

REVIK d.o.o. Sarajevo

Member of



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065-0-Reg-09-000932, MBS 65-01-1066-09
Tax code: 01075138

Raiffeisen BANK d.d. BH Sarajevo
- 1610000001640087
UniCredit Bank d.d. Sarajevo
- 3383202250064583
Identification number: 4200002790002
VAT identification number: 200002790002

MICROCREDIT FOUNDATION

"MIKRO ALDI" - GORAŽDE

Financial statements for the year ended
31 December 2014 prepared in accordance with
International Financial Reporting Standards
as modified by regulatory requirements of the
Banking Agency of Federation of Bosnia and Herzegovina and
Independent Auditors' Report

Microcredit foundation MIKRO ALDI

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Responsibility for the financial statements

This statement is issued related to Audit of Financial Statements of Micro landing foundation MIKRO ALDI for the period ended December 31, 2014.

For the purpose of expressing of opinion do the financial statements give true and fair view of the financial position of MIKRO ALDI as at December 31, 2014, results of its operations and cash flow for the period than ended, we as the Management are responsible for ensuring that financial statements are prepared for each financial year in accordance with the Law on accounting and Auditing of the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina”, No 83/09) in accordance with International Financial Reporting Standards (IFRS) and International Standards of Audit as published by the International Accounting Standards Board (IASB).

After making enquiries, the Management has a reasonable expectation that the bank has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the foundation include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the foundation will continue in business.

The Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the foundation and must also ensure that the financial statements comply with the Accounting Law and Audit of Federation of Bosnia and Herzegovina. The Management is also responsible for safeguarding the assets of the foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management

Ferida Softić, Director

Safija Pleh, Finance manager
Goražde, 8 April 2015

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To the Board of directors
Microcredit foundation "MIKRO ALDI"

Report of the Independent Auditors

We have audited the accompanying financial statements of Microcredit foundation "MIKRO ALDI" - Goražde (hereinafter "the Foundation") which comprise the balance sheet as at December 31, 2014 and income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as modified in accordance with the regulatory requirements set by the Banking Agency of Federation of Bosnia and Herzegovina, and for such internal control as management determines necessary for the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Microcredit foundation "MIKRO ALDI" - Goražde as at 31 December 2014 and the results of its operations and its cash flows for the period from 1 January to 31 December 2014 in accordance with International Financial Reporting Standards, as modified by regulatory requirements of the Banking Agency of Federation of Bosnia and Herzegovina.

REVIK d.o.o. Sarajevo

Milan Novokmet, director and certified auditor

Sarajevo, 10 April 2015

Microcredit foundation MIKRO ALDI

General Information

Establishment and activities

Micro credit organization “MIKRO-ALDI”, as legal predecessor of microcredit foundation MCF "MIKRO- ALDI", is established in Federation of Bosnia and Herzegovina in accordance with the Law on micro credit organizations (“Official Gazette of Federation BiH”, No. 24/00), under the number R₁M-5/00 and it has a license issued by the Federal Ministry of Social Affairs, Displaced Persons and Refugees to work as a micro credit institution, which provides loans to micro entrepreneurs (entrepreneurs with low income). This program is part of the overall efforts to stimulate the economic growth and post-war recovery.

Microcredit project was started as a part of the Association of Citizens for Local Initiatives (ALDI) in Goražde. Microcredit operations were initiated with the support of the UNHCR loan assets project and technical assistance by the Local Initiatives Department until 1999. After 1999, the microcredit project received additional loan fund from OXFAM and NOVIB.

Microcredit organization “MIKRO-ALDI” was registered on December 14, 2000 in accordance with the Law on microcredit organization (“Official Gazette of Federation B&H, number 24/00), under the number 05-4-35-M₁-1796/00 as a non-profit, nongovernmental and non-deposit organization.

In accordance with the Decision on establishment from 2000, ALDI is the founder of the microcredit organization MIKRO-ALDI. ALDI provided the following assets:

1. Founder’s equity in the amount of BAM 24,825 (furniture and equipment)
2. Transfer of all rights and liabilities related to microcredit activities:
 - microcredit fund through contract with UNHCR in the amount of BAM 200,000;
 - microcredit fund through contract with OXFAM in the amount of BAM 500,000.
3. The management of ALDI's microcredit fund in the amount of 104,000 BAM.

In accordance with the Decision of the Board of Directors, Association of Citizens „ALDI“ as of September 15, 2001 transferred the ownership of BAM 104,000 to „MIKRO-ALDI“ into microcredit fund and the Decision is valid as of October 01, 2001.

Legal status:

Federal Ministry of Justice issued a decree number 04-05-2-1708/07 at 30 April 2008 on registration of Microcredit foundation "MIKRO ALDI" Goražde in Registar of microcredit foundation in Federation B&H as the legal successor of Microcredit organization MIKRO ALDI.

Microcredit foundation MIKRO ALDI

Main mission and vision of microcredit foundation “MIKRO-ALDI”:

Mission - MIKRO ALDI mission is to provide suitable financial services to economically active population with low-income rate, in order to improve living conditions within local economies that enables creation of an environment for development of an opened, democratically orientated society with economically independent population.

Vision - The vision of MIKRO ALDI is to become leading microcredit institution in area of Southeast Bosnia and Herzegovina, and to ensure a positive influence to the global trends of economy development by its long term presence.

Goal and Purpose:

Goal - The goal of MIKRO ALDI is to build and develop a long term, self sustainable institution that will provide microfinance services to low-income population.

Purpose - The purpose of MIKRO ALDI existence is to alleviate poverty among population through financial services for start-up and development of a small business in order to contribute the global development of economy.

Clients:

Clients are able-bodied people on low incomes who need funds for income generation activities in the household and the improvement of living standards, and carrying out economic activity in the informal and formal sectors.

The loans are mainly used to finance working capital and equipment. Portfolio invested in the agricultural industry, trade, services, small-scale production and other uses such as furnishing the living room or meeting other needs such as education, etc.

Credit methodology:

“MIKRO-ALDI” works in accordance with the solidarity group methodology, as well as in accordance with the individual methodology.

Group crediting means forming of solidarity groups made of 2-5 women, microentrepreneurs. All members of the solidarity group are guarantor to each other (no other form of collateral is used).

Loan sizes grow with each new loan cycle, Loan cycles are from 3 to 60 months, with monthly repayment of principal and interest.

Microcredit foundation MIKRO ALDI

Board of directors

1. Ibrahim Imamović	President
2. Vesna Nemeč – Klisura	Member
3. Hasan Đozo	Member
4. Suvada Osmanspahić	Member
5. Sead Hubjer	Member

Management Board

1. Ferida Softić	Director
2. Safija Pleh	Financial manager

Audit committee

1. Mirsad Žuga	President
2. Hazira Živojević	Member
3. Mirza Hadžić	Member

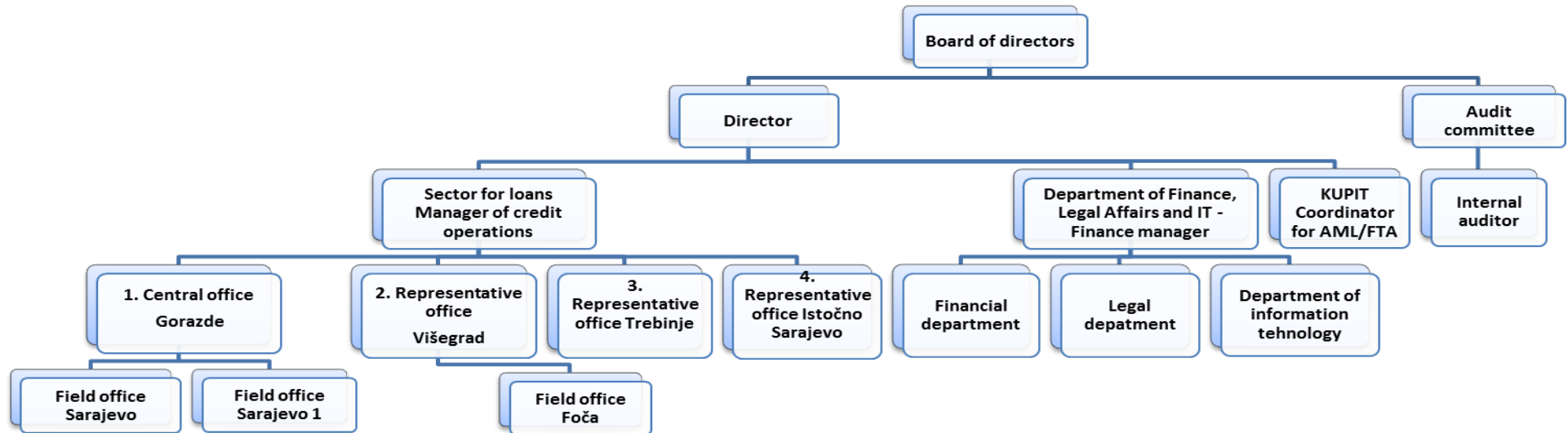
Activities of the Organisation are performed through:

1. Central office Goražde, Panorama bb street;
2. Branch office Sarajevo, Derviša Numića 11/9 street
3. Branch office Sarajevo 2, Nedima Filipovića 6 street
4. Branch office Višegrad, Kralja Petra I bb street
5. Branch office Istočno Sarajevo, Vojvode Radomira Putnika 36 street
6. Office Foča, Kralja Petra bb street
7. Branch office Trebinje, Trebinjskih brigada 5 street.

Organizational structure is clearly defined with specified lines of subordination and accountability.

Microcredit foundation MIKRO ALDI

Organizational Structure on 31 December 2014



Microcredit foundation MIKRO ALDI

Ratio analysis

<i>Efficiency ratios</i>	December 31, 2014	December 31, 2013
Active loan clients/ number of staff	83	69
Active clients/number of loan officers	131	110
Net outstanding portfolio/number of loan officers	278,839	224,300
Percentage total operating expenses/ Average net portfolio	23.36	21.94%

<i>Financial ratios</i>	December 31, 2014	December 31, 2013
Return on assets: Net operational income/average total assets	3.61%	4.50%
Return on equity: Net operational income/average equity	4.45%	5.28%
Yield on portfolio: Interest income and/or fees / average net portfolio outstanding	27.34%	27.78%

Microcredit foundation MIKRO ALDI

Income Statement

<i>(All amounts expressed in BAM)</i>	Notes	Year ended 31 December 2014	Year ended 31 December 2013
Interest income and loan fee income	3	1,144,653	967,710
Interest expense and commissions on loans	3	(61,427)	(26,991)
Operating income (net)	3	1,083,226	940,719
Operating expenses	4	(886,236)	(718,879)
Bad and doubtful debts expense (net)	5	(30,278)	(44,661)
Operating expenses		(916,514)	(763,540)
Other income	6	236,021	195,696
Net income / (loss)		402,733	372,875

The accompanying notes are an integral part of these financial statements

Microcredit foundation MIKRO ALDI

Balance sheet

<i>(All amounts expressed in BAM)</i>	Notes	As at 31 December 2014	As at 31 December 2013
ASSETS			
Cash and cash equivalent	7	290,464	154,562
Loans and advances to customers	8	4,659,073	3,714,641
Other assets	9	33,193	31,656
Tangible assets	10	170,489	164,969
Intangible assets	11	6,817	9,232
Total assets		5,160,036	4,075,060
LIABILITIES AND EQUITY			
Other liabilities	12	163,543	111,452
Deferred income (donations)	13	94,795	73,406
Provisions	14	4,478	4,364
Liabilities for loans	15	948,627	339,978
Total liabilities		1,211,443	529,200
Founder's equity	16	24,825	24,825
Donated capital		804,000	804,000
Retained earnings	17	3,119,768	2,717,035
Total equity		3,948,593	3,545,860
Total equity and liabilities		5,160,036	4,075,060

Signed in the name of Microcredit fondation "MIKRO ALDI" Goražde at 8 April 2015

Director

Financial Manager

Ferida Softić

Safija Pleh

The accompanying notes are an integral part of these financial statements

Microcredit foundation MIKRO ALDI

Statement of changes in equity

<i>(All amounts expressed in BAM)</i>	Founder's equity (Association of citizens "ALDI")	Donated capital (Association of citizens "ALDI")	Donated capital (UNHCR)	Donated capital (OXFAM)	Retained earnings /(loss)	Total
Balance at 31 December 2012	24,825	104,000	200,000	500,000	2,344,160	3,172,985
Net result for the period	-	-	-	-	372,875	372,875
Balance at 31 December 2013	24,825	104,000	200,000	500,000	2,717,035	3,545,860
Net result for the period	-	-	-	-	402,733	402,733
Balance at 31 December 2014	24,825	104,000	200,000	500,000	3,119,768	3,948,593

The accompanying notes are an integral part of these financial statements

Microcredit foundation MIKRO ALDI

Cash flow statement

(All amounts expressed in BAM)	December 31, 2014	December 31, 2013
Net operational result	402,733	372,875
Depreciation	31,520	31,358
Cash flows from operating profits before changes in operating assets and liabilities	434,253	404,233
Changes in operating assets and liabilities		
Net (increase) / decrease in loans and advances to customers	(944,432)	(462,445)
Net (increase) / decrease in other assets	(1,537)	(4,098)
Net (decrease) / increase in other liabilities	52,199	14,361
Net increase / (decrease) of deferred income	21,389	14,327
Net increase / (decrease) of provisions	114	641
Net cash from operating activities	(438,014)	(32,981)
Cash flows from investing activities		
Purchase of property and equipment	(33,188)	(13,181)
Purchase of intangible fixed assets	(1,545)	(1,650)
Net cash from investing activities	(34,733)	(14,831)
Cash flow from financing activities		
Net increase / (decrease) in liabilities for loans	608,649	(137,392)
Net cash from financing activities	608,649	(137,392)
Net decrease / (increase) in cash and cash equivalents	135,902	(185,204)
Cash and cash equivalents at beginning of year	154,562	339,766
Cash and cash equivalents at end of the year	290,464	154,562

The accompanying notes are an integral part of these financial statements

Microcredit foundation MIKRO ALDI

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted for the preparation of the Financial Statements of the "MIKRO ALDI" and principal risks which have to be taken into account when assessing these accounting policies are set out below:

Basis of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and as modified by regulatory requirements of the Banking Agency of Federation of Bosnia and Herzegovina.

The financial statements are prepared under the historical cost convention as modified by the fair valuation of available-for-sale securities, financial assets and financial liabilities held for trading and all derivative contracts, if any.

The financial statements are stated in the Federation Bosnia and Herzegovina's official monetary unit, Konvertibilna Marka (BAM), which is pledged to the Euro (EUR 1 = BAM 1.95583).

Foreign currencies

Transactions denominated in foreign currencies are translated into BAM at the official Central Bank of Bosnia and Herzegovina exchange rate on the date of the transaction. Any gain or loss resulting from the change in rates of exchange subsequent to the date of transaction is included in the Statement of Income as a gain or loss from the revaluation of foreign currency positions.

The exchange rates used for the Financial Statements are the official exchange rates as issued by the Central Bank of the Bosnia and Herzegovina, As of December 31, the principal exchange rate is:

<i>(in BAM)</i>	December 31, 2014	December 31, 2013
1 EUR	1.95583	1.95583

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Microcredit foundation MIKRO ALDI

Interest and Fees Income and Expense

Interest income and expenditures are recognized in income statement on accrual principles. Anticipated income interest is differed.

Income from basic activity refers to interest income. Financial income relates to interest earned on time deposits.

Expenses from operational activity are recognized at the moment of increase in liabilities or decrease in assets. Financial expenditures are expenditures which include interest on borrowed assets, loan loss cost, etc.

Interest income and expenses are recognized in the income statement on an accrual basis. Interest income is suspended when loans become doubtful of collection by more than 1 day. Interest income is not recognized until received.

Fees consist of fees related to loans. Loan origination fees are amortized to income over the life of the loan.

Donations / Grants

Donations / Grants are assistance by government or other parties in the form of transfer of resources to the organization. These grants are recognised as income, whenever there is reasonable assurance that the organisation will comply with the conditions attaching to them (if any) and the grants will be received.

Donations of fixed assets are recorded as long term accruals and released to the income statement in the same manner depreciation of the related fixed assets is charged to the income statement.

There were no non-cash donations.

In kind donation

In - kind donation are benefits or subsidies that the organization receives to support operations, but which are paid by a third party.

Originated loans and provisions for loan impairment

Loans originated by the Agency by providing money directly to the borrower at draw down are categorised as Loans and advances to customers and are carried at amortised cost. Third party expenses are treated as part of the cost of the transaction. All loans and advances are recognised when cash is advanced to borrowers.

Microcredit foundation MIKRO ALDI

The Banking Agency of Federation of Bosnia and Herzegovina (FBA) stipulates the percentage and the manner for forming and maintaining reserves for coverage of loan losses of microcredit organizations (the MCO).

The FBA Decree require the MCO to calculate reserves for coverage loan losses and charge them to expenses according to the following groups and reserve rates:

<i>Days in arrears</i>	<u>Reserve rate</u>	
	<u>December 31, 2014</u>	<u>December 31, 2013</u>
1-15 days	2%	2%
16-30 days	15%	15%
31-60 days	50%	50%
61-90 days	80%	80%
91-180 days	100%	100%
>180 days	written off	written off

If accrued interests and fees are not collected within 15 days, the MCO is obliged to form reserves for the coverage of loan losses in a 100% amount of that receivable.

After bringing the legal proceeding, the MCO is obliged to remove all receivables due, but outstanding over 180 days, from the balance sheet and evidently keep them in off-balance sheet record until the payment of receivables is executed or until definite write-off (removal from business books).

MCO is obliged to maintain the repeated loan that represents the loan that is prolonged, restructured or in other way modified due to overdue repayment, with the same reserve rate for at least one reporting period.

MIS development costs

MIS development costs are recognised as an expense as incurred. However, expenditure that enhances and extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives but not exceeding a period of five years. Costs associated with the maintenance of existing computer software programmes are expensed as incurred.

Taxation

The Foundation is tax exempted in respect of corporate tax according to the Law on Micro Finance Organizations, which determines that micro credit foundations should be regarded as non-profit organisations.

Microcredit foundation MIKRO ALDI

Employee benefits

On behalf of its employees, the Foundation is paying pension and health insurance on and from salaries, which are calculated on the gross salary paid, as well as taxes, which are calculated on the net salary paid. In addition, meal allowances and vacation bonuses are paid in accordance with the local legislation. and expenses debit the income statement in a period in which employees earned their salaries.

Foundation is calculated provision regarding expecting future payments to the employees after retirement in amount of 3 monthly salaries on the level Foundation in accordance with the provisions of IAS 19 - Employee Benefits.

Property and equipment

Property and equipment is stated in principal at historical cost less depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

	December 31, 2014	December 31, 2013
	%	%
Buildings	2.0	2.0
Furniture and equipment	10.0-20.0	10.0-20.0
Vehicles	15.5	15.5
Computer equipment	33.33	33.33

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of balances with maturity less than 90 days including cash and amounts due from other banks.

Provisions

Provisions are recognised when the Organisation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Reclassification

Certain amounts in the previous year financial statements have been reclassified to conform to the current year.

2. Risks associated with financial instruments

In the normal course of business, the Organisation provides to its customers a variety of financial instruments. These financial instruments involve various degrees of risk as follows:

Credit risk

In conducting business activities, the Organisation is exposed to the possibility that borrowers may default on their obligations to the Organisation. To minimize this risk the Organisation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Organisation upon the extension of credit, is based on credit committee's evaluation of the client. Collateral held varies but may include guarantees, payment orders, acceptance letters and mortgage on movable property. The Organisation strives to maintain a credit risk profile that is diverse in terms of industry and borrower concentration.

Market risk

In the normal course of business, the Organisation is exposed to market risks. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements.

Currency risk

The Organisation may invest in assets denominated in currencies other than its reporting currency, the convertible mark (BAM). Consequently, the Organisation is exposed to risks that the exchange rate of the convertible mark relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Organisation's assets which are denominated in currencies other than the convertible mark.

Interest rate risk

The Organisation takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

Microcredit foundation MIKRO ALDI

Liquidity risk

Liquidity risk arises from the possibility that the Foundation may be unable to satisfy current and future financial commitments.

The Foundation is exposed to calls on its available cash resources from maturing loans received by the Foundation and loan drawdown. The Foundation manages liquidity risk by maintaining adequate reserves, bank facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Income Statement

3. Net operating income

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Interest income and commission		
Interest on loans	998,548	853,152
Interest on deposits	138,272	109,966
Loan fee income	7,833	4,592
	1,144,653	967,710
Interest expense		
Cost of capital from INTESA Bank d.d. Sarajevo	(9,114)	(20,702)
Cost of capital from SPARKASSE Bank d.d. Sarajevo	(16,519)	(544)
Cost of capital from Moja Bank d.d. Sarajevo	(31,219)	(1,995)
Compensations from loans received	(4,575)	(3,750)
	(61,427)	(26,991)
Net operating income	1,083,226	940,719

All income arises within Federation of Bosnia and Herzegovina and Republika Srpska.

Income from loan fees is charged as 3% of the loan amount when loan is issued, and that income is deferred during the life time of the loan.

Microcredit foundation MIKRO ALDI

4. Operating expenses

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Staff costs (Note 4.1.)	652,650	515,808
Depreciation	31,520	31,358
Bank services	4,158	3,768
Audit fee	5,265	5,265
Education	2,925	920
Maintains of equipment and software	14,312	10,064
Communication	35,335	29,016
Energy and water	13,347	10,641
Fuel	18,344	17,847
Insurance of fixed assets	2,581	3,244
Stationery	8,164	6,401
Entertainment and advertisement	4,785	3,592
Rent	25,809	22,034
Travel	1,734	683
Promotion services	678	4,520
Communal and republic fees	10,985	9,350
Fees paid to Bank Agency of RS and FBiH	6,703	6,764
Judicial and administrative fees	3,622	5,957
Maintenance of premises	3,528	3,587
Fees for management boards	5,410	2,768
Fees for CRK	4,277	3,614
Provision for Union Veterans	5,064	3,282
Other	25,040	18,396
Total	886,236	718,879

4.1. Staff costs

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Wages and salaries (net)	353,341	279,619
Taxes and contribution on salary	248,236	198,366
Food allowance	30,294	23,488
Holliday allowance	15,217	10,635
Other fees	5,562	2,700
Total (Note 4)	652,650	515,808

The average number of persons employed by the "MIKRO ALDI" on 31 December 2014 was 27 (2013 - 27).

Microcredit foundation MIKRO ALDI

5. Bad and doubtful debts expense

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Loans and advances to customers (Note 8.f.)	(27,894)	(39,798)
Interest (Note 9)	(2,384)	(4,863)
Total	(30,278)	(44,661)

6. Other income

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Income from previously write-off loans	164,413	136,325
Income from previously write-off interest	18,021	13,534
Reimbursement from insurance company	0	480
Collected court fees	24,991	23,745
Income from reprimand and administrative taxes	3,093	4,154
Income from unknown payments and subscriptions	208	595
Income from penalty interest	22,516	14,729
Overpaid loans	435	341
Other	2,344	1,793
Total	236,021	195,696

Microcredit foundation MIKRO ALDI

Notes to the Balance Sheet

7. Cash and cash equivalents

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Cash at hand	143	204
INTESA SANPAOLO Bank, Sarajevo	12,276	2,662
SPARKASSE Bank d.d. Sarajevo	1,678	1,489
Raiffeisen Bank, Goražde	171,016	139,692
HYPO ALPE banka a.d. Banja Luka	1,865	5,955
Moja banka d.d Sarajevo	103,486	4,560
Total	290,464	154,562

Interest rates on transaction accounts at banks on 31 December 2014 are 0.10 % annually (2013.: 0.10 % annually).

8. Loans and advances to customers

(a) Portfolio

Organization offers four loan products:

- Business loans
- Extra loan
- Loan for other purposes
- Agricultural loan

Every loan product has its own sub-products for various types of business like agriculture, fixed or current assets for other businesses.

Microcredit foundation MIKRO ALDI

8. Loans and advances to customers (continued)

Loans are granted for the period up to 60 months (2013: generally due within 60 months) but average repayment period is 23 months (2013: 21 months). Foundation does not have renewed loans.

Number of active clients is 2,228 (2013: 1,865),

Total number of disbursed loans is 2,070 (2013: 1,695),

The percentage of female clients is 51 % (2013: 49 %) and male clients 49 % (2013: 51 %),

The percentage of individual loans is 99.95 % (2013: 99.00 %) and the loans given to solidarity groups are 0.05 % (2013: 1.00 %).

(b) Analysis by interest rates

Average nominal interest rate on all extended loans is 26.51 % (2013: 27.65 % p.a.), and effective interest rate is 30.31 % (2013: 31.94 % p.a.).

c) Analysis by type of borrower

Economic sector risk concentrations within the customer loan portfolio were as follows:

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Individual production companies	28,026	24,403
Individual trade companies	828,940	697,417
Individual service companies	2,152,152	1,577,706
Agriculture	1,107,345	885,476
Other	623,800	628,092
Total (gross)	4,740,263	3,813,095
Specific provision for credit risks	(81,190)	(98,454)
Total (net)	4,659,073	3,714,641

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8. Loans and advances to customers (continued)

(d) Geographical analysis

As of 31 December 2014 all loans were disbursed to citizens of, or companies incorporated in the Federation of Bosnia and Herzegovina and Republika Srpska.

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Federation BiH	2,232,171	1,618,557
Republic Srpska	2,508,092	2,194,535
Total (gross)	4,740,263	3,813,095
Specific provision for credit risks	(81,190)	(98,454)
Total (net)	4,659,073	3,714,641

(e) Arrears

The amounts of loans in arrears are analysed as follows:

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
	Principal in arrears	Principal in arrears
Current loans	4,502,191	3,485,140
1-15 days	61,761	82,217
16- 30 days	94,234	145,471
31 - 60 days	25,061	41,734
61 - 90 days	18,632	22,058
91- 180 days	38,384	36,475
Total portfolio at risk	238,072	327,955
Total	4,740,263	3,813,095

Arrears include all amounts of loan principal due but not collected.

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8. Loans and advances to customers (continued)

(f) Provisions

The movements in provisions for loan losses are as follows:

(All amounts expressed in BAM)	December 31, 2014	December 31, 2013
Balance at 1 January	98,454	141,382
Doubtful debts expense (Note 5)	43,674	99,335
Decrease in doubtful debts – income (Note 5)	(15,780)	(59,537)
Bad debts written off	(45,158)	(82,726)
	81,190	98,454
Balance at 31 December	81,190	98,454

Micro Aldi is writing loan offs after 180 days, which in accordance with the Foundation's business policy.

9. Other assets

(All amounts expressed in BAM)	December 31, 2014	December 31, 2013
Accrued interest receivable on loans	31,477	32,880
Prepaid expenses for processing of loan applications	4,625	1,400
Other receivables	3,729	6,359
	39,831	40,639
Specific provision for interest	(6,638)	(8,983)
	33,193	31,656
Total	33,193	31,656

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The movements in provisions for interest losses are as follows:

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Balance at 1 January	8,984	12,311
Doubtful debts expense (Note 5)	4,736	10,702
Decrease in debts expense – income (Note 5)	(2,352)	(5,840)
Bad debts written off	(4,730)	(8,190)
Balance at 31 December	6,638	8,983

10. Property and equipment

<i>(All amounts expressed in BAM)</i>	Buildings	Furniture & equipment	Vehicles	Computer equipment	Construction in progress	Total
Cost						
As at January 1, 2014	132,153	56,234	130,124	82,492	-	401,003
Additions	-	-	-	-	33,188	33,188
Transfer from construction in progress	-	2,768	22,680	7,740	(33,188)	-
Writte off's	-	(4,106)		(8,517)		(12,623)
As at December 31, 2014	132,153	54,896	152,804	81,715		421,568
Accumulated depreciation						
As at January 1, 2014	24,219	39,774	95,252	76,789	-	236,034
Depreciation	2,643	518	14,813	9,586		27,560
Writte off's	-	(,3998)		(8,517)		(12,515)
As at December 31, 2014	26,862	36,294	110,065	77,858		251,079
Net book value as at 31 December 2013	107,934	16,460	34,872	5,703	-	164,969
Net book value as at 31 December 2014	105,291	18,602	42,739	3,857	-	170,489

Micro ALDI possesses business premise in Goražde of 168 m² which net book value at balance sheet date is BAM 105,291 (2013: BAM 107,934). Organization has insurance contracts with Sarajevo Osiguranje d.d. Sarajevo against risks of theft, fire and water accidents according to the insurance policy No. 5065518 valid up to 2 January 2015.

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11. Intangible assets

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Software	49,744	48,094
Additions	1,545	1,650
Accumulated depreciation	(44,472)	(40,512)
Total	6,817	9,232

12. Other liabilities and accruals

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Salaries (net)	38,095	26,322
Contributions and taxes on salaries	28,154	19,290
Suppliers	7,822	3,057
Accrued interest payable	3,795	2,032
Accrued other costs	9,618	8,883
Pre-paid installments of principal and interest	76,059	51,868
Total	163,543	111,452

13. Deferred income

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Deferred revenue (fee) *	94,795	73,406
Total	94,795	73,406

* Deferred revenue (fee) represents 3% (2013: 3%) fee collected at extension of loans that will be recognized as income through repayment period of respective loan.

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Movements during the year are presented below:

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
As at January 1	73,406	59,079
Additions during year	152,314	116,786
Transferred to revenue	(130,925)	(102,459)
As at December 31	94,795	73,406

14. Provisions

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Employee benefits *	4,478	4,364
Total	4,478	4,364

* Calculation of provision for retirement severance payments for employees in accordance with IAS 19 – Employee Benefits.

15. Liabilities for loans

a) Analysis by type of loan

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
SPARKASEE d.d, Sarajevo	121,055	-
Intesa Sanpaolo Banka d.d. Sarajevo (1)	340,000	139,978
Moja Bank d.d. Sarajevo (2)	487,572	200,000
Total	948,627	339,978

(1) Intesa Sanpaolo Bank dd Sarajevo

MCF Micro Aldi and Intesa Sanpaolo Bank dd Sarajevo has signed at 30 September 2014 the credit contract No. 211701/14 that is the long-term character. The loan amount is 400,000 BAM and interest rate is six-month ERIBOR +7.10 % per annum. The purpose of the loan is financial intermediation and placement of micro loans to the final users. Repayment is carried out in 20 monthly instalments and that is the maturity of loan.

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15. Liabilities for loans (continued)

a) Analysis by type of loan (continued)

(2) Moja Bank d.d. Sarajevo

MCF MIKRO ALDI and Moja Bank dd Sarajevo is signed at 20 May 2014 the Agreement on long term revolving loans No. 214719/19. The loan amount is 300,000 KM with an annual interest rate of 7,99% and the user agrees to the amount utilized under this contract back within 18 months from the first day of using credit. Collateral is 13 bill borrower and the right to the bank for handover of Foundation's receivebles (Negative pledge 1:2).

b) Maturity analysis

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Up to 1 year	300,000	200,000
Over 1 year	648,627	139,978
	948,627	339,978

16. Founder's equity

Since the MKF "MIKRO ALDI" is a non-profit organisation, there is no share capital issued, but in accordance with Law on Micro credit organisation it has founders' equity.

17. Retained earnings

(a) Movement schedule

<i>(All amounts expressed in BAM)</i>	December 31, 2014	December 31, 2013
Balance as at 1 January	2,717,035	2,344,160
Net result of the year	402,733	372,875
Balance as at 31 December	3,119,768	2,717,035

(b) Distribution of the profit

The profit of the micro credit Foundation has to be used for the micro credit activities.

18. Related party transactions

As at 31 December 2014 the Foundation had transactions with the Managing Board and Audit Committee as related parties on the basis of compensation as shown in the Note 19.

Foundation does not have internal loans. Foundation has rules about conflict of interests which does not allow issuing of loans to employees or to members of the Boards of Directors and Audit Committee.

19. Directors' remuneration

A listing of the members of the Management Board is shown on page 7 of the Financial Statements. In the period from 1 January 2014 to 31 december 2014 the total gross remuneration of the management was in amounts of BAM 103,858 (2013: BAM 72,055). The members of Board of Directors and Audit Committee as shown on page 7 of the Financial Statements has received in period from 1 January 2014 to 31 December 2014 gross compensations in amount of BAM 5,410 (2013: BAM 2,768).

20. Court procedures

As at 31.12.2013. Foundation runs 568 trials (2013.:568) for the collection of loan receivables (principal) in the amount of 1,280,559 BAM (2013.: 1,331,728 BAM) and interest in the amount of 117,936 BAM (2013.: 131,227 BAM).

As at 31.12.2014. there were no ligation against Foundation runed by other parties.

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21. Maturity analysis of assets and liabilities

The amount of total assets and total liabilities analysed by maturity at December 31, 2014 is as follows:

<i>(All amounts expressed in BAM)</i>	Demand (Including arrears)	Up to 6 months	From 6 months to 1 year	From 1 year to 2 years	Over 2 years	Total
ASSETS						
Cash and cash equivalents	290,464	-	-	-	-	290,464
Loans and advances to customers	205,032	1,028,448	1,003,868	1,524,705	897,020	4,659,073
Other assets	28,318	2,500	2,375		-	33,193
Property, plant and equipment	-	-	-	-	170,489	170,489
Intangible assets	-	-	-	-	6,817	6,817
TOTAL ASSETS	523,814	1,030,948	1,006,243	1,524,705	1,074,326	5,160,036
LIABILITIES						
Other liabilities	81,166	82,377	-	-	-	163,543
Deferred income	3,260	16,300	19,550	39,108	16,577	94,795
Provisions	-	-	-	4478,		4,478
Liabilities for loans	53,434	270,585	524,608	100,000	-	948,627
TOTAL LIABILITIES	137,860	369,262	544,158	143,586	16,577	1,211,443
TOTAL ASSETS -/-						
LIABILITIES	385,954	661,686	462,085	1,381,119	1,057,749	3,948,593

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22. Currency analysis of assets and liabilities

The amount of total assets and total liabilities analysed by currency at December 31, 2014 is as follows:

<i>(All amounts expressed in BAM)</i>	BAM	EUR	Total
ASSETS			
Cash and cash equivalent	163,543		163,543
Loans and advances to customers	4,659,073	-	4,659,073
Other current assets	33,193		33,193
Property, plant and equipment	170,489	-	170,489
Intangible assets	6,817	-	6,817
TOTAL ASSETS	5,160,036	-	5,160,036
LIABILITIES			
Other liabilities	163,543	-	163,543
Deferred income	94,795	-	73,406
Provisions	4,478	-	4,478
Liabilities for loans	948,627	-	339,978
TOTAL LIABILITIES	1,211,443	-	529,200
TOTAL ASSETS -/- LIABILITIES	3,948,593	-	3,545,860

Having in mind that local currency (BAM) is linked to EURO, there is no foreign exchange risk exposure (Bosnia and Herzegovina applies "Currency Board" Principle that is based on EUR),

23. Post Balance Sheet Events

No any events have occurred since the balance sheet date, which significantly affect the state of affairs of the Foundation at the balance sheet date or which require additional disclosure,