

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

Annual Report 2016

Riga, 2017

Contents

Information about the Society	3
Balance Sheet	4
Income and Expense Statement	5
Contribution and Donation Report	6
Report	7
Auditors Report	11

General Information about the Association

Name of the Association: **Baltic Financial Advisors Association**

Legal address of the Association: Doma laukums 8A-6, Riga, LV-1050, Latvia

Basic activity: The introduction of a voluntary licensing system

Registration number and the date: 40008245091, 04.12.2015

Accounting year period

from: 1st January 2016
to: 31th December 2016

The Board:

Member of the Board Ignotas Marius,
in duty from 4th December 2015

Member of the Board Hallang Sille,
in duty from 4th December 2015

Member of the Board Misiņš Pāvils,
in duty from 4th December 2015

Member of the Board Paeglis Māris,
in duty from 4th December 2015

Member of the Board Pikkani Rasmus,
in duty from 4th December 2015

Member of the Board Tutlys Mindaugas,
in duty from 4th December 2015

Balance Sheet as at December 31, 2016 and December 31, 2015

ASSETS	Note No.	2016 EUR	2015 EUR
Long-term Investments			
I. Intangible Assets	1	5 034	0
II. Fixed Assets	2	9 865	0
Other Fixed Assets		9 865	0
Fixed Assets Total		14 899	0
Current Assets			
II. Debtors		1 712	0
IV. Cash		99 622	0
Current Assets Total		101 334	0
Assets Total		116 233	0

LIABILITIES	Note No.	2016 EUR	2015 EUR
I. Funds			
1. Basic Fund		0	0
2. Restricted Funds		0	0
3. Reserve Funds		104 738	0
3.1. Previous years Reserve Funds		0	0
3.2. Report years Reserve Fund		104 738	0
Funds Total	3	104 738	0
III. Short-term Creditors			
2. Taxes and state social insurance mandatory contributions	4	1 450	0
3. Other Creditors		10 045	0
Short-term Creditors Total		11 495	0
Liabilities Total		116 233	0

0 0

Income and Expense Statement for Year 2015 and Year 2016

	Note No.	2016 EUR	2015 EUR
Membership Fee, Admission Fee and other annual deposits		209 000	0
Other Incomes		3	0
Incomes Total		209 003	0
Expenses			
3. Salaries		(64 606)	0
4. Social Insurance Payments		(2 348)	0
5. Fixed Assets and Intangible Investments depreciations and write off		(1 308)	0
6. Other Expenses		(36 003)	0
Expenses Total		(104 265)	0
Income and Expense difference		104 738	0

CONTRIBUTION AND DONATION REPORT FOR YEAR 2016

I. Report

	Note No.	2016 EUR	2015 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

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 jointly by the Latvian, Lithuanian and Estonian Banking Associations for the purpose of creating and operating a qualification and licensing system for individuals involved in providing investment advice and/or mediating insurance products in institutions affiliated with the BFAA (Affiliates). Swedbank, SEB, Nordea and DNB have joined the BFAA and the licensing will begin in the fourth quarter of 2017.

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

Year 2016 was the first activity year of the Association. Several actions were taken with purpose to start a qualitative lawful activity. These actions were:

- The CEO and 2 Country Representatives were recruited in spring-summer 2016.
- Launch of the bfaa websites in three Baltic countries in September 2016.
- In autumn 2016 nine members of the Review Board joined BFAA to write the competency requirements for BFAA Syllabus. The Syllabus applies for five licenses; two according to MIFID 2/ESMA and three according to IDD guidelines and became ready in December 2016.
- Setting up of operations through selection of various outsourced partners in IT, publishing, accounting, legal matters etc.

In 2016 BFAA had meetings with CISI in the UK, from we agreed to outsource contents regarding the investments for the BFAA Textbook. We have also had several meetings with SwedSec in Sweden to learn from their experience of licensing a large number of professionals.

Plans for Year 2017

- BFAA Review Board will create test questions for 5 licensing tests.
- Testing Platform deployment.
- Publishing of the BFAA textbook in three countries.
- Execution of the licensing exams.
- Attraction of more affiliated companies.

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

	<u>Intangible assets - web</u>	<u>Total Intangible assets</u>
<i>Original cost value</i>		
as at 01.01.2016	0	0
acquisition	5 208	5 208
as at 31.12.2016	5 208	5 208
<i>Depreciation</i>		
as at 01.01.2016	0	0
Exclusion	(174)	(174)
as at 31.12.2016	(174)	(174)
<i>Residual value</i>		
as at 01.01.2016	0	0
as at 31.12.2016	5 034	5 034

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

	<u>Other Fixed Assets</u>	<u>Total Fixed Assets</u>
<i>Original cost value</i>		
as at 01.01.2016	0	0
acquisition	10 999	10 999
as at 31.12.2016	10 999	10 999
<i>Depreciation</i>		
as at 01.01.2016	0	0
Calculated in period	(1 134)	(1 134)
as at 31.12.2016	(1 134)	(1 134)
<i>Residual value</i>		
as at 01.01.2016	0	0
as at 31.12.2016	9 865	9 865

Note No. Indicator

3 Information about Funds

	Basic Fund	Restricted Funds	Reserve Funds	Sum total
Funds resources flow				
as at 01.01.2016	0	0	0	0
Income and Expense in reporting period	0	0	104 545	104 545
as at 31.12.2016	0	0	104 545	104 545

Note No.	Indicator	Year 2016
4	Taxes and state social insurance mandatory contributions	1 451

	01.01.2016	Calculate	Paid	Penalties	31.12.2016.
Social insurance mandatory	0	3 392	(2 658)	0	734
Nature Ressources Tax					0
Business risk fee	0	7	(15)	0	(8)
Total	0	6 340	(4 931)	34	1 443
Incl.					
	(overpayment)	0			(8)
	payable	0			1 451

* (Overpayment) disclosed in the item "Debtors"
The Association have not got overdue tax payments.
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 2016
Remuneration together:	64 606
Remuneration of the members of the Board	0
Remuneration of the employees	64 606
Social tax together:	2 347
for the board members	0
other employees	2 347
Other Social security expenses	

Riga, 24 March, 2017

Member of the board Pāvils Misiņš

Member of the board Sille Halang

Member of the board Marius Ignotas

Member of the board Māris Paeglis

Member of the board Rasmus Pikkani