

**MICROCREDIT FOUNDATION
“MIKRO ALDI” GORAŽDE**

**Financial statements for the year ended
31 December 2015 prepared in accordance with
International Financial Reporting Standards
As modified by regulatory requirements of the
Banking Agency of Federation of Bosnia and Hercegovina and
Independent Auditors' Report**

**MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2015**

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for keeping accounts, making and submitting financial statements in accordance with International Financial Reporting Standards (IFRS) as modified by the regulatory requirements of the Banking Agency of Federation of Bosnia and Herzegovina, which are published by International Accounting Standards and give a true and fair view of the Microcredit Foundation "Mikro Aldi" Goražde („Foundation“) as well as its results for that period.

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

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

- suitable accounting policies are selected and then applied consistently,
- judgments 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.

Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation. Management must also ensure that the financial statements comply with the Accounting and Auditing Law of Federation of Bosnia and Herzegovina. 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 Management:
Ferida Softić, Director
Safija Pleh, Financial manager

Mikrokreditna Fondacija MIKRO ALDI Goražde

Panorama bb
73 000 Goražde
Bosnia and Herzegovina

5 April 2016

Independent Auditor's Report

To the Board of Directors of Microcredit Foundation "MIKRO ALDI" GORAŽDE:

We have audited the accompanying financial statements of Microcredit Foundation "MIKRO ALDI" Goražde (the Foundation), set out on pages 4 to 26, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, 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 adjusted by the regulatory requirements of the Banking Agency of the Federation of Bosnia and Herzegovina. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements those are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. 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 statements.

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 Foundation as of 31 December 2015 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards adjusted for the requirements of the Banking Agency of Federation of Bosnia and Herzegovina.

Other issues

The audit of the financial statements for the year ended on 31 December 2014 was performed by another auditor who expressed an unqualified opinion in his report of 8 April 2015.

Baker Tilly Re Opinion d.o.o.



Nihad Fejzić, Director and Certified Auditor



Ezita Imamović, Certified Auditor

Sarajevo, 5 April 2016

**MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 BAM	2014 BAM
Operating income	5	1,360,558	1,167,169
Interest expense and commissions	6	(75,859)	(61,427)
OPERATING INCOME (NET)		1,284,699	1,105,742
Operating expenses	7	(1,047,610)	(886,236)
Other operating income	8	13,451	31,071
PROFIT BEFORE PROVISION FOR LOAN IMPAIRMENT		250,540	250,577
Provision for loan impairment	9	(83,120)	(30,278)
Collected written off receivables	10	174,073	182,434
EXCESS OF INCOME OVER EXPENDITURES (NET RESULT)		341,493	402,733
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		341,493	402,733

The accompanying accounting policies and notes are an integral part of these financial statements.

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2015

	Note	31/12/2015 BAM	31/12/2014 BAM
Assets			
Cash and cash equivalents	11	135,567	290,464
Loans to customers	12	5,007,155	4,683,912
Other receivables	13	7,808	8,354
Tangible assets	14	168,531	170,489
Intangible assets	15	6,206	6,817
Total assets		5,325,267	5,160,036
Liabilities			
Liabilities for borrowings	16	712,235	948,627
Other liabilities	17	200,996	163,542
Deferred income	18	100,928	94,795
Provision	19	21,021	4,478
Total liabilities		1,035,180	1,211,442
Net assets - equity			
Initial funds		24,825	24,825
Donated capital		804,000	804,000
The excess of expenditures over income		3,461,262	3,119,769
Total net assets – equity		4,290,087	3,948,594
Total liabilities and net assets – equity		5,325,267	5,160,036

The accompanying accounting policies and notes are an integral part of these financial statements.

Signed on behalf of Foundation on 5 April 2016

Ferida Softić, Director
Safija Pleh, Financial Manager

**MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Initial funds BAM	Donated capital BAM	Accumulated excess of expenditures over income BAM	Total BAM
Balance as of 31 December 2013	24,825	804,000	2,717,036	3,545,861
Net result for the year 2014	-	-	402,733	402,733
Balance as of 31 December 2014	24,825	804,000	3,119,769	3,948,594
Net result for the year 2015	-	-	341,493	341,493
Balance as of 31 December 2015	24,825	804,000	3,461,262	4,290,087

The accompanying accounting policies and notes are an integral part of these financial statements.

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 BAM	2014 BAM
Operating activities		
Net result	341,493	402,733
<i>Correction for adjustment of results for the year before tax with net cash flow from ordinary activities</i>		
Depreciation	32,273	31,520
Increase in other provisions	16,543	114
Increase in loans to clients	(320,847)	(944,432)
Increase in other receivables	(1,850)	(1,537)
Increase in deferred income	6,133	21,389
Increase in other liabilities	37,454	52,199
Net cash provided by operating activities	111,199	(438,014)
Investing activities		
Purchase of tangible and intangible assets	(29,704)	(34,733)
Net cash used in investing activities	(29,704)	(34,733)
Financing activities		
(Outflows)/inflows from borrowings	(236,392)	608,649
Net cash (outflow)/inflow from financing activities	(236,392)	608,649
Net (decrease)/increase in cash and cash equivalents	(154,897)	135,902
Cash and cash equivalents at the beginning of the year	290,464	154,562
Cash and cash equivalents at the end of the year	135,567	290,464

The accompanying accounting policies and notes are an integral part of these financial statements.

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

Microcredit organization "MIKRO-ALDI", as legal predecessor of microcredit foundation „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 microcredit 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 14 December, 2000 in accordance with the Law on microcredit organization ("Official Gazette of Federation BiH, 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 of "MIKRO – ALDI", ALDI, for beginning of work provided the following:

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 BAM 104,000.

These funds have remained in the ownership of ALDI until 15 September 2001, when ALDI has decided that the funds in the amount of BAM 104,000 capitalized (transferred into the ownership of) to the loan fund MIKRO ALDI and to be used exclusively in the purposes of microcredit. The decision came into force on 1 October 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 Register of microcredit foundation in Federation BiH as the legal successor of Microcredit organization MIKRO ALDI.

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. 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.

„MIKRO-ALDI“ works in accordance with individual methodology and in the past time solidarity group methodology was represented. Group crediting means forming of solidarity groups made of 2-5 women, micro entrepreneurs. 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.

At 31 December 2015, the Foundation had 29 employees (2014; 28 employees).

**MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. GENERAL (CONTINUED)

Boards of the Foundation

Board of Directors

Ibrahim Imamović	Chairmen
Vesna Nemeč – Klisura	Member
Hasan Đozo	Member
Suvada Osmanspahić	Member
Žuga Mirsad	Member

Audit Board

Hubjer Sead	Chairmen
Hazira Živojević	Member
Mirza Hadžić	Member

Management

Ferida Softić	Director
Safija Pleh	Financial Manager

Activities of the Organisation are performed through:

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

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

Performance indicators:

<i>Efficiency ratios</i>	<i>2015</i>	<i>2014</i>
Active loan clients/number of staff	79	83
Active clients/number of loan officer	135	131
Net outstanding portfolio/number of loan officer	295,210	278,839
Percentage total operating expenses/average net portfolio	24.73	23.36
 <i>Financial ratios (%)</i>	 <i>2015</i>	 <i>2014</i>
Return on assets: Net operating income/Average total assets	2.94%	3.61%
Return on equity: Net operating income/Average total equity	3.74%	4.45%
Yield on portfolio: Interest income/Average net portfolio outstanding	28.34%	27.34%

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in current period

In the current year, the International Accounting Standards Board has published a larger number of amendments to IFRS that are in effect for accounting periods beginning on 1 January 2015 or later. The annual improvements include a large number of amendments to IFRS, which are shown as follows:

IFRS 2	"Share-based Payment" - Definition of „vesting condition“(applicable from 1 July 2014)
IFRS 3	" Business Combinations" - Accounting for contingent consideration (applicable from 1 July 2014)
IFRS 3	"Business Combinations" - Scope exception for joint ventures (applicable from 1 July 2014)
IFRS 8	"Operating Segments" - Aggregation of segments, reconciliation of segment assets (applicable from 1 July 2014)
IFRS 13	"Fair Value Measurement" - Short-term receivables and payables (applicable from 1 July 2014)
IFRS 13	"Fair Value Measurement" - Scope of the portfolio exception (applicable from 1 July 2014)
IAS 16	"Property, Plant and Equipment" – Revaluation method - Proportionate restatement of accumulated depreciation (applicable from 1 July 2014)
IAS 19	"Employee Benefits" - Defined benefit plans: employee contributions (applicable from 1 July 2014)
IAS 24	"Related Party Disclosures" - Key management entities (applicable from 1 July 2014)
IAS 38	"Intangible Assets" – Revaluation method - proportionate restatement of accumulated depreciation (applicable from 1 July 2014)
IAS 40	"Investment Property" - Interrelationship between IFRS 3 and IAS 40 (applicable from 1 July 2014).

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 9	Financial Instruments (finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition - applicable from 1 January 2018)
IFRS 14	Regulatory Deferral Accounts (applicable from 1 January 2016)
IFRS 15	Revenue from Contracts with Customers (applicable from 1 January 2017)
IFRS 11	Joint Arrangements (the accounting for acquisitions of an interest in a joint operation - applicable from 1 January 2016)
IAS 1	Presentation of Financial Statements (the disclosure initiative – applicable from 1 January 2016)
IAS 16	Property, Plant and Equipment (the clarification of acceptable methods of depreciation and amortisation – applicable from 1 January 2016)
IAS 16	Property, Plant and Equipment (bringing bearer plants into the scope of IAS 16 – applicable from 1 January 2016)
IAS 38	Intangible Assets (the clarification of acceptable methods of depreciation and amortisation – applicable from 1 January 2016)
IAS 41	Agriculture (bringing bearer plants into the scope of IAS 16 – applicable from 1 January 2016)
IAS 27	Separate Financial Statements (reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements - applicable from 1 January 2016).

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue not yet adopted (continued)

IFRS 10	Consolidated Financial Statements (the sale or contribution of assets between an investor and its associate or joint venture - applicable from 1 January 2016)
IFRS 10	Consolidated Financial Statements (the application of the consolidation exception - applicable from 1 January 2016)
IAS 28	Investments in Associates and Joint Ventures (the sale or contribution of assets between an investor and its associate or joint venture - applicable from 1 January 2016)
IAS 28	Investments in Associates and Joint Ventures (the application of the consolidation exception - applicable from 1 January 2016)
IFRS 12	Disclosure of Interests in Other Entities (the application of the consolidation exception - applicable from 1 January 2016)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (annual improvements: applicable from 1 January 2016)
IFRS 7	Financial Instruments: Disclosures (annual improvements: applicable from 1 January 2016)
IAS 19	Employee Benefits (annual improvements – applicable from 1 January 2016)
IAS 34	Interim Financial Reporting (annual improvements – applicable from 1 January 2016)

The Foundation will not adopt these standards, amendments and interpretations in advance, before the date they enter into force. The Management anticipates that the adoption of these standards and interpretations in future periods will not significantly affect the Foundation's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

As required by local regulations, the Foundation prepares financial statements in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards, adjusted in accordance with the regulatory requirements of the Banking Agency of Federation of Bosnia and Herzegovina (FBA) regarding the calculation of provision for impairment of financial instruments. Decisions of Agency require the calculation of provision for impairment of financial instruments based on matrix system, which is related with overdue days. This is not in accordance with International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' which requires assessment of the evidence and the amount of losses incurred by financial instruments on the day of financial statement. If there is objective evidence that an impairment loss on loans and instruments which held-to-maturity and carried at amortized cost, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) which will be discounted at the original effective interest rate.

3.2 Basis of presentation

The financial statements have been prepared on the historical cost basis except for the revaluation of financial assets that are presented in accordance with market or fair value. The principal accounting policies are set out below. 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). Presentation of financial statements, which is in accordance with International Financial Reporting Standards, requires by Management performing estimates and presumptions which have reflects on assets and liabilities and on publishing out balance assets and liabilities on the day of financial reporting and determined amounts of income and expenditures for reporting period. Estimates based on information that is available on the day of financial reporting, while the real results can be vary by estimated.

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Interest income and expense

Interest income and expenditures are recognized in income statement on accrual principles. Anticipated income interest is deferred. Default interest is recognized in the income statement at the time when charged. 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.

3.4 Fee income and expense

Income from commissions and fees related to fees from loan. The fees are recognized as revenue when the service is provided and deferred by the duration of the credit agreement with the relevant interest rate. Fee and commission expenses are directly related to the loan contracts, recognized as expenses, and deferred by the agreements.

3.5 Foreign currency

Business transactions that are not denominated in convertible marks are initially recorded at the applicable foreign exchange rate of the Central Bank of Bosnia and Herzegovina at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are calculated again at the balance sheet date using the exchange rate prevailing on that date. Gains and losses arising from foreign currency differences are recognised in income statement.

3.6 Employee benefits

In the normal course of business, the Foundation, paid on behalf of employees pensions, health care, taxes, as well as meal allowances, transportation to work and holiday allowances according to the regulations. These costs are charged to the income statement in the period in which they arise.

In accordance with the local legislation and internal Rulebook, the Foundation paid severance pay upon retirement in the amount of three average net wages in the last three months. These employee benefits are determined by the projected unit credit method.

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.

3.7 Income tax

The Foundation will not incur any liability to pay income tax under the provision of Article 3, Paragraph 1, Item 3 of the Law on income tax ("Official Gazette of the BiH", number 97/07, 14/08, and 39/09).

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets

Financial assets are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss", "available for sale", "held to maturity investments", and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. For current operations, the Foundation uses one category of financial assets, for which basis of accounting is disclosed below.

Method of effective interest rate

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than financial asset as at fair value through profit or loss, are assessed for indicators of impairment at each date of statement of financial position. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of financial assets impairment includes:

- ✓ significant financial difficulty of the issuer or counterparty; or
- ✓ default or delinquency in interest or principal payments; or
- ✓ It is becoming probable that the borrower will enter bankruptcy; or financial re-organisation.

An allowance for loan impairment is determined by applying the prescribed rate of provision for impaired loans, grouped by days of delay. The loan is in arrears when it is late in paying of the loan instalments. The applied matrix can be presented as follows:

- ✓ for interest receivables up to 15 days overdue provision are 2%,
- ✓ for interest receivables over 15 days overdue provision are 100%,
- ✓ for loans from 1-15 days overdue provision are 2% of loan receivable outstanding,
- ✓ for loans from 16 - 30 days overdue provisions are 15 % of loan receivable outstanding,
- ✓ for loans from 31 - 60 days overdue provision are 50% of loan receivable outstanding,
- ✓ for loans from 61 - 90 days overdue provisions are 80% of loan receivable outstanding,
- ✓ for loans from 91 - 180 days overdue provisions are 100% of loan receivable outstanding and
- ✓ Over 181 day's loan receivable outstanding is written off.

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, where the carrying amount is reduced through the use of an allowance account. When a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and profit of period. Changes in the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Foundation derecognises a financial asset only when the contractual right to the cash flows from the asset expires; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foundation continues to recognise the financial asset.

3.9 Financial liabilities

Financial liabilities are classified as either as "financial liabilities at fair value through profit and loss" or "other financial liabilities". The Foundation creates one category of financial liabilities, for which basis of accounting is disclosed below.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Foundation derecognises financial liabilities when, and only when, the Foundation's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognized when the Foundation has a present obligation as a result of a past event, and it is probable that the Foundation will be required to settle that obligation. Management estimates the provisions based at the best estimate of expenditure to settle the Foundation's obligation. Provisions are discounted to present value where the effect is material.

3.10 Cash and cash equivalents

Cash and cash equivalents consist of a vista deposits and deposits with maturity up to three months.

**MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Tangible and intangible assets

Purchase of tangible and intangible assets during the year are recorded at cost less accumulated depreciation and any recognized impairment charges. Depreciation is charged so as to write off the cost of assets over their estimated life lives using the straight-line method at the following rates:

	2015	2014
Buildings	2%	2%
Furniture and equipment	10-20%	10-20%
Vehicles	15.5%	15.5%
Computer equipment	33.33%	33.33%
Software	20%	20%

Gains and losses on disposal of assets are determined based on their carrying value and have impact on operating profit. Repairs and maintenance represent a cost in the income statement as they incurred.

3.12 Differed income

Donations of fixed assets are presented in the statement of financial position of the Foundation as deferred income, which is recognized in the statement of comprehensive income by straight-line basis in future periods, so that donations can be used in the operations or investments in the course of their economic life.

3.13 Net assets

Net assets of the Foundation represent the excess of the total assets under total liabilities. Net assets have arisen from excess revenues over expenditures and donations. The excess of income over expenditure has to be used in micro-credit activities. If the Foundation stops working the Foundation Board of Directors will decide about the distribution of net assets of the Foundation.

3.14 Reclassifications

Certain amounts in the financial statements for the previous year have been reclassified in order to be consistent with the current year presentation.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the Foundation's accounting policies, which are described in Note 3, the directors are required to make decisions, judgements, estimates and assumptions which have impact to the amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, which have a significant risk of causing material adjustments of carrying values of assets and liabilities in the next financial year.

Useful lives of property and equipment

As described at Note 3 above, the Foundation reviews the estimated useful lives of property and equipment at the end of each annual reporting period.

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4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Key sources of estimation uncertainty (Continued)

Impairment losses on loans and advances payment

As described in Note 3, paragraph Impairment of financial assets, the Foundation assessed indicators for impairment by applying predicted loss percentages to aged loans, grouped by days of delay.

Provisions for employee benefits

As described in Note 3, in paragraph Employee benefits, provisions for employee benefits are determined using the method of projected credit unit.

Other provisions

Other provisions are recognized if the Foundation has a present legal or constructive obligation as a result of the events of the previous period and it is probable that the Foundation will have to settle the mentioned obligation.

The amount recognized as a provision is the best estimate of the amount required for settling the present obligation on the date of the statement of financial position, taking into the risks and uncertainties related with the obligation. When a provision is measured using the cash flows which are estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

5. OPERATING INCOME

	2015 BAM	2014 BAM
Interest on loans to customers and other interest	1,165,048	998,548
Income from commissions on loans (Note 18)	149,928	130,925
Non-paid default interest	30,316	22,516
Income from fees for early repayment of loans	6,767	7,347
Other operating income	8,499	7,833
Total	1,360,558	1,167,169

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.

6. INTEREST EXPENSE AND COMMISSION

	2015 BAM	2014 BAM
Interest on borrowings	66,026	56,852
Fees for bank loan processing	9,833	4,575
Total	75,859	61,427

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7. OPERATING EXPENSES

	2015 BAM	2014 BAM
Employee expenses - Salary	736,398	622,357
Meal allowance and transportation fees	38,786	30,559
Telecommunications	34,006	35,335
Rent	32,886	25,809
Depreciation	32,273	31,520
Fuel and energy costs	29,820	29,639
Maintenance	16,929	18,707
Provisions for liabilities to employees (Note 19)	16,543	114
Fees	14,797	14,719
Cash penalty	10,500	-
Office material	10,303	8,164
Fees paid to Bank Agency of FBiH	7,164	6,703
Commission for Union Veterans	6,105	5,064
Fee for Management Board and Audit Board	5,889	5,410
Marketing and entertainment	4,686	4,785
Bank fees	4,563	4,158
Fees for CRK	4,309	4,277
Insurance	2,691	2,581
Travel expenses	461	1,469
Other operating expenses	38,501	34,866
Total	1,047,610	886,236

8. OTHER OPERATING INCOME

	2015 BAM	2014 BAM
Income from payment of court fees	6,115	24,991
Income from warning and administrative fees	2,293	3,093
Income from disposals of fixed assets	1,500	-
Other expenses for loan repayments	1,389	2,344
Other income	2,154	643
Total	13,451	31,071

9. PROVISIONS FOR LOAN IMPAIRMENT

	2015 BAM	2014 BAM
Provision for credit losses (Note 12)	75,593	27,894
Provision for losses on interest (Note 12)	7,527	2,384
Total	83,120	30,278

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
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10. COLLECTED WRITTEN-OFF RECEIVABLES

	2015 BAM	2014 BAM
Collected written off loan receivables	157,785	164,413
Collected written of interest receivables	16,288	18,021
Total	174,073	182,434

11. CASH AND CASH EQUIVALENTS

	31/12/2015 BAM	31/12/2014 BAM
Bank accounts	135,333	290,321
Cash on hand	234	143
Total	135,567	290.464

12. LOANS TO CUSTOMERS

The average nominal interest rate is 26.00% per year (2014: 26.51%), and the effective interest rate is 30.26% per year (2014: 30.31%). The loan portfolio is composed by the following sectors:

	31/12/2015 BAM	31/12/2014 BAM
Service	2,190,203	2,152,152
Agriculture	1,165,002	1,107,345
Trade	645,006	828,940
Production	39,123	28,026
Other	979,241	623,800
Receivables for interest on given loans	69,493	31,477
<i>Total receivables before provision for impairment:</i>	<i>5,088,068</i>	<i>4,771,740</i>
Provision for loan impairment	(75,246)	(81,190)
Provisions for impairment of receivables for interest	(5,667)	(6,638)
Total	5,007,155	4,683,912

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
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12. LOANS TO CUSTOMERS (CONTINUED)

Analysis of loans to clients by region:

	31/12/2015 BAM	31/12/2014/ BAM
The Federation of BiH	2,313,372	2,232,171
Republic Srpska	2,705,203	2,508,092
Interest receivable on loans	69,493	31,477
<i>Subtotal:</i>	<i>5,088,068</i>	<i>4,771,740</i>
Provision for loan impairment	(75,246)	(81,190)
Provisions for impairment receivables for interest	(5,667)	(6,638)
Total	5,007,155	4,683,912

Loans in arrears can be presented as follows:

	31/12/2015 BAM	31/12/2014 BAM
Without delay	4,775,338	4,502,191
From 1-15 days	60,225	61,761
From 16 to 30 days	99,921	94,234
From 31 to 60 days	44,069	25,061
From 61 to 90 days	10,016	18,632
From 91 to 180 days	29,006	38,384
Over 180 days	-	-
Subtotal	<i>5,018,575</i>	<i>4,740,263</i>
Interest receivable on loans	69,493	31,477
Total	5,088,068	4,771.740

Loans are granted for the period up to 60 months. Average loans are granted for a period of 28 months (2014: 23 months). Number of active clients is 2,300 (2014: 2,228). The percentage of female clients is 50% (2014: 51%) and male 50% (2014:49%). Percentage of active individual loans is 100.00% (2014: 99.95%), while loans granted to solidarity groups are 0.00% (2014: 0.05%).

Changes in provisions for potential loan losses can be presented as follows:

	31/12/2015 BAM	31/12/2014 BAM
Balance on 1 January	81,190	98,454
Losses on the increase in provisions (Note 9)	107,316	43,674
Revenues on the basis of impairment losses (Note 9)	(31,723)	(15,780)
Decrease in provisions as a result of write-offs	(81,537)	(45,158)
Balance at end of year	75,246	81,190

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
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12. LOANS TO CUSTOMERS (CONTINUED)

Movement of provision for interest losses can be presented as follows:

	31/12/2015 BAM	31/12/2014 BAM
Balance at 1 January	6,638	8,984
Losses on the increase in provisions (Note 9)	10,368	4,736
Revenues on the basis of impairment losses (Note 9)	(2,841)	(2,352)
Decrease in provisions as a result of write-offs	(8,498)	(4,730)
Balance at end of year	5,667	6,638

13. OTHER RECEIVABLES

	31/12/2015 BAM	31/12/2014 BAM
Receivables for reimbursement of sick leave	2,581	2,436
Prepaid fees	2,229	4,625
Other receivables	2,998	1,293
Total	7,808	8,354

14. TANGIBLE ASSETS

	Buildings BAM	Furniture and equipme nt BAM	Vehicles BAM	Computers BAM	Investment in progress BAM	Total BAM
<u>Cost</u>						
At 1 January 2014	132,153	56,234	130,124	82,492	-	401,003
- additions	-	-	-	-	33,188	33,188
- transfer from/to	-	2,768	22,680	7,740	(33,188)	-
- disposals	-	(4,106)	-	(8,517)	-	(12,623)
At 31 December 2014	132,153	54,896	152,804	81,715	-	421,568
- additions	-	-	-	-	26,458	26,458
- transfer from/to	-	1,180	18,630	6,648	(26,458)	-
- reclassification	-	42	-	(42)	-	-
- disposals	-	(3,303)	(15,068)	(422)	-	(18,793)
At 31 December 2015	132,153	52,815	156,366	87,899	-	429,233
<u>Accumulated depreciation</u>						
At 1 January 2014	24,219	39,774	95,252	76,789	-	236,034
- depreciation for year	2,643	518	14,813	9,586	-	27,560
- disposals	-	(3,998)	-	(8,517)	-	(12,515)
At 31 December 2014	26,862	36,294	110,065	77,858	-	251,079
- depreciation for year	2,643	2,730	14,791	8,252	-	28,416
- reclassification	-	(107)	-	107	-	-
- disposals	-	(3,303)	(15,068)	(422)	-	(18,793)
At 31 December 2015	29,505	35,614	109,788	85,795	-	260,702
<u>Carrying amount</u>						
At 31 December 2015	102,648	17,201	46,578	2,104	-	168,531
At 31 December 2014	105,291	18,602	42,739	3,857	-	170,489

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE ASSETS (CONTINUED)

The Foundation owns business premise in Goražde area of 168 m² of the current carrying amount of 102,648 BAM (2014: BAM 105,291). The foundation has insurance contract with Sarajevo Osiguranje d.d. against risk of theft, fire, and flood according to the insurance policy No. 5065857 valid until 1 February, 2016.

15. INTANGIBLE ASSETS

	Software BAM	Total BAM
<u>Cost</u>		
At 1 January 2014	49,744	49,744
- additions	1,545	1,545
At 31 December 2014	51,289	51,289
- additions	3,246	3,246
At 31 December 2015	54,535	54,535
<u>Accumulated amortisation</u>		
At 1 January 2014	40,512	40,512
- amortisation for year	3,960	3,960
At 31 December 2014	44,472	44,472
- amortisation for year	3,857	3,857
At 31 December 2015	48,329	48,329
<u>Carrying amount</u>		
At 31 December 2015	6,206	6,206
At 31 December 2014	6,817	6,817

16. LIABILITIES FOR LOAN

	Interest rate (p.a.)	Maturity	31/12/2015 BAM	31/12/2014 BAM
Short term loans:				
Sberbank d.d. Sarajevo	7.00%	3/6/2016.	127,494	-
Moja Banka d.d. Sarajevo	6.99%	13/8/2016	100,000	-
Current portion of long-term loans			405,088	300,000
Subtotal of short-term loans			632,582	300,000
Long term loans:				
Moja banka d.d. Sarajevo	6.99%	27/4/2017	384,741	487,572
Intesa Sanpaolo banka d.d. Sarajevo	6mEuribor+	15/5/2016	100,000	340,000
Sparkasse banka d.d. Sarajevo			-	121,055
Current portion of long-term liabilities			(405,088)	(300,000)
Subtotal of long term loans			79,653	648,627
Total			712,235	948,627

MICROCREDIT FOUNDATION "MIKRO ALDI" GORAŽDE
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16. LIABILITIES FOR LOAN (CONTINUED)

As at 30 September 2014 MCF MIKRO ALDI and Intesa Sanpaolo d.d. Sarajevo concluded the Contract No. 211701/14 about long-term loan in the amount of BAM 400,000, with an interest rate of six-month EURIBOR + 7.10% per annum. Purpose of the loan is financial intermediation or placement of micro-loans to the final users. The loan is granted for a period of 20 months.

As at 27 March 2015 MCF MIKRO ALDI and Moja Banka d.d. Sarajevo concluded the Contract No. 217671/2 about long-term loan in the amount of BAM 600,000 and an annual interest rate of 6.99%. According to the Contract, the customer agrees that the used amount under this contract will be returned within 24 months. Collateral is 13 bills of exchange of the borrower and the right of Bank to take receivables of the Foundation.

Short-term loans are granted to the Foundation for funding the loan portfolio and for current operations.

The maturities of long-term loans by years can be presented as follows:	31/12/2015	31/12/2014
	BAM	BAM
Up to 1 year	405,088	300,000
Over 1 year	79,653	648,627
Total	484,741	948,627

17. OTHER LIABILITIES

	31/12/2015	31/12/2014
	BAM	BAM
Liabilities for pre-paid annuity	90,954	76,058
Liabilities for net salaries and meal allowances	53,799	41,395
Taxes and contributions to / from salary	37,429	28,154
Trade payables	9,737	7,822
Accrued expenses	7,020	6,318
Accrued interest on loans	1,418	3,795
Other	639	-
Total	200,996	163.542

18. DEFERRED INCOME

	31/12/2015/	31/12/2014
	BAM	BAM
Deferred income	100,928	94,795
Total	100,928	94,795

Collected revenue of future period relates to the deferred fee regarding approved loans in percentage of 3% (2014: 3%) of the loan amount and is charged during the payment of the loan, which is deferred and recognized as income in the period of the loan. Changes in deferred income can be presented as follows:

	2015	2014
	BAM	BAM
Balance at beginning of year	94,795	73,406
Increase	156,061	152,314
Incomed during the year (Note 5)	(149,928)	(130,925)
Balance at end of year	100,928	94,795

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NOTES TO THE FINANCIAL STATEMENTS
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19. PROVISIONS

Long-term provisions in the amount of BAM 21,021 (2014: BAM 4,478) relates to provisions for employee benefits based on the payment of severance pay in case of retirement. Changes in provisions can be presented as follows:

	31/12/2015 BAM	31/12/2014 BAM
Balance at beginning of period	4,478	4,364
Increase in the provision according to the assessment (Note 7)	16,543	114
Total	21,021	4,478

20. RELATED PARTY TRANSACTIONS

Payments to members of the Board, the Board of Directors and the Audit Committee can be presented as follows:

	2015 BAM	2014 BAM
Fee to the Board, gross	188,277	173,327
Fee to the Board of Directors and the Audit Committee	5,889	5,410
Total:	194,166	178,737

21. CONTINGENT LIABILITIES

In accordance with the Management, as at 31 December 2015 one court proceeding has been conducted against the Foundation in the amount of BAM 913.

22. FINANCIAL INSTRUMENTS

Capital risk management

The Foundation manages its net assets to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and net assets balance. The general Company's strategy did not change in comparison to 2014. The financing structure of the Foundation includes the borrowings (Note 16) and all net assets (equity) of Foundation.

Gearing (solvency) ratio

Management monitors the structure of funding source on a monthly basis. As part of this review, the Board considers the cost of financing and risks associated with each class of funding source. The gearing ratio at the end of the year can be presented as follows:

	31/12/2015 BAM	31/12/2014 BAM
Borrowings (Note 16)	712,235	948,627
Cash and cash equivalents	(135,566)	(290,464)
Net debt	576,669	658,163
Net asset (equity)	4,290,087	3,948,593
Net solvency ratio	0.13	0.17

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22. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management (continued)

Significant accounting policies

Significant accounting policies and procedures, including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses for each category of financial assets, financial liabilities and debt instruments are disclosed in Note 3 to the financial statements.

	31/12/2015	31/12/2014
	BAM	BAM
Financial assets		
Loans and receivables (including cash and cash equivalents)	5,142,722	4,974,376
Financial liabilities		
At amortized cost	868,143	1,077.698

Financial risk management objectives

The Foundation's financial controlling function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Foundation through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

The Foundation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Foundation undertakes certain transactions denominated in foreign currencies mostly in currency of EUR, based on which exposure to foreign currency risk arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts. In accordance with Management opinion, the sensibility analysis of foreign currency is not representative in matter of inherentive risk whereas the Law upon Central Bank of Bosnia and Herzegovina state that BAM if tied with Euro. Changes in foreign currency would consider change of law and adoption from Parliament of Bosnia and Herzegovina.

Interest risk management

The Foundation is exposed to interest risk management because of received loans with variable interest rates. Exposure to risk, interest rate changes basis on financial assets and liabilities is detailed presented in Note liquidity risk management.

Interest rate risk management analysis

Analysis of the effects of changes in interest rates was made for financial instruments for which the Foundation is exposed to interest rate risk at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 50 basis point increase or decrease (0.5%) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Foundation's:

- Profit for the year ended 31 December 2015 would decrease/increase by BAM 500 based on exposure to interest rate risk This is mainly attributable to the Foundation's exposure to interest rates on its variable rate borrowings.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives (continued)

Interest risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Foundation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Management board annually.

Financial assets	Total gross value	Assets which are not impairment carried out	Assets with performed impairment	Provisions for impairment	Total net present value
31 December 2015					
Cash and cash equivalents	135,567	135,567	-	-	135,567
Loans to clients	5,088,068	-	5,088,068	(80,913)	5,007,155
Total	5,223,635	135,567	5,088,068	(80,913)	5,142,722

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board, which has built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long-term funding and liquidity management requirements. The Foundation manages liquidity risk by maintaining adequate reserves, banking facilities, reserve borrowing facilities and other methods of financing, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the remaining contractual maturity of the Foundation for financial liabilities. The table is prepared on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which the Foundation can be required to pay.

Financial liabilities	Weighted Average Interest Rate	Less than 1 month	1 - 6 months	6 -12 months	1 - 2 years	Over 2 years	Total
	%	BAM	BAM	BAM	BAM	BAM	BAM
31 December 2015							
Non-interest	-	155,908	-	-	-	-	155,908
Variable interest rate instruments	7.05	20,520	80,884	-	-	-	101,404
Fixed interest rate instruments	6.99	28,031	267,502	261,195	80,597	-	637,325
TOTAL		204,459	348,386	261,195	80,597	-	894,637

The following table is made on the basis of discounted cash flows of financial assets including interest on those assets that will be earned except funds on which the Foundation expects that the cash flow will occur in the second period.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives (continued)

Financial asset	Weighted Average Interest Rate	Less than 1 month	1 - 6 months	6 -12 months	1 - 2 years	Over 2 years	Total
	%	BAM	BAM	BAM	BAM	BAM	BAM
31 December 2015							
Non-interest	-	135,567	-	-	-	-	135,567
Fixed interest rate instruments	26.00	351,782	1,474,388	1,437,852	2,772,434	574,801	6,611,257
TOTAL		487,349	1,474,388	1,437,852	2,772,434	574,801	6,746,824

Fair value of financial instruments

Management believes that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements have about the same value as their fair value.

23. POST-BALANCE SHEET DATE EVENTS

Until the date of our audit, according to the statement of the Management, there were no events or transactions that significantly affected the financial statements of the Foundation as at 31 December 2015.