents	364,997		364,997
Total	**5,393,031**	**-**	**5,393,031**
Financial liabilities			
Borrowings	4,422,000		4,422,000
Other payables	197,568		197,568
Total	**4,619,568**	**-**	**4,619,568**
Exchange rate risk as at December 31, 2018	**773,463**	**-**	**773,463**

	December 31st 2017		
	EUR	**USD**	**Total**
Financial assets			
Loans to customers	-		-
Other receivables	-		-
Cash and cash equivalents	311,876		311,876
Total	**311,876**	**-**	**311,876**
Financial liabilities			
Borrowings	80,000		80,000
Other payables	3,125		3,125
Total	**83,125**	**-**	**83,125**
Exchange rate risk as at December 31, 2017	**228,751**	**-**	**228,751**

28. Fair value of financial instruments

Financial instruments include financial assets and liabilities. Financial assets consist of the balance of bank accounts and receivables. Financial liabilities consist of payables.

The fair value of financial assets and liabilities is estimated as the amount at which the instrument could be exchanged in a transaction between willing parties, and not an obligatory sale or liquidation process. The fair value of all financial assets of the company approximate their carrying amounts mainly due to the short maturity of these instruments.

29. Commitments and contigencies

Court cases
During the normal activity, the Company may be involved in any legal proceedings, claims, and litigations with third parties. Management believes that any potential future event will not have a material adverse effect on Company financial position, results of operations, or cash flows. As at 31 December 2018, the Company has not initiated or is not subject to any judical process which may require any adjustment to these financial statements.

Tax liabilities
The Company's books are not audited from the tax authorities for the year ended December 31, 2018. As a consequence, tax liabilities may not be considered as final. Possible liabilities resulting from an audit of the tax authorities can not be measured reliably.

30. Events after the reporting date

There are no other subsequent events incurred that require disclosure or adjustment of the financial statements.