Fundacja "Microfinance Centre" Group

Opinion
of the Independent Auditor
Financial Year ended
31 December 2014

The opinion contains 2 pages

Opinion of the independent auditor
of the consolidated financial statements
for the finacial year ended
31 December 2014

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OPINION OF THE INDEPENDENT AUDITOR

To the Supervisory Board of Fundacja "Microfinance Centre"

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Fundacja "Microfinance Centre" with its registered office in Warsaw, ul. Noakowskiego 10/38 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Parent Entity, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements of Fundacja "Microfinance Centre" Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Dorota Sienkiewicz Key Certified Auditor Registration No. 90138	Mirosław Grabarek Limited Liability Partner with power of attorney

15 June 2015

FUNDACJA "MICROFINANCE CENTRE"

Consolidated Financial Statements

as of and for the year ended 31 December 2014

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Fundacja "Microfinance Centre"
Consolidated Statement of Comprehensive Income for the year ended 31 December 2014
(All amounts are stated in PLN rounded to nearest zł)

	Note	12 months ended 31 December 2014	12 months ended 31 December 2013
Earned revenue			
Membership fees		167 133	170 182
Program revenue	6	2 800 122	5 982 438
Other operating income	5	43 710	55 892
Total revenue		**3 010 965**	**6 208 512**
Program expenses			
Staff expenses	11	1 045 547	653 337
Non-staff expenses		1 170 378	3 323 768
Total program expenses	7	**2 215 925**	**3 977 105**
Administrative expenses			
Staff expenses	11	382 363	731 788
Non-staff expenses		308 695	564 289
Other operating expenses	9	30 105	545
Total administrative expenses	8	**721 163**	**1 296 622**
Total expenses		**2 937 088**	**5 273 727**
RESULT FROM OPERATING ACTIVITIES		**73 877**	**934 785**
Finance income	10	579 239	137 074
Finance costs	10	(9)	-
Net finance income		**579 230**	**137 074**
Profit before income tax		**653 107**	**1 071 859**
Income tax expense	12	87 782	217 369
Net result after tax		**565 325**	**854 490**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**565 325**	**854 490**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 25

Fundacja "Microfinance Centre"
Consolidated Statement of Financial Position as at 31 December 2014
(All amounts are stated in PLN rounded to nearest zł)

		2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	13	3 186	6 062
Deferred tax assets	16	-	31 357
Total non-current assets		**3 186**	**37 419**
Current Assets			
Accounts receivable	15	422 112	625 488
Current deferred grants receivable from EC grants	17	-	118 022
Cash and cash equivalents	14	10 648 014	11 277 309
Total current assets		**11 070 126**	**12 020 819**
TOTAL ASSETS		**11 073 312**	**12 058 238**
Equity			
Own Funds			
Founding capital	20	2 100	2 100
Retained earnings		9 560 163	8 994 838
Total own funds		**9 562 263**	**8 996 938**
Total Funds attributable to equity holders of the Fundation		**9 562 263**	**8 996 938**
Liabilities			
Non current deferred grants related to dedicated funds			
-	17	-	-
Total non current deferred grants		**-**	**-**
Accounts payable	18	106 180	199 124
Accruals	19	1 404 105	2 862 176
Deferred tax liabilities	16	764	-
Total Accounts Payable and Accruals		**1 511 049**	**3 061 300**
Current deferred grants related to dedicated funds			
-	17	-	-
Total deferred income related to dedicated funds		**-**	**-**
TOTAL LIABILITIES		**11 073 312**	**12 058 238**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Ewa Romanowska
Finance & Administrative Manager

Consolidated balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 25

Fundacja "Microfinance Centre"
Consolidated Statement of Cash Flow for the year ended 31 December 2014
(All amounts are stated in PLN rounded to nearest zł)

	12 months ended 31 December 2014	12 months ended 31 December 2013
Cash flow from operating activities		
Net profit	565 325	854 490
Adjustments:		
Depreciation and amortisation	2 876	2 277
Exchange rate differences	196 411	(181 880)
Interest income	(58 473)	(89 924)
Income tax expense	123 028	445 628
	829 167	1 030 591
Change in receivables and deferred tax assets	234 733	(384 209)
Change in accounts payable and accruals	(1 550 251)	1 380 616
Change in deferred income related to dedicated and general funds	118 022	(272 712)
	(368 329)	1 754 286
Interest received	58 473	89 924
Income tax received / (paid)	(123 028)	(445 628)
Net cash flow from operating activities	**(432 884)**	**1 398 582**
Cash flow from investing activities		
Purchase of fixed assets	-	(3 857)
Net cash flow from investing activities	**-**	**(3 857)**
Net cash flow from financing activities	**-**	**-**
Net inflow (outflow) of cash	**(432 884)**	**1 394 725**
Cash and cash equivalents at the beginning of the financial year	**11 277 309**	**9 700 704**
Effect of exchange rate fluctuations on cash held	**(196 411)**	**181 880**
Cash and cash equivalents at the end of the financial year	**10 648 014**	**11 277 309**
- restricted cash	**-**	**-**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Consolidated statement of cash flow is to be read in conjuction with the notes to and forming part of financial statements set out on pages 6 to 25

Fundacja "Microfinance Centre"
Consolidated Statement of Changes in Fund Balances for the year ended 31 December 2014
(All amounts are stated in PLN rounded to nearest zł)

	2014	2013
OWN FUNDS		
Founding capital opening balance	2 100	2 100
- increases in funding capital	-	-
- decreases in funding capital	-	-
Founding capital closing balance	**2 100**	**2 100**
Retained earnings opening balance	8 994 838	8 140 348
Net profit of the year	565 325	854 490
Retained earnings closing balance	**9 560 163**	**8 994 838**
Total own funds	**9 562 263**	**8 996 938**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Consolidated statement of changes in fund balances is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 25

1. GENERAL INFORMATION

Fundacja "Microfinance Centre" (the "Parent Entity" or "Foundation") was established pursuant to a notarial deed from 8 December 1997. The address of the Foundation's registered office is Noakowskiego 10/38, 00-666 Warsaw, Poland.

The Foundation was registered in the XII Commercial Department of the National Court Register (KRS) under the number KRS 0000101471 on 5 April 2002.
The legal name of the Foundation was changed from Fundacja Centrum Organizacji Pożyczkowych (Microfinance Centre) to Fundacja "Microfinance Centre" according to the decision of Council of the Foundation made on October 9, 2011. On July 6, 2012 the updated charter of the Foundation was registered.

The consolidated financial statements as at 31 December 2014 include the accounts of the Foundation and MFC Sp. z o. o., a wholly owned subsidiary (the "Subsidiary").

The Foundation is a membership-based network and provider – through wholly owned subsidiary - of training and consulting services. The Foundation's mission is to maximize access to effective financial services for low income people by facilitating stakeholder partnerships and promoting innovative and highly valued solutions as a recognized knowledge leader. The subsidiary provides training and consulting services.

In accordance with the statute of the Foundation the Founders of the Foundation are represented by: Mrs. Rosalind Sarah Copisarow, Mrs. Maria Nowak-Przygodzka and Mr. Kenneth Dan Vander Weele.

Board of Directors of the Foundation are represented as at 31.12.2014 by: Mr. Cristian Jurma, Mrs. Lucija Popovska, Mr. Francis Carpenter, Mr. Aieti Kukava, Mr. Dominique de Crayencour, Mrs. Izabela Norek.

The average number of employees in the Foundation and its subsidiary during the year ended 31 December 2013 amounted to 13,5 while during the year ended 31 December 2014 amounted to 12.

2. BASIS OF PREPARATION

The Foundation and its subsidiary maintain their accounting records in Polish Zloty in accordance with the accounting principles and practices employed by foundations and enterprises in Poland as required by the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330), Ordinance of the Ministry of Finance dated 15 November 2001 in respect of the accounting principles for certain non-profit entities not involved in business activities (Official Journal no. 137, item 1539 with subsequent amendments) and Act on Foundations dated 6 April 1984 (Official Journal no. 21, item 97 with subsequent amendments). The IFRS consolidated financial statements reflect the reclassifications necessary to restate the Foundation's accounts in accordance with IFRS.

The accounting policies have been consistently applied by the Group.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements were authorized for issue by the directors of the Foundation on 15 June 2015.

(b) Standards, Interpretations and amendments to published Standards

Standards, Interpretations and amendments to published Standards as adopted by the EU that are not yet effective for annual periods ending on 31 December 2014:

- **IFRIC Interpretation 21 Levies** - Effective date for periods beginning as the date or after that date 17 June 2014 (the IASB effective date is 1 January 2014)
- **Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions** - Effective date for periods beginning as the date or after that date 1 February 2015 (the IASB effective date is 1 July 2014)
- **Improvements to IFRS (2010-2012) -** Effective date for periods beginning as the date or after that date 1 February 2015 (the IASB effective date is 1 July 2014)
- **Improvements to IFRS (2011-2013) -** Effective date for periods beginning as the date or after that date 1 January 2015 (the IASB effective date is 1 July 2014

Standards and interpretations not yet endorsed by the EU:

- **IFRS 9 Financial Instruments (2014)** - Effective date for periods beginning as the date or after that date 1 January 2018
- **IFRS 14 Regulatory Deferral Accounts** - 1 January 2016
- **Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)** - 1 January 2016
- **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)** - 1 January 2016
- **IFRS 15 Revenue from Contracts with Customers** - 1 January 2017
- **Agriculture: Bearer Plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture)** - 1 January 2016
- **Equity Method in Separate Financial Statements (Amendments to IAS 27 Separate Financial Statements)** - 1 January 2016
- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates)** - 1 January 2016
- **Improvements to IFRS (2012-2014)** - 1 January 2016
- **Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures)** - 1 January 2016
- **Disclosure initiative (Ammendments to IAS 1 Presentation of Financial Statements)** - 1 January 2016

The Group has elected not to adopt these amendments in advance of their effective dates. The Group anticipates that the adoption of these amendments will have no material impact on the financial statements of the Group in the period of initial application.

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

- **IFRS 10 "Consolidated Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 11 "Joint Arrangements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 12 "Disclosures of Interests in Other Entities"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 27 (revised in 2011) "Separate Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 32 "Financial instruments: presentation"** - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities"**, Transition Guidance (effective for annual periods beginning on or after 1 January 2014).

- **Amendments to IAS 36 "Impairment of Assets"** (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements"** - Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- **IFRIC 21 "Interpretation 21 Levies"** (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Group's accounting policies.

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(d) Functional and presentation currency

These consolidated financial statements are presented in Polish Zloty (PLN), rounded to the nearest Zloty, which is the Parent Entity's functional currency.

(e) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the note 3 (k) "Revenue Recognition".

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(i) <u>Subsidiaries</u>

Subsidiaries are those enterprises controlled by the Foundation. Control exists when the Foundation has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) <u>Transactions eliminated on consolidation</u>

Intra-group balances and transactions, any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Foreign currency transactions are translated to PLN at exchange rates prevailing at the date of the transactions, set by the National Bank of Poland ("NBP"). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to PLN at exchange rate set by the National Bank of Poland ("NBP") at that date. Gains and losses arising on translation are recognised in the consolidated statement of comprehensive income.

(c) Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.
A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.
Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note (j).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer policy note f).

(ii) Depreciation

Depreciation is charged to the consolidated statement of comprehensive income using the straight line method to write off the cost of each asset over its estimated useful life. Low-value assets which are written off when brought into use. Depreciation commences from the first day of the month following the month in which a fixed asset is brought into use.
The estimated range of useful lives is as follows:

Computer software	2 years
Computer equipment	3 years
Other office equipment	5 years
Other furniture and fixtures	5 years

(e) Contributed materials and services

The work of the Foundation is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

(f) Impairment

<u>Financial assets</u>

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.
Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

<u>Non-financial assets</u>

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.
The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group 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.

(i) Accruals

An accruals are expenses for which invoices have not been received at the end of an accounting year and expenses or assets recognized before they are paid.

(j) Finance income and expenses

Finance income comprises interest income and foreign currency gains. Interest income is recognised as it accrues, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings, foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest rate method.

(k) Revenue recognition

The main sources of MFC income include the fees from the annual conference for Microfinance Institutions, training courses and consulting as well as grants for various research and policy projects financed by donors. Foundation's revenue constitutes also annual membership fees paid by Microfinance Institutions.
Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards have been transferred to the buyer. Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the project or service at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Interest income is recognised as it accrues unless the collectability is in doubt.
Dedicated contributions are recognised as revenues of the appropriate dedicated fund in the year when qualifying cost where incurred up to the level such costs if the amount receivable can be reasonable estimated and collection is reasonably assured. In cases where contribution agreements assume additional surplus of contribution to be received over qualifying costs incurred, this surplus is recognised as revenues in accordance with a stage of completion of particular programme realised.
Non-dedicated (core) contributions, which are designated to cover operational expenses not relating to specific program, are recognised as revenue of the General Fund in the year when received or receivable if the amount to be received can be reasonable estimated and collection is reasonably assured. In cases when expenses incurred are lower then contribution received, revenue from contribution is recognised up to level of cost and surplus is carried forward to the next year.

(l) Fund summary

The consolidated financial statements separately disclose the activities of the following funds maintained by the Group:

Own and General funds - reflects the activities associated with the Foundation's day-to-day operations including its short and long-term capital requirements.

MFI Forum – Regional Cross Border CEO Events and Peer Exchanges. The project goal is to support the growth and sustainability of the microfinance industry in selected EBRD countries of operations with many participants coming from (including but not limited to the countries of the Caucasus, Central Asia, and Western Balkans and Mongolia, as well as the Southern and Eastern Mediterranean region). Specific objectives of the project are: (i) to facilitate CEO Events (2-3 times a year) and Peer Exchanges (situation analysis, information exchange, plan approval and implementation, review of results) and (ii) to organize and develop the Forum itself with a focus on achieving self-sustainability, both operational and financial. The funding was provided by the European Bank for Reconstruction and Development (EBRD).
In September 2014, MFC organized its first bi-annual MFI CEO Forum in Istanbul and launched the CEO Club. The aim of the club is to create a nurturing environment for CEOs dedicated to improving the quality and profitability of their MFIs through shared experience and personal growth. This inaugural meeting of the CEO Club gave an opportunity to test a formula for future gatherings that would meet the expectations of CEOs. In the future, regular meetings will bring together CEOs from institutions running EBRD-funded MFIs in the ECA and MENA regions. The first meeting offered the participants an opportunity to get to know each other and understand each other's strategic and operational challenges.

SP-Fund Ford Foundation – The project has two core objectives:
- build awareness and commitment around the Universal Standards among a large number of MFIs and identify MFIs ready to adopt the Universal Standards;
- demonstrate that the Essential Practices of the Universal Standards can be implemented by testing the implementation and applicability of Universal Standards for SPM with selected MFIs, supporting MFIs to comply with Universal Standards and documenting good practise.
Through the project technical and financial support in the form of grants to selected microfinance networks was provided. The project is sponsored by Ford Foundation.

The Accion Client Protection projects - the funding was provided by Accion. It aimed at building the capacity of MFC in delivery of client protection assessments of microfinance institutions. Within the project, two institutions were assessed: AFK – Kosovo (in 2013) and Farm Credit Armenia (2014). Two new MFC staff was trained in assessments delivery as well as 1 MFC staff strengthen capacities to conduct CP trainings (2 trainings delivered in May 2014: in Baku and Istanbul).

Borrow Wisely Campaign – the objective of the campaign is to educate large numbers of clients about how to borrow money safely, harnessing the positive power of loans and avoiding the pitfalls of too much debt. The campaign targets clients and potential clients of microfinance institutions. Campaign partners' field staff of microfinance institutions used posters, leaflets and brochures to communicate the importance of borrowing wisely. In 2014 twelve Campaign partners in 9 countries engaged with 165,213 clients and potential clients.

EU program – funded by the European Commission. The program has several components including: promotion of the European Union Code of Good Conduct for microcredit providers. The 2014 activities included: raising awareness about the Code through mailings and publishing information on MFC website, organizing workshop for Romanian microfinance providers and testing the assessment methodology in microfinance institution in Bulgaria.

Financial Education projects funded by International Finance Corporation - the program aims at supporting financial institutions to use financial education as a tool to increase their effectiveness in serving clients and increase clients' financial literacy skills and knowledge. As part of this, in Tajikistan, Kirgizstan, Kosovo and Moldova MFC conducted quantitative and qualitative research to provide project partners with recommendations on the right tools to ensure both scale and cost-effectiveness. Furthermore in Tajikistan MFC developed and delivered TOT and TOC to project partners on specific financial education topics.

Be wise! Avoid debt traps before they happen! – this 8th month project implemented in cooperation with the Cooperative Bank in Plonsk (Poland) aimed to help low-income and vulnerable clients avoid over-indebtedness. Over the course of the project, over 100 people (60% of whom are on welfare) participated in eight three-hour 'Wise borrowing' workshops. Nearly 8,500 people read a series of 4 articles issued in the local press on topics such as: loan cost calculation, wise reasons to borrow, building a savings "safety net", and how to avoid the aggressive selling techniques used by door-to-door salespeople. In addition, the project distributed nearly 1,000 educational brochures, and 100 posters were on display in public places such as health care centers, libraries, welfare service centers and churches, It was supported by the National Bank of Poland, as part of its economic education program.

Measuring Access to Finance: Country-level Studies in Poland and Turkey - the funding was provided by MetLife Foundation to conduct two country-level studies to address the issue of measuring financial inclusion and to inform stakeholders and a wider audience about the state of financial inclusion in Poland and Turkey. Information from the studies was shared during the MFC annual conference in Istanbul in May 2014.

Study on the Indebtedness Levels of Microcredit Clients in Lebanon - the funding from SANAD Fund for MSME was made available to measure indebtedness levels of active microcredit clients at individual and household level in Lebanon. In light of the limited data availability in Lebanon, the research methodology combines a mix of different methods, including quantitative and qualitative analyses.

Financial Education Project funds – reflects the activities related to European Commission funding made available to the Foundation for a programmes aiming at developing tools and delivery models as well as implementing financial education to improve low-income households financial planning and money management practices in Azerbaijan, Belarus and Uzbekistan.

Building female professionals and promoting women entrepreneurship development in rural regions of Azerbaijan – reflects the activities related to European Commission funding for activities strengthening women capacities in rural area to enable them to manage household finance or/and increase their employment opportunities through equipping them with skills needed to start own business or find job in financial sector which expands their employment and service offer to them.

Financial Education Program (FEP-2) for Low-Income Households in Uzbekistan part II – reflects the activities to European Commission funding for improving financial capability of low-income households in Uzbekistan through continuing the process of institution building and development of relevant infrastructure at local, regional and national level.

(All amounts are stated in PLN rounded to nearest zloty)

Increasing access to finance for rural population in Belarus – reflects the activities to USAID funding for broadening economic opportunities of the rural population in Belarus through raising financial literacy, improving access to credit, and strengthening entrepreneurial skills.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(a) Taxation

The Foundation is exempt from income taxation under Article 17 of the local Corporate Taxation Act dated 15 February 1992.
Income tax for the year in the statement of comprehensive income comprises current and deferred tax and relates solely to MFC Sp. z o. o.
Current tax is the tax payable on the taxable income for the year, using tax rate applicable for the reporting period.
Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. DETERMINATION OF FAIR VALUES

A number of the Foundation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following method.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5. OTHER OPERATING INCOME

	2014	2013
Unutilized bonus provision	33 249	39 854
Unutilized audit provision	-	11 969
Other operating income	10 461	4 069
	43 710	**55 892**

6. PROGRAM REVENUE

	2014	2013
Governments grants	(301 662)	(9 152)
Non-governments grants	1 827 214	1 288 562
Trainings	79 338	3 751 621
Consultings	729 150	498 185
Annual Conference	435 635	449 451
Other	30 447	3 771
	2 800 122	**5 982 438**

(All amounts are stated in PLN rounded to nearest zloty)

7. PROGRAM EXPENSES

	2014	2013
Marketing, web page, newsletters, other publications	39 972	137 812
SP-Fund (Ford Foundation)	1 142 508	905 387
Financial Education (Citi Foundation)	-	44 633
Fundacja Bankowa im. L. Kronenberga	-	66 550
Housing Center (Habitat for Humanity International)	-	(10 803)
Rockdale Foundation	2 529	17 189
EU AMFA	99 551	-
MetLife	281 032	-
Smart Borrowing Campaign	41 820	-
Annual Conference expenses	241 835	137 992
Training expenses	26 915	2 512 244
Consulting expenses	339 763	152 641
Other projects	-	13 460
	2 215 925	**3 977 105**

8. ADMINISTRATIVE EXPENSES

	2014	2013
Staff salaries, bonuses and benefits	382 363	731 788
Travel and conferences	25 937	89 871
Office and administrative	89 827	155 101
Amortisation	2 876	2 277
Accounting and auditors services	123 856	220 841
Other	66 199	96 199
Other operating expenses	30 105	545
	721 163	**1 296 622**

9. OTHER OPERATING EXPENSES

	2014	2013
Withholding tax (WHT)	23 209	-
Other operating expenses	6 896	545
	30 105	**545**

10. FINANCE INCOME AND FINANCE EXPENSES

	2014	2013
Interest income	58 195	89 924
Foreign exchange rate income	742 014	280 071
Foreign exchange rate loss	(220 970)	(232 921)
Finance income	**579 239**	**137 074**
Interest expenses	9	-
Finance expenses	**9**	**-**
Net finance income	**579 230**	**137 074**

(All amounts are stated in PLN rounded to nearest zloty)

11. PERSONNEL EXPENSES

	2014	2013
Program staff expenses	1 045 547	653 337
Administrative staff expenses	382 363	731 788
	1 427 910	**1 385 125**

12. INCOME TAX EXPENSE

Recognised in the Consolidated Statement of Comprehensive Income

	2014	2013
Current tax expense		
Current year	55 660	227 529
	55 660	227 529
Deferred tax expense		
Origination and reversal of temporary differences	32 122	(10 160)
Total income tax expense in the consolidated statement of comprehensive income	87 782	217 369

Reconciliation of effective tax rate

	2014	2013
Pre-tax result	653 107	1 071 859
Without the Parent Entity result and eliminations made for consolidation purposes	(237 446)	218 428
Pre-tax result of subsidiary (MFC)	415 661	1 290 287
Income tax using the Group's domestic tax rate (19%)	78 976	310 786
Permanent differences	8 806	1 557
	87 782	**217 369**
Effective tax rate	21,12%	16,85 %

Deferred tax expense relates solely to wholly owned subsidiary MFC Sp. z o. o. and presented effective tax rate is calculated on the basis of the pre-tax result of the subsidiary.

Regulations regarding VAT, corporate income tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose significant penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with interest. The above circumstances mean that tax exposure is significantly greater in Poland than in countries that have a more established taxation system.

Tax settlements may become subject to inspection by the tax authorities for a period of five years. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

13. PROPERTY, PLANT AND EQUIPMENT

Cost	
As at 1 January 2013	293 730
Additions	3 857
Disposals	-
As at 31 December 2013	297 587

(All amounts are stated in PLN rounded to nearest zloty)

As at 1 January 2014	297 587
Additions	-
Disposals	-
As at 31 December 2014	297 587
Depreciation	
As at 1 January 2013	289 248
Depreciation charge	2 277
Disposals	-
As at 31 December 2013	291 525
As at 1 January 2014	291 525
Depreciation charge	2 876
Disposals	-
As at 31 December 2014	294 401
Carrying amount	
As at 1 January 2013	4 482
As at 31 December 2013	6 062
As at 1 January 2014	6 062
As at 31 December 2014	3 186

Fixed assets don't have any restrictions on ownership title.

14. CASH AND CASH EQUIVALENTS

	2014	**2013**
Cash in hand	59 011	17 899
Cash at bank	10 589 003	11 259 410
Cash and cash equivalents in the statement of cash flows	**10 648 014**	**11 277 309**
Restricted cash	-	-

The balance of restricted cash represents restricted funds, which are included in the non-current deferred grants and deferred income related to dedicated funds.

The Group has no restricted cash as at 31 December 2014 and 31 December 2013.

15. ACCOUNTS RECEIVABLE

	2014	**2013**
Trade receivables	260 825	156 664
Advance paid to Azerbaijan Micro-finance Association (AMFA)	-	57 876
Advance paid to ACCION International	-	40 662
Advance paid to Microfinance Council of the Philippines, Inc. (MCPI)	-	58 573
Advance paid to Centre for Mico-Finance (CMF)	-	52 297
Advance paid to Consorcio de Organizaciones Privadas de Promocion Al Desarrollo de La Micro Y Pequena Empresa (COPEME)	-	40 662
Advance paid to Tanzania Association of Microfinance Institutions (TAFMI)	-	40 662

(All amounts are stated in PLN rounded to nearest zloty)

Advance paid to Red Financiera Rural (RFR)	-	57 076
Advance paid to Pakistan Microfinance Network (PMN)	-	56 045
Amounts receivable from European Commission	121 335	-
Tax receivables	-	14 368
Other receivables	31 437	33 705
Prepayments	8 515	16 898
	422 112	**625 488**

	2014	**2013**
Accounts receivable up to 3 months	223 446	183 537
Accounts receivable 3-6 months	103 843	1 116
Accounts receivable 6-12 months	66 132	440 835
Accounts receivable over 12 months	28 691	-
	422 112	**625 488**

The Group has no past due amounts in respect of such receivables. The Group has no receivables due after 3 years. The gross value of receivables is equal to its net value as there is no impaired receivables as of 31 December 2014 and 31 December 2013.

16. DEFERRED TAX

Recognised deferred tax assets

Deferred tax assets are attributable to the following items:

	Assets	
	2014	**2013**
Reserve for staff holidays compensation	1 968	4 554
Staff annual bonus reserve	5 920	14 098
Temporary foreign exchange gain	-	7 091
Reserve for annual audit	4 532	4 532
Reserve for trade payables	1 059	1 119
Assets	**13 479**	**31 393**

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

	Liabilities	
	2014	**2013**
Temporary foreign exchange loss	14 153	10
Other items	90	26
Liabilities	**14 243**	**36**
Net tax liabilities (assets)	**764**	**(31 357)**

(All amounts are stated in PLN rounded to nearest zł)

17. CONSOLIDATED SATEMENT OF CHANGES IN DEFERRED INCOME RELATED TO DEDICATED FUNDS BALANCES AND GENERAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014

DEDICATED FUNDS	2014	2013
SP-Fund (FORD Foundation) Project		
Opening balance (available at 01.01.)	-	165 364
New funds received	-	-
Total	-	165 364
Program expenses	-	184 800
Program revenue	-	(19 436)
Total charge	-	165 364
SP-Fund Project closing balance (available at 31.12.)	-	-
Housing Center (HFHI) Project		
Opening balance (available at 01.01.)	-	52 298
New funds received	-	(65 041)
Total	-	(12 743)
Program expenses	-	(10 804)
Program revenue	-	(1 939)
Total charge	-	(12 743)
Housing Center Project closing balance (available at 31.12.)	-	-
SIMS (European Commision) Project		
Opening balance (available at 01.01.)	-	(2 522)
New funds received	-	11 405
Total	-	8 883
Program expenses	-	18 034
Program revenue	-	(9 151)
Total charge	-	8 883
SIMS Project closing balance (available at 31.12.)	-	-
Financial Education in Uzbekistan II (EC) Project		
Opening balance (available at 01.01.)	(118 022)	(15 899)
New funds received	(10 927)	190 410
Total	(128 949)	174 511
Program expenses	-	292 533
Program revenue	(128 949)	-
Total charge	(128 949)	292 533
Financial Education in Uzbekistan II Project closing balance (available at 31.12.)	-	(118 022)
SMP Summaries (ImpAct) Project		
Opening balance (available at 01.01.)	-	(7 288)
New funds received	-	-
Total	-	(7 288)
Program expenses	-	-
Program revenue	-	(7 288)
Total charge	-	(7 288)
SMP Summaries Project closing balance (available at 31.12.)	-	-

(All amounts are stated in PLN rounded to nearest zł)

ACP Tajikistan (GTZ) Project		
Opening balance (available at 01.01.)	-	(7 598)
New funds received	-	-
Total	-	(7 598)
Program expenses	-	356
Program revenue	-	(7 954)
Total charge	-	(7 598)
ACP Tajikistan Project closing balance (available at 31.12.)	-	-
Exchange Visit (NBoT) Project		
Opening balance (available at 01.01.)	-	(29 665)
New funds received	-	30 269
Total	-	604
Program expenses	-	-
Program revenue	-	604
Total charge	-	604
Exchange Visit Project closing balance (available at 31.12.)	-	-
Total dedicated funds balance	**-**	**(118 022)**

(All amounts are stated in PLN rounded to nearest zloty)

18. ACCOUNTS PAYABLE

	2014	2013
Trade payables	669	48 051
Social Security	24 912	39 015
Current income tax liabilities	40 720	89 380
Tax liabilities	39 879	22 678
	106 180	**199 124**

	2014	2013
Accounts payable up to 3 months	106 180	199 124
Accounts payable 3-6 months	-	-
Accounts payable 6-12 months	-	-
Accounts payable over 12 months	-	-
	106 180	**199 124**

The Group has no past due amounts in respect of payables.

19. ACCRUALS

	2014	2013
Prepayments received for future services	194 696	54 002
Prepayments received for SP-Fund project	338 031	1 530 608
Prepayments received for FE in Uzbekistan project	-	83 586
Prepayments received for MetLife project	328 583	707 820
Prepayments received for HC HFHI project	52 608	70 275
Prepayments received for Rockdale Foundation project	105 952	93 784
Prepayments received for EU AMFA project	56 079	-
Prepayments received for membership fee	4 262	-
Staff holidays compensation	73 407	54 010
Staff bonus fund	159 000	156 400
Provision for audits	77 539	53 185
Provisions for other expenses incurred in next year	13 948	58 506
	1 404 105	**2 862 176**

	2014	2013
Balance at 1st January	**2 862 176**	**635 766**
Accrual for the period	259 554	2 488 960
Utilisation for the period	1 717 625	262 550
Balance at 31st December	**1 404 105**	**2 862 176**

20. OWN FUNDS

The founding capital of PLN 2 100 represents own funds received from the Founders of the Foundation which has been contributed in equal parts, i.e. PLN 700 each.

In accordance with the statute of the Foundation the Founders of the Foundation are represented by: Mrs. Rosalind Sarah Copisarow, Mrs. Maria Nowak-Przygodzka and Mr. Kenneth Dan Vander Weele.

Retained earnings will be used for the statutory purposes of the Foundation and increased reserve capital of the subsidiary.

21. REMUNERATION OF KEY MANAGEMENT

Total remuneration paid to Management Board amounted to PLN 526,0 thousand (in 2013 PLN 526,6 thousand).
No loans have been granted and no other transactions settled with Key Management Personnel during the financial year.

22. TRANSACTIONS WITH RELATED PARTIES

During the year ended 31 December 2014 and 31 December 2013 the Group has not had any transaction with related parties.

23. FINANCIAL RISK MANAGEMENT

Primary policies for managing risk
Management has overall responsibility for the establishment and oversight of the Company's risk management framework, including identification and analysis of the risks faced by the Company, setting appropriate limits and controls, and monitoring the risks and their adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to maintain a stable and sustainable, in terms of quality and value, portfolio of loans granted and other investments in debt instruments, achieved by the policy of setting credit limits for contract parties.
Financial assets which expose the Group to concentrations of credit risk consist principally of trade receivables and cash. Cash is placed with high credit quality financial institutions. Trade receivables are not significant. Accordingly, the Group has no significant concentration of credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Company's reputation.
The Group is not subjected to liquidity risk because the costs are covered by grants received from donator in advance. The cash flows and the liquidity of the Group are monitored and managed by the Management Board, in order to guarantee an effective and efficient management of its financial resources.

c) Operational risk

Operational risk is the possibility of achieving the losses resulting from the inadequacy or failure of internal processes, people and systems or external events. Operational risk applies to all business processes undertaken by the Group, including activities carried out by external contractors under outsourcing and executed with third parties.
Objective of operational risk management is to minimize the likelihood of the occurrence and/or reduce the effects of unexpected adverse events. The Group identifies ongoing risks existing processes and risk estimates for the probability and consequences of potential threats. As part of the self-assessment analysis of potential risks affecting the activities of the Group is carried out periodically.

d) Interest rate risk

Interest rate risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its financial instruments.

The Group has no borrowing or significant interest bearing loans. Therefore the Group does not hedge against interest rate risk.

e) Foreign currency risk and sensivity analysis

Currency risk is the risk that changes in market prices, such as exchange rates will affect the Company's income or the value of its financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimizing return.
A considerable part of cash contributions are received in other than PLN currencies (mostly USD and EUR). Some expenses are also denominated in foreign currencies. Thus to some extend a natural hedge exists. Group is not using any instruments to hedge against exchange rate risk.

Appreciation of PLN against EURO as of 31 December 2014 by 5% would result in decrease in net profit and equity by PLN 281 thousand. Depreciation of PLN against EURO as of 31 December 2014 by 5% would result in increase in net profit and equity by PLN 281 thousand.
Appreciation of PLN against USD as of 31 December 2014 by 5% would result in decrease in net profit and equity by PLN 95 thousand. Depreciation of PLN against USD as of 31 December 2014 by 5% would result in increase in net profit and equity by PLN 95 thousand.

	PLN	USD	EUR	GBP	TOTAL 2014	PLN	USD	EUR	GBP	TOTAL 2013
ASSETS										
Non-current assets										
Property, plant and equipment	*3 186*	-	-	-	3 186	*6 062*	-	-	-	6 062
Deferred tax assets	-	-	-	-	-	*31 357*	-	-	-	31 357
Total non-current assets	***3 186***	-	-	-	3 186	***37 419***	-	-	-	37 419
Current Assets										
Trade receivables	-	*18 213*	*242 613*	-	**260 826**	-	*88 017*	*68 648*	-	**156 665**
Advances paid to contractors	-	-	-	-	-	-	*403 852*	-	-	**403 852**
Other receivables	*31 437*	-	-	-	**31 437**	*33 705*	-	-	-	**33 705**
Prepayments	*6 101*	*1 757*	*656*	-	**8 514**	*9 742*	*3 850*	*3 306*	-	**16 898**
Tax receivebles	-	-	-	-	-	*14 368*	-	-	-	**14 368**
Amounts receivable from EC grants	-	-	*121 335*	-	**121 335**	-	-	*118 022*	-	**118 022**
Cash and cash equivalents	*2 435 083*	*2 743 562*	*5 467 167*	*2 202*	**10 648 014**	*2 426 830*	*3 303 042*	*5 545 429*	*2 008*	**11 277 309**
Total current assets	***2 472 621***	***2 763 532***	***5 831 771***	***2 202***	**11 070 126**	***2 484 645***	***3 798 761***	***5 735 405***	***2 008***	**12 020 819**
TOTAL ASSETS	***2 475 807***	***2 763 532***	***5 831 771***	***2 202***	**11 073 312**	***2 522 064***	***3 798 761***	***5 735 405***	***2 008***	**12 058 238**
Equity										
Own Funds										
Founding capital	*2 100*	-	-	-	**2 100**	*2 100*	-	-	-	**2 100**
Retained earnings	*2 043 878*	*1 894 689*	*5 619 394*	*2 202*	**9 560 163**	*2 092 313*	*1 319 201*	*5 581 316*	*2 008*	**8 994 838**
Total own funds	***2 045 978***	***1 894 689***	***5 619 394***	***2 202***	**9 562 263**	***2 094 413***	***1 319 201***	***5 581 316***	***2 008***	**8 996 938**
Total Funds attributable to equity holders of the Fundation	***2 045 978***	***1 894 689***	***5 619 394***	***2 202***	**9 562 263**	***2 094 413***	***1 319 201***	***5 581 316***	***2 008***	**8 996 938**
Liabilities										
Non current deferred grants related to dedicated funds										
-	-	-	-	-	-	-	-	-	-	-
Total non current deferred grants	-	-	-	-	-	-	-	-	-	-
Trade liabilities	*669*	-	-	-	**669**	*1 282*	*8 992*	*37 777*	-	**48 051**
Tax liabilities	*81 363*	-	-	-	**81 363**	*112 058*	-	-	-	**112 058**
Social Security	*24 912*	-	-	-	**24 912**	*39 015*	-	-	-	**39 015**
Provisions	*90 478*	*1 009*	-	-	**91 487**	*64 886*	*44 851*	*1 875*	-	**111 611**
Prepayments received for grants	-	*825 174*	*56 079*	-	**881 253**	-	*2 402 487*	*83 585*	-	**2 486 072**
Prepayments received for membership fees	-	-	*4 262*	-	**4 262**	-	-	-	-	-
Other liabilities	*232 407*	*42 660*	*152 036*	-	**427 103**	*210 410*	*23 230*	*30 852*	-	**264 492**
Total Accounts Payable and Accruals	***429 829***	***868 843***	***212 377***	-	**1 511 049**	***427 651***	***2 479 560***	***154 089***	-	**3 061 300**
Current deferred grants related to dedicated funds										
-	-	-	-	-	-	-	-	-	-	-
Total deferred income related to dedicated funds	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	***2 475 807***	***2 763 532***	***5 831 771***	***2 202***	**11 073 312**	***2 522 064***	***3 798 761***	***5 735 405***	***2 008***	**12 058 238**

(All amounts are stated in PLN rounded to nearest zloty)

f) Effective interest rates

In respect of income-earning financial assets the following tables indicates their average effective interest rates at the reporting date and the periods in which they mature.

2014

	Average effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents	0,54%	10 648 014	10 648 014	-	-	-	-

2013

	Average effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents	0,58%	11 277 309	11 277 309	-	-	-	-

24. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events after the balance sheet date were identified which could have a material impact on these consolidated financial statements.

25. FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Accounts receivable	422 112	422 112	625 488	625 488
Cash and cash equivalents	10 648 014	10 648 014	11 277 309	11 277 309
Accounts payable	106 180	106 180	199 124	199 124

26. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis. Parent Entity's management is not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

27. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2014	2013
Less than one year	93 648	88 683
Between one and five years	183 393	-
More than five years	-	-
	277 041	**88 683**

The Group leased one apartment as its shared office at Noakowskiego 10 Street apt. 38 and the lease agreement expired 17 December 2017. The monthly charge remains at rate PLN 7 804 (ca. USD 2,225) per month.

28. CONTINGENT LIABILITIES

As of 31 December 2014 and 31 December 2013 there were no contingent liabilities.

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Ewa Romanowska
Finance & Administrative Manager

Warsaw, 15 June 2015