

**BALTIC FINANCIAL ADVISORS
ASSOCIATION
Unified Registration No.
40008245091**

Annual Report 2017

Riga, 2018

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General Information about the Association

<i>Name of the Association:</i>	Baltic Financial Advisors Association
<i>Legal address of the Association:</i>	Doma laukums 8A-6, Riga, LV-1050, Latvia
<i>Basic activity:</i>	The introduction of a voluntary licensing system
<i>Registration number and the date:</i>	40008245091, 04.12.2015
<i>Accounting year period</i>	<i>from:</i> 1st January 2017 <i>to:</i> 31st December 2017
<i>The Board:</i>	with the rights to represent only together with three Management Board members
Member of the Board	Ignotas Marius, in duty from 4 December 2015
Member of the Board	Hallang Sille, in duty from 4 December 2015
Member of the Board	Misiņš Pāvils, in duty from 4 December 2015
Member of the Board	Anzelika Dobrovolska in duty from 20 March 2018
Member of the Board	Mikhel Mandre in duty from 20 March 2018
Member of the Board	Rolandas Juteika in duty from 20 March 2018
Member of the Board	Paeglis Māris, in duty from 4 December 2015 till 20 March 2018
Member of the Board	Pikkani Rasmus, in duty from 4 December 2015 till 20 March 2018
Member of the Board	Tutlys Mindaugas, in duty from 4 December 2015 till 20 March 2018
<i>Auditor:</i>	LLC "MGS Birojs" Registration No. 40003647598 Commercial Company of Certified Auditors License No. 148 Dzelzavas Street 74, Riga, LV-1082 Ingura Doble Latvian Certified Auditor Certificate No. 176

Balance Sheet as at December 31, 2017 and December 31, 2016

ASSETS	Note No.	2017 EUR	2016 EUR
Long-term Investments			
I. Intangible Assets	1	89 267	5 034
II. Fixed Assets	2	7 019	9 865
Other Fixed Assets		7 019	9 865
Fixed Assets Total		96 286	14 899
Current Assets			
II. Debtors		13 594	1 712
IV. Cash		36 604	99 622
Current Assets Total		50 198	101 334
Assets Total		146 484	116 233

LIABILITIES	Note No.	2017 EUR	2016 EUR
I. Funds			
3. Reserve Funds		132 178	104 738
3.1. Previous years Reserve Funds		104 738	0
3.2. Report years Reserve Fund		27 440	104 738
Funds Total	3	132 178	104 738
III. Short-term Creditors			
2. Taxes and state social insurance mandatory contributions	4	1 979	1 450
3. Other Creditors		12 327	10 045
Short-term Creditors Total		14 306	11 495
Liabilities Total		146 484	116 233

Report from Page 7 to Page 10 is an integral part of these financial statements.

Income and Expense Statement for Year 2016 and Year 2017

	Note No.	2017 EUR	2016 EUR
Membership Fee, Admission Fee and other annual deposits		77 000	209 000
Other Incomes		178 513	3
Incomes Total		255 513	209 003
Expenses			
3. Salaries		137 798	64 606
4. Social Insurance Payments		6 132	2 348
5. Fixed Assets and Intangible Investments depreciations and write off		4 894	1 308
6. Other Expenses		79 249	36 003
Expenses Total		228 073	104 265
Income and Expense difference		27 440	104 738

Report from Page 7 to Page 10 is an integral part of these financial statements.

CONTRIBUTION AND DONATION REPORT FOR YEAR 2017

I. Report

	Note No.	2017 EUR	2016 EUR
I. Balance at the beginning of the Report year		0	0
II. Total of received Contributions and Donations on the Report Year		0	0
III. Total Consumption of Contributions and Donations		0	0
IV. Balance at the end of the Report year		0	0

Report from Page 7 to Page 10 is an integral part of these financial statements.

REPORT

General information about the Association

"Baltic Financial Advisors Association" (BFAA) Unified registration No.40008245091 is established on 4 December, 2015

The BFAA – the Baltic Financial Advisors Association is a non-profit organization established by the banking associations in Latvia, Lithuania and Estonia to operate a licensing system for individuals providing investment advice and/or mediating insurance products in institutions affiliated with the BFAA (Affiliates).

Swedbank, SEB, Luminor in three Baltic countries, Danske Bank in Estonia and Latvia and Norvik Banka in Latvia are the customers of the BFAA.

The licensing of the investment competence - Investment Advisor and Investment Information Provider - began in 2017 and will continue in the first quarter of 2018.

Purposes and Tasks intended by Reglementation

The BFAA – the Baltic Financial Advisors Association is a non-profit organization established jointly by the Latvian, Lithuanian and Estonian Banking Associations for the purpose of creating and operating a qualification and volunteer self-governance licensing system for individuals involved in providing investment advice and/or mediating insurance products in institutions affiliated with the BFAA (Affiliates). Another purpose is to obtain the confidence in BFAA licensing process and in BFAA as an organization from the regulators, the market participants and from other interested persons in the Baltic States.

Main achievements of the Association on the year of the Report and the development perspectives

In reporting period

- The BFAA Review Board created the MiFID II and IDD compliant syllabi for five licenses and more than a thousand examination questions.
- BFAA created the exams for five licenses.
- BFAA carried out the examination trial to collect the feedback, to verify the quality of the questions and examination process in Lithuania.
- BFAA developed the framework of policies and procedures for licensing.
- BFAA began publishing the workbooks to enhance learning for exams.
- BFAA developed the licensing functionalities for Learning Management System Course.
- BFAA tutored affiliated companies throughout the licensing; the licensing began in December 2017 in Estonia at SEB and Danske Bank.
- Danske Bank and Norvik Banka became clients of BFAA in 2017.
- The financial situation of BFAA is stable.

Plans for Year 2018

- BFAA will publish the remaining workbooks and ensure that new requirements are adopted in the syllabus, workbooks and examinations.
- BFAA will keep executing licensing exams, finish the first wave of MiFID examinations in spring and starting with IDD exams in autumn.
- BFAA will create the framework of the continuous professional development program for its license holders.
- Last but not least, BFAA will promote the ethics and the professional standards of conduct in financial sector.

The Economic activity and the Financial state analysis

The only source of incomes of the Association in the report year have been the membership fees and the member entrance fees, the Association have not received the donations and the subsidies.

The Financial state of the Association is stable.

Suitable Accounting Policy

The Annual Report was prepared in accordance with the Republic of Latvia Law "On Accounting", "Law on Associations and Foundations", in compliance with the Cabinet Regulations No. 808 "Regulations regarding Association, Foundation and Trade-union Annual reports".

The currency used in the Annual Report is Euro, the numbers are rounded to whole numbers.

The Annual Report is prepared in official state language.

Explanation about several balance, income and expense report entries.

1 Intangible Assets

The Intangible Assets are counted by their purchase value. The depreciation of assets begins when they are accessible to use. The depreciation is calculated on all period of assets usefull utilisation, using linear method with following rate:

Intangible assets - web page	5
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	<u>Intangible assets - web</u>	<u>Total Intangible assets</u>
<i>Original cost value</i>		
as at 01.01.2017	5 208	5 208
Acquisition	0	0
Manufacturing	85 274	85 274
as at 31.12.2017	90 482	90 482
<i>Depreciation</i>		
as at 01.01.2017	(174)	(174)
Exclusion	(1 041)	(1 041)
as at 31.12.2017	(1 215)	(1 215)
<i>Residual value</i>		
as at 01.01.2017	5 034	5 034
as at 31.12.2017	89 267	89 267

Note No. Indicator
2 Fixed Assets

The Intangible Assets are counted by their purchase value. The depreciation of assets begins when they are accessible to use. The depreciation is calculated on all period of assets usefull utilisation, using linear method with following rate:

Other Fixed Assets	5
IT machinery	3

	<u>Other Fixed Assets</u>	<u>Total Fixed Assets</u>
<i>Original cost value</i>		
as at 01.01.2017	10 999	10 999
acquisition	1 006	1 006
as at 31.12.2017	12 005	12 005
<i>Depreciation</i>		
as at 01.01.2017	(1 134)	(1 134)
Calculated in period	(3 852)	(3 852)
as at 31.12.2017	(4 986)	(4 986)
<i>Residual value</i>		
as at 01.01.2017	9 865	9 865
as at 31.12.2017	7 019	7 019

Note No. Indicator
3 Information about Funds

	Basic Fund	Restricted Funds	Reserve Funds	Sum total
Funds resources flow				
as at 01.01.2017	0	0	104 738	104 738
Income and Expense in reporting period	0	0	27 440	27 440
as at 31.12.2017	0	0	132 178	132 178

Note No.	Indicator	Year 2017
4	Taxes and state social insurance mandatory contributions	1 979

	01.01.2017	Calculate	Paid	Penalties	Kopā
Social insurance mandatory	734	8 861	(8 724)	16	887
Personal income tax	717	8 688	(8 316)	3	1 092
Business risk fee	(8)	13	(5)	0	0
Value-added tax	0	12 572	(13 013)	16	(425)
Total	1 443	30 134	(30 058)	35	1 554
Incl.					
	(overpayment)	(8)			(425)
	payable	1 451			1 979

* (Overpayment) disclosed in the item "Debtors"
 The Association have not got overdue tax payements.
 The Association have not received the tax allowances.

Notes No. Indicator
5 Information about employees

On the year of the Report, the Association employed in average 3 employees incl. 2 non-residents. According to the legislation the taxes for non-residents were payed in their residence country. The members of the Board were not in employment relation with the Association on the year of the Report.

	Year 2017
Remuneration together:	88 239
Remuneration of the employees	88 239
Social tax together:	6 132
other employees	6 132
Other Social security expenses	

Riga, 29 March, 2018

Member of the board Pāvils Misiņš

Member of the board Sille Halang

Member of the board Marius Ignotas

Member of the board Anzelika Dobrovska

Member of the board Mikhel Mandre

Member of the board Rolandas Juteika