FUNDACJA "MICROFINANCE CENTRE"

Consolidated Financial Statements

as of and for the year ended 31 December 2012

Contents

Fundacja "Microfinance Centre"

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

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

	Note	12 months ended 31 December 2012	12 months ended 31 December 2011
Earned revenue			
Membership fees		167 859	162 074
Program revenue		7 782 736	6 644 587
Other operating income	5	18 372	13 618
Total revenue		**7 968 967**	**6 820 279**
Program expenses			
Staff expenses	10	878 077	898 687
Non-staff expenses		4 423 130	3 832 558
Total program expenses	6	**5 301 207**	**4 731 245**
Administrative expenses			
Staff expenses	10	667 726	670 933
Non-staff expenses		623 715	692 480
Other operating expenses	8	37	900
Total administrative expenses	7	**1 291 478**	**1 364 313**
Total expenses		**6 592 685**	**6 095 558**
RESULT FROM OPERATING ACTIVITIES		**1 376 282**	**724 721**
Finance income	9	160 257	1 254 562
Finance costs	9	(626 517)	-
Net finance income		**(466 260)**	**1 254 562**
Profit before income tax		**910 022**	**1 979 283**
Income tax expense	11	312 343	177 896
Net result after tax		**597 679**	**1 801 387**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**597 679**	**1 801 387**

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 28

Fundacja "Microfinance Centre"

Consolidated Statement of Financial Position as at 31 December 2012

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

	Note	2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	12	4 482	9 407
Deferred tax assets	15	22 706	14 215
Total non-current assets		**27 188**	**23 622**
Current Assets			
Accounts receivable	14	251 439	613 014
Current deferred grants receivable from EC grants	16	18 421	90 243
Current deferred grants receivable from SPM grant	16	7 288	11 465
Current deferred grants receivable from SEEP Networs grant	16	-	15 737
Current deferred grants receivable from GTZ grant	16	7 598	-
Current deferred grants receivable from National Bank of Tajikistan grant	16	29 665	-
Cash and cash equivalents	13	9 700 704	9 964 868
Total current assets		**10 015 115**	**10 695 327**
TOTAL ASSETS		**10 042 303**	**10 718 949**
Equity			
Own Funds			
Founding capital	19	2 100	2 100
Retained earnings		8 140 348	7 542 669
Total own funds		**8 142 448**	**7 544 769**
Total Funds attributable to equity holders of the Fundation		**8 142 448**	**7 544 769**
Liabilities			
Non current deferred grants related to dedicated funds			
Financial Education in Uzbekistan (EC)	16	-	397 728
Total non current deferred grants		**-**	**397 728**
Accounts payable	17	1 046 427	186 265
Accruals	18	635 766	291 004
Total Accounts Payable and Accruals		**1 682 193**	**477 269**
Current deferred grants related to dedicated funds			
SP-Fund (Ford Fundation)	16	165 364	1 086 485
Housing Center (HFHI)	16	52 298	83 631
Central Asia (ICCO)	16	-	300 977
Social Performance Management (MCPI)	16	-	269 441
Financial Education (Citi Foundation)	16	-	163 251
Tajik (Oxfam NOVIB)	16	-	148 859
Investor Letter (Rockdale Foundation)	16	-	84 443
Financial Education in Poland (Levi Strauss)	16	-	74 908
Financial Education (ICCO)	16	-	66 071
Gender (Oxfam NOVIB)	16	-	17 926
Terrafina (ICCO)	16	-	3 191
Total deferred income related to dedicated funds		**217 662**	**2 299 183**
TOTAL LIABILITIES		**10 042 303**	**10 718 949**

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 28

Fundacja "Microfinance Centre"
Consolidated Statement of Cash Flow for the year ended 31 December 2012
(All amounts are stated in PLN rounded to nearest zł)

	12 months ended 31 December 2012	12 months ended 31 December 2011
Cash flow from operating activities		
Net profit	597 679	1 801 387
Adjustments:		
Depreciation and amortisation	4 925	9 652
Exchange rate differences	(18 587)	657 387
Interest income	(160 257)	(129 487)
Income tax expense	109 690	110 292
	533 450	2 449 231
Change in receivables and deferred tax assets	353 084	(113 046)
Change in accounts payable and accruals	1 204 924	(29 671)
Change in deferred income related to dedicated and general funds	(2 424 776)	744 719
	(333 318)	3 051 233
Interest received	160 257	129 487
Income tax received / (paid)	(109 690)	(110 292)
Net cash flow from operating activities	**(282 751)**	**3 070 428**
Cash flow from investing activities		
Purchase of fixed assets	-	(7 589)
Net cash flow from investing activities	**-**	**(7 589)**
Net cash flow from financing activities	**-**	**-**
Net inflow (outflow) of cash	**(282 751)**	**3 062 839**
Cash and cash equivalents at the beginning of the financial year	**9 964 868**	**7 559 416**
Effect of exchange rate fluctuations on cash held	**18 587**	**(657 387)**
Cash and cash equivalents at the end of the financial year	**9 700 704**	**9 964 868**
- restricted cash	**(217 662)**	**(2 299 183)**

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 28

Fundacja "Microfinance Centre"
Consolidated Statement of Changes in Fund Balances for the year ended 31 December 2012
(All amounts are stated in PLN rounded to nearest zł)

	2012	2011
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	7 542 669	5 741 282
Net profit of the year	597 679	1 801 387
Retained earnings closing balance	**8 140 348**	**7 542 669**
Total own funds	8 142 448	7 544 769

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 28

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 2012 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 31.12.2012 by: Mrs. Jhale Hajiyeva, Mrs. Lucija Popovska, Mr. Cristian Jurma, Mr. Francis Carpenter, Mr. Aieti Kukava, Mr. Dominigue de Crayencour

The average number of employees in the Foundation and its subsidiary during the year ended 31 December 2011 amounted to 17 while during the year ended 31 December 2012 amounted to 17.

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 21 May 2013.

(b) Standards, Interpretations and amendments to published Standards

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:

- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** - Transfers of Financial Assets, adopted by the EU on 22 November 2011 (effective for annual periods beginning on or after 1 July 2011).

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

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- **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),
- **IFRS 13 "Fair Value Measurement"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **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 IFRS 1 "First-time Adoption of IFRS"** - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 1 "First-time Adoption of IFRS"** - Government Loans, adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 1 "Presentation of financial statements"** - Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 19 "Employee Benefits"** - Improvements to the Accounting for Post-employment Benefits, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- **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),

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

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.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at 21 May 2013:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2015),

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"** – Mandatory Effective Date and Transition Disclosures,

- **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 2013),

- **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),

- **Amendments to various standards "Improvements to IFRSs (2012)"** resulting from the annual improvement project of IFRS published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2013).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the entity's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"**, would not significantly impact the financial statements, if applied as at the balance sheet date.

(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) Subsidiaries

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) Transactions eliminated on consolidation

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

Financial assets

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.

Non-financial assets

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 Foundation:

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

Social Performance Management (SPM) Project funds – reflects the activities related to ICCO funding made available to the Foundation for a pioneering initiative that aims at enabling MFIs to take advantage of Social Performance Management to more effectively fulfil their social goals while also improving financial bottom line.

Financial Education Project funds – reflects the activities related to Levi Strauss Foundation, ICCO, Citi Foundation and 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 Poland, Kyrgyzstan, Tajikistan and Uzbekistan.

Impact Consortium Project fund – reflects the activities related to Institute of Development Studies funding made available to the Foundation for research and initiatives that promote Social Performance Management in wider microfinance industry.

The SEEP Network Training Scholarships fund - reflects the activities related to Small Enterprise Education and Promotion Network (SEEP) funding made available to the Foundation for providing scholarships to staff members of microfinance institutions (MFIs) to attend MFC training and capacity building programs.

Gender Project fund – reflects the activities related to Oxfam Novib funding made available to the Foundation for developing innovative solution for gender mainstreaming into microfinance in Caucasus region.

Investor Letter Project fund – reflects the activities related to Rockdale Foundation funding made available to the Foundation for the development of the Investor Letter and Investment Readiness training courses.

Central Asia Project fund – reflects the activities related to ICCO funding made available to the Foundation for the development of the microfinance sector in Central Asia through capacity development of country level microfinance associations, capacity building programs for small microfinance institutions in Tajikistan, targeted policy work, research, financial education and social performance management in Central Asia.

Terrafina Microfinance Project fund – reflect the activities related to TERRAFINA funding made available to the Foundation for supporting microfinance organizations in Ethiopia in developing strategy towards meeting their social goals and aligning systems with their missions.

Tajik Project fund – reflects the activities related to Oxfam NOVIB funding made available to the Foundation for developing the market-led sustainable microfinance institutions in Tajikistan through building the capacity of selected emerging/young Tajik Microfinance Institutions (MFIs).

ImpAct Cerise - the founding made available by Cerise to partner in developing the guidance for microfinance associations enabling them to develop a comprehensive strategy towards promoting of Social Performance Management among their members. The expected output of the cooperation will be used as a public good by associations around the globe.

Fundacja Bankowa im. L.Kronenberga Projectfund – reflects the activities related to funding made available by Fundacja Bankowa im. L.Kronenberga at Citi Handlowy for a 3-month qualitative research project aiming at identifying success factors of Polish microentrepreneurs.

Leonardo – „Ethica" is an educational game to explore the social and environmental impact of banking, investments and business. The objective of the game is to encourage socially responsible finance behaviors in finance through a simulation game. By experiencing new roles, participants have the opportunity to understand the consequences of different investment behaviors on the economy, society and the environment. "Ethica" is an European project based on the initial idea of Reseau Financement Alternatif (RFA). It has been further developed and tested by each of the country partners. The game is distributed in English, Spanish, French, Polish and Catalan in Belgium, UK, France, Switzerland, Poland and Spain.

SP-Fund Ford Foundation - the project aims at providing technical and financial support in the form of grants to 13 microfinance networks. The project grantees implement first activities in promotion of Social Performance Management among their members – Microfinance Institutions. The project is sponsored by Ford Foundation.

The SEEP Network Summit in Prague - the fund made available by SEEP in cooperation with City Foundation, aimed at organizing a third summit of microfinance associations from Europe and Central Asia (ECA) region. During the summit, the associations discussed their up to date experience: challenges and successes; the new industry developments were presented.

The SEEP Network Client Protection - the funding was provided by SEEP in cooperation with Smart Campaign. It aimed at building the capacity of MFC in delivery of client protection assessments of microfinance institutions. Within the project, two institutions were assessed: Microfinance Foundation EKI from Bosnia and Herzegovina and MCO "KazMicroFinance" LLC (KMF) from Kazakhstan. One new MFC staff was trained in assessments delivery.

The SEEP Network Regional Network Summit (RNS) - RNS aims at exchanging knowledge, experience among networks focus on SPM from Europe and Central Asia (ECA) region and strengthening their capacities to respond better to the needs of their local members stakeholders. 2012 RNS was organized in Warsaw in July 2012. In total representatives from 10 networks were present (13 persons) - all Social Performance Working Group members and in addition representatives from networks from Belarus and Georgia were present. During 2 days meeting participants exchanged their experience related to developing code of conducts, client protection (CP), work with regulators. They also discussed plans for USSPM promotion and how to communicate them effectively.

The SEEP Network Universal Standards SPM (USSPM) – focused on engaging MFIs through national networks and survey to get feedback on the SPTF's USSPM. This feedback contributed to developing USSPM which were launched in June 2012. Four national networks were engaged in collecting feedback from MFIs: Azerbaijan Micro-finance Association (AMFA), (Union of Credit Organizations of the Republic of Armenia (UCORA), Association of Micro-Finance Organizations in Tajikistan (AMFOT), Association of Microfinance Institutions (AMFI). In addition MFC send request to all its members to provide feedback on USSPM. In total feedback was collected from 42 MFIs.

Advancing Client Protection in Tajikistan - project aims at strengthening the capacity of national association AMFOT to play a leading role, as well as starting work with the regulator to integrate customer protection into current policies and regulations. Through the training combine with CP assessment two AMFOT staff gained first experience in conducting CP assessment.

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.

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

(m) 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

	2012	2011
Unutilized bonus provision	6 010	235
Unutilized audit provision	10 940	7 528
Other operating income	1 422	5 855
	18 372	**13 618**

6. PROGRAM EXPENSES

	2012	2011
Marketing, web page, newsletters, other publications	84 550	96 111
SP-Fund (Ford Foundation)	1 633 428	402 633
Financial Education in Uzbekistan (European Commission)	410 278	293 708
Financial Education (Citi Foundation)	141 885	116 525
Social Performance Management Quality Audit Tool (ICCO)	112 647	-
Policy in Central Asia (ICCO)	88 247	4 724
Financial Education in Poland (Levi' Foundation)	75 994	135 342
Tajik (Oxfam NOVIB)	71 706	-
Fundacja Bankowa im. L. Kronenberga	62 860	58 432
RNS (SEEP Network)	54 649	-
Housing Center (Habitat for Humanity International)	40 864	-
AMFI scholarship (ICCO)	36 834	-
Terrafina Microfinance (ICCO)	23 528	9 755

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

Central Asia Office (ICCO)	19 941	51 081
USSPM (The SEEP Network)	15 076	-
Conference expenses	177 924	100 561
Training expenses	1 862 775	1 790 217
Consulting expenses	373 140	401 906
Other projects	14 881	36 449
Value chain (ICCO)	-	175 436
Financial Education in Tajikistan (ICCO)	-	172 074
Social Performance Management (ICCO)	-	151 224
Gender (Oxfam NOVIB)	-	110 014
Research (ICCO)	-	106 784
Financial Education (ICCO)	-	95 182
Kazakhstan Training Center (ICCO)	-	77 530
Financial Education in Kyrgyzstan (ICCO)	-	73 900
Summit Prague (The SEEP Network)	-	63 440
Evaluation (ICCO)	-	56 947
Capacity Building (ICCO)	-	53 507
Client Protection (The SEEP Network)	-	28 229
Financial Education Leonardo (European Commission)	-	19 471
Social Performance Management Fund (ICCO)	-	14 368
Tajikistan (ICCO)	-	14 108
Scholarship Prague (Levi' Foundation)	-	11 231
ImpAct Consortium (IDS)	-	6 906
Investor Letter (Rockdale Foundation)	-	3 450
	5 301 207	**4 731 245**

7. ADMINISTRATIVE EXPENSES

	2012	2011
Staff salaries, bonuses and benefits	667 726	670 933
Travel and conferences	77 618	105 246
Office and administrative	192 517	231 557
Amortisation	4 924	9 652
Accounting and auditors services	224 298	247 984
Other	124 358	98 041
Other operating expenses	37	900
	1 291 478	**1 364 313**

8. OTHER OPERATING EXPENSES

	2012	2011
Other operating expenses	37	900
	37	**900**

9. FINANCE INCOME AND FINANCE EXPENSES

	2012	2011
Interest income	160 257	129 487
Foreign exchange rate income	1 194 076	2 022 532
Finance income	**1 354 333**	**2 152 019**

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

Interest expenses	96	-
Foreign exchange rate loss	1 820 497	897 457
Finance expenses	**1 820 593**	**897 457**
Net finance income	(466 260)	1 254 562

* at December 31st, 2010 Foundation had deposits in the amount of 900,000 PLN (ended January 7th, 2011), 370,000 EUR (ended January 26th, 2011), 360,000 EUR (ended February 18th, 2011) and 120,000 USD (ended February 18th, 2011). Estimated amount of interest income is 27.217 PLN and is included as financial income in consolidated statement in 2011.

10. PERSONNEL EXPENSES

	2012	2011
Program staff expenses	878 077	898 687
Administrative staff expenses	667 726	670 933
	1 545 803	**1 569 620**

11. INCOME TAX EXPENSE

Recognised in the Consolidated Statement of Comprehensive Income

Current tax expense	**2012**	**2011**
Current year	320 603	176 908
	320 603	176 908
Deferred tax expense		
Origination and reversal of temporary differences	(8 260)	988
Total income tax expense in the consolidated statement of comprehensive income	312 343	177 896

Reconciliation of effective tax rate

	2012	**2011**
Pre-tax result	910 022	1 979 283
Without the Parent Entity result and eliminations made for consolidation purposes	725 695	(1 047 746)
Pre-tax result of subsidiary (MFC)	1 635 717	931 537
Income tax using the Group's domestic tax rate (19%)	310 786	176 992
Permanent differences	1 557	904
	312 343	**177 896**
Effective tax rate	19,10 %	19,10 %

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.

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

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.

12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computer software	Other	Total
Cost				
As at 1 January 2011	286 141	86 859	16 580	389 580
Additions	7 589	-	-	7 589
Disposals	-	-	-	-
As at 31 December 2011	293 730	86 859	16 580	397 169
As at 1 January 2012	293 730	86 859	16 580	397 169
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 December 2012	293 730	86 859	16 580	397 169
Depreciation				
As at 1 January 2011	274 671	86 859	16 580	378 110
Depreciation charge	9 652	-	-	9 652
Disposals	-	-	-	-
As at 31 December 2011	284 323	86 859	16 580	387 762
As at 1 January 2012	284 323	86 859	16 580	387 762
Depreciation charge	4 925	-	-	4 925
Disposals	-	-	-	-
As at 31 December 2012	289 248	86 859	16 580	392 687
Carrying amount				
As at 1 January 2011	11 470	-	-	11 470
As at 31 December 2011	9 407	-	-	9 407
As at 1 January 2012	9 407	-	-	9 407
As at 31 December 2012	4 482	-	-	4 482

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

13. CASH AND CASH EQUIVALENTS

	2012	**2011**
Cash in hand	14 836	15 960
Cash at bank	9 685 868	9 948 908
Cash and cash equivalents in the statement of cash flows	**9 700 704**	**9 964 868**
Restricted cash	**217 662**	**2 299 183**

The balance of restricted cash as at 31 December 2012 and 31 December 2011 represents restricted funds, which are included in the non-current deferred grants and deferred income related to dedicated funds.

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

14. ACCOUNTS RECEIVABLE

	2012	2011
Trade receivables	78 342	237 129
Advance paid to Palestinian Network for Small and Micro Enterprises (Sharahek)	35 236	44 939
Advance paid to Credit and Development Forum (CDF)	57 057	-
Advance paid to National Confederation of Cooperatives (NATCCO)	24 555	27 073
Advance paid to Związek Biur Porad Obywatelskich	-	4 827
Advance paid to Association of Microfinance Organizations of Kazakhstan (AMFOK/ALE)	-	68 382
Advance paid to Union of Credit Organizations of the Republic of Armenia (UCORA)	-	32 568
Advance paid to Centre for Microfinance Nepal (CMF)	-	52 976
Advance paid to Association of Micro Finance Institutions in Rwanda (AMIR)	-	42 393
Advance paid to Tanzania Association of Microfinance Institutions	-	44 132
Tax receivables	19 889	-
Other receivables	30 994	39 109
Prepayments	5 366	19 486
	251 439	**613 014**

	2012	2011
Accounts receivable up to 3 months	220 539	106 146
Accounts receivable 3-6 months	924	160 887
Accounts receivable 6-12 months	1 285	317 290
Accounts receivable over 12 months	28 691	28 691
	251 439	**613 014**

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 2012 and 31 December 2011.

15. DEFERRED TAX ASSETS

Recognised deferred tax assets
Deferred tax assets are attributable to the following items:

	Assets	
	2012	**2011**
Reserve for staff holidays compensation	1 956	1 002
Staff annual bonus reserve	14 003	3 762
Temporary foreign exchange gain	-	2 336
Reserve for annual audit	5 700	5 700
Reserve for trade payables	1 047	1 037
Social Security accounts	-	378
Asset	**22 706**	**14 215**

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

16. CONSOLIDATED SATEMENT OF CHANGES IN DEFERRED INCOME RELATED TO DEDICATED FUNDS BALANCES AND GENERAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2012

DEDICATED FUNDS	2012	2011
SP-Fund (FORD Foundation) Project		
Opening balance (available at 01.01.)	1 086 485	-
New funds received	908 396	1 729 388
Total	1 994 881	1 729 388
Program expenses	1 633 428	402 633
Program revenue	196 089	240 270
Total charge	1 829 517	642 903
SP-Fund Project closing balance (available at 31.12.)	165 364	1 086 485
Housing Center (HFHI) Project		
Opening balance (available at 01.01.)	83 631	-
New funds received	9 531	83 631
Total	93 162	83 631
Program expenses	40 864	-
Program revenue	-	-
Total charge	40 864	-
Housing Center Project closing balance (available at 31.12.)	52 298	83 631
SIMS (European Commision) Project		
Opening balance (available at 01.01.)	-6 716	-
New funds received	7 044	-
Total	328	-
Program expenses	2 850	6 716
Program revenue	-	-
Total charge	2 850	6 716
SIMS Project closing balance (available at 31.12.)	-2 522	-6 716
Financial Education in Uzbekistan II (EC) Project		
Opening balance (available at 01.01.)	397 728	-
New funds received	16 641	401 459
Total	414 369	401 459
Program expenses	410 279	3 731
Program revenue	19 989	-
Total charge	430 268	3 731
Financial Education in Uzbekistan II Project closing balance (available at 31.12.)	-15 899	397 728
SMP Summaries (ImpAct) Project		
Opening balance (available at 01.01.)	-7 288	-1 659
New funds received	-	-
Total	-7 288	-1 659
Program expenses	-	474
Program revenue	-	5 155
Total charge	-	5 629
SMP Summaries Project closing balance (available at 31.12.)	-7 288	-7 288

Fundacja "Microfinance Centre"
Notes to the Consolidated Financial Statements as at 31 December 2012
(All amounts are stated in PLN rounded to nearest zł)

ACP Tajikistan (GTZ) Project		
Opening balance (available at 01.01.)	0	-
New funds received	0	-
Total	0	-
Program expenses	7 598	-
Program revenue	0	-
Total charge	7 598	-
ACP Tajikistan Project closing balance (available at 31.12.)	-7 598	-
Exchange Visit (NBoT) Project		
Opening balance (available at 01.01.)	-	-
New funds received	-	-
Total	-	-
Program expenses	4 433	-
Program revenue	25 232	-
Total charge	29 665	-
Exchange Visit Project closing balance (available at 31.12.)	-29 665	-
Central Asia Office (ICCO)		
Opening balance (available at 01.01.)	300 977	881 950
New funds received	-243 663	-169 725
Total	57 314	712 225
Program expenses	19 941	51 080
Program revenue	37 373	360 168
Total charge	57 314	411 248
Central Asia Office closing balance (available at 31.12.)	-	300 977
Investor Letter (Rockdale Foundation) Project		
Opening balance (available at 01.01.)	84 443	87 893
New funds received	-92 869	-
Total	-8 427	87 893
Program expenses	0	3 450
Program revenue	-8 427	-
Total charge	-8 427	3 450
Investor Letter Project closing balance (available at 31.12.)	-	84 443
Gender (Oxfam NOVIB) Project		
Opening balance (available at 01.01.)	17 926	243 873
New funds received	-24 815	-
Total	-6 889	243 873
Program expenses	0	110 013
Program revenue	-6 889	115 934
Total charge	-6 889	225 947
Gender Project closing balance (available at 31.12.)	-	17 926
Client Protection (SEEP Network) Project		
Opening balance (available at 01.01.)	-15 737	-
New funds received	15 737	29 850
Total	-	29 850
Program expenses	-	28 229
Program revenue	-	17 358
Total charge	-	45 587
Client Protection Project closing balance (available at 31.12.)	-	-15 737

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

Financial Education in Uzbekistan (EC) Project

Opening balance (available at 01.01.)	-46 222	-4 004
New funds received	43 114	285 943
Total	-3 108	281 939
Program expenses	-	293 708
Program revenue	-3 108	34 453
Total charge	-3 108	328 161
Financial Education in Uzbekistan Project closing balance (available at 31.12.)	-	-46 222

Financial Education Leonardo (EC) Project

Opening balance (available at 01.01.)	-37 305	-47 621
New funds received	36 252	35 488
Total	-1 053	-12 132
Program expenses	-	19 471
Program revenue	-1 053	5 702
Total charge	-1 053	25 173
Financial Education Leonardo Project closing balance (available at 31.12.)	-	-37 305

Social Performance Management Fund (ICCO) Project

Opening balance (available at 01.01.)	-4 177	-11 413
New funds received	4 177	31 062
Total	-	19 649
Program expenses	-	14 368
Program revenue	-	9 458
Total charge	-	23 826
Social Performance Management Fund Project closing balance (available at 31.12.)	-	-4 177

Financial Education in Poland (Levi's Foundation) Project

Opening balance (available at 01.01.)	74 908	210 250
New funds received	-	-
Total	74 908	210 250
Program expenses	75 994	135 342
Program revenue	-1 086	-
Total charge	74 908	135 342
Financial Education in Poland Project closing balance (available at 31.12.)	-	74 908

Financial Education in Kyrgyzstan & Tajikistan (ICCO) Project

Opening balance (available at 01.01.)	66 071	-
New funds received	-66 071	152 153
Total	-	152 153
Program expenses	-	95 183
Program revenue	-	-9 101
Total charge	-	86 082
Financial Education in Kyrgyzstan & Tajikistan (ICCO) closing balance (available at 31.12.)	-	66 071

Social Performance Management (Terrafina ICCO) Project

Opening balance (available at 01.01.)	3 191	25 892
New funds received	53 944	-
Total	57 135	25 892
Program expenses	23 528	9 755
Program revenue	33 607	12 946
Total charge	57 135	22 701
Social Performance Management Project closing balance (available at 31.12.)	-	3 191

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

Tajik (Oxfam NOVIB) Project		
Opening balance (available at 01.01.)	148 859	149 817
New funds received	-18 917	-
Total	129 942	149 817
Program expenses	71 705	958
Program revenue	58 237	-
Total charge	129 942	958
Tajik Project closing balance (available at 31.12.)	-	148 859
Financial Education (Citi Foundation) Project		
Opening balance (available at 01.01.)	163 251	-
New funds received	-42 062	282 328
Total	121 189	282 328
Program expenses	141 885	116 525
Program revenue	-20 696	2 552
Total charge	121 189	119 077
Financial Education Project closing balance (available at 31.12.)	-	163 251
MCPI Social Performance Management (ICCO) Project		
Opening balance (available at 01.01.)	269 441	269 441
New funds received	-269 439	-
Total	2	269 441
Program expenses	-	-
Program revenue	2	-
Total charge	2	-
MCPI Social Performance Management Project closing balance (available at 31.12.)	-	269 441
Total dedicated funds balance	**154 690**	**2 579 466**

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

17. ACCOUNTS PAYABLE

	2012	2011
Trade payables	695 263	29 604
Social Security	29 142	29 628
Deferred tax liabilities	1 509	1 277
Tax liabilities	320 513	125 127
Other	-	629
	1 046 427	**186 265**

	2012	2011
Accounts payable up to 3 months	1 046 427	177 961
Accounts payable 3-6 months	-	8 304
Accounts payable 6-12 months	-	-
Accounts payable over 12 months	-	-
	1 046 427	**186 265**

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

18. ACCRUALS

	2012	2011
Prepayments received for future services	51 114	-
Staff holidays compensation	57 710	109 738
Staff bonus fund	157 200	104 300
Provision for audit of annual financial statements	60 000	60 000
Provisions for other expenses incurred in next year	309 742	10 770
Other	-	6 196
	635 766	**291 004**

Balance at 1st January 2012	**291 004**
Accrual for the period	402 986
Utilisation for the period	58 224
Balance at 31st December 2012	**635 766**

19. 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.

20. REMUNERATION OF KEY MANAGEMENT

Total remuneration paid to Management Board amounted to PLN 504,1 thousand (in 2011 PLN 530,4 thousand).
No loans have been granted and no other transactions settled with Key Management Personnel during the financial year.

21. TRANSACTIONS WITH RELATED PARTIES

During the year ended 31 December 2012 and 31 December 2011 the Group has not had any transaction with related parties.

22. FINANCIAL RISK MANAGEMENT

a) Credit risk

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

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

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

e) Foreign currency risk

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.

	PLN	USD	EUR	GBP	TOTAL 2012	PLN	USD	EUR	GBP	TOTAL 2011
ASSETS										
Non-current assets										
Property, plant and equipment	4 482	-	-	-	4 482	9 407	-	-	-	9 407
Deferred tax assets	22 706	-	-	-	22 706	14 215	-	-	-	14 215
Total non-current assets	27 188	-	-	-	27 188	23 622	-	-	-	23 622
Current Assets										
Trade receivables	-	25 990	52 352	-	78 342	-	77 165	159 964	-	237 129
Advances paid to contractors	-	116 848	-	-	116 848	4 827	312 463	-	-	317 290
Other receivables	30 994	-		-	30 994	39 109	-	-	-	39 109
Prepayments	4 112	927	327	-	5 366	19 486	-	-	-	19 486
Tax receivebles	19 889	-	-	-	19 889	-	-	-	-	-
Current deferred grants receivable from EC grants	-	-	18 421	-	18 421	-	-	90 243	-	90 243
Current deferred grants receivable from SPM grants	-	-	7 288	-	7 288	-	-	11 465	-	11 465
Current deferred grants receivable from GTZ grant	-	-	7 598	-	7 598	-	-	-	-	-
Current deferred grants receivable from National Bank of Tajikistan grant	-	-	29 665	-	29 665	-	-	-	-	-
Current deferred grants receivable from SEEP Networs grants	-	-	-	-	-	-	15 737	-	-	15 737
Cash and cash equivalents	1 720 356	1 961 411	6 018 647	290	9 700 704	2 235 461	2 108 680	5 620 727	-	9 964 868
Total current assets	1 775 351	2 105 176	6 134 298	290	10 015 115	2 298 883	2 514 045	5 882 399	-	10 695 327
TOTAL ASSETS	1 802 539	2 105 176	6 134 298	290	10 042 303	2 322 505	2 514 045	5 882 399	-	10 718 949
Equity										
Own Funds										
Founding capital	2 100	-	-	-	2 100	2 100	-	-	-	2 100
Retained earnings	8 140 348	-	-	-	8 140 348	7 542 669	-	-	-	7 542 669
Total own funds	8 142 448	-	-	-	8 142 448	7 544 769	-	-	-	7 544 769
Total Funds attributable to equity holders of the Fundation	8 142 448	-	-	-	8 142 448	7 544 769	-	-	-	7 544 769
Liabilities										
Non current deferred grants related to dedicated funds										
Financial Education in Uzbekistan (EC)	-	-	-	-	-	-	-	397 728	-	397 728
Total non current deferred grants	-	-	-	-	-	-	-	397 728	-	397 728

Trade liabilities	*273*	*694 991*	-	-	**695 264**	*7 401*	*115*	*22 087*	-	29 604
Deffered tax liabilities	-	-	-	-	-	*1 277*	-	-	-	1 277
Tax liabilities	*322 021*	-	-	-	**322 021**	*125 127*	-	-	-	125 127
Social Security	*29 142*	-	-	-	**29 142**	*29 628*	-	-	-	29 628
Other	-	-	-	-	-	*629*	-	-	-	629
Provisions	*72 772*	*289 969*	-	-	**362 741**	*70 770*	-	-	-	70 770
Other liabilities	*214 760*	*1 854*	*56 411*	-	**273 025**	*220 234*	-	-	-	220 234
Total Accounts Payable and Accruals	***638 968***	***986 814***	***56 411***	-	**1 682 193**	***455 067***	***115***	***22 087***	-	477 269
Current deferred grants related to dedicated funds										
SP-Fund (Ford Fundation)	-	*165 364*	-	-	**165 364**	-	*1 086 485*	-	-	1 086 485
Housing Center (HFHI)	-	*52 298*	-	-	**52 298**	-	*83 631*	-	-	83 631
Financial Education (Citi Foundation)	-	-	-	-	-	-	*163 251*	-	-	163 251
Investor Letter (Rockdale Foundation)	-	-	-	-	-	-	*84 443*	-	-	84 443
Financial Education (ICCO)	-	-	-	-	-	-	-	*66 071*	-	66 071
Central Asia (ICCO)	-	-	-	-	-	-	-	*300 977*	-	300 977
Social Performance Management (MCPI)	-	-	-	-	-	-	-	*269 441*	-	269 441
Tajik (Oxfam NOVIB)	-	-	-	-	-	-	-	*148 859*	-	148 859
Financial Education in Poland (Levi Strauss)	-	-	-	-	-	-	*74 908*	-	-	74 908
Gender (Oxfam NOVIB)	-	-	-	-	-	-	-	*17 926*	-	17 926
Terrafina (ICCO)	-	-	-	-	-	-	-	*3 191*	-	3 191
Total deferred income related to dedicated funds	-	***217 662***	-	-	**217 662**	-	***1 492 718***	***806 465***	-	2 299 183
TOTAL LIABILITIES	***8 781 416***	***1 204 476***	***56 411***	-	**10 042 303**	**7 999 836**	**1 492 833**	**1 226 280**	-	**10 718 949**

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

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.

2012

	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	1,51%	9 700 704	9 700 704	-	-	-	-

2011

	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	0,60%	9 964 868	9 964 868	-	-	-	-

23. 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.

24. FAIR VALUES

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

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Accounts receivable	251 439	251 439	613 014	613 014
Cash and cash equivalents	9 700 704	9 700 704	9 964 868	9 964 868
Accounts payable	1 044 919	1 044 919	186 265	186 265

25. 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.

26. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
Less than one year	89 240	119 311
Between one and five years	85 521	333 943
More than five years	-	-
	174 761	**453 254**

The Group leased one apartment as its shared office at Noakowskiego 10 Street apt. 38 and the lease agreement expired 16 December 2014. The monthly charge remains at rate PLN 7.437 (ca. USD 2,400) per month.

27. CONTINGENT LIABILITIES

As of 31 December 2012 and 31 December 2011 there were no contingent liabilities.

Katarzyna Pawlak

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska

Ewa Romanowska
Finance & Administrative Manager

Warsaw, 21 May 2013