

**FUND FOR LOCAL AUTHORITIES AND GOVERNMENTS IN BULGARIA – FLAG JSC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2014


	Notes	2014 BGN'000	2013 BGN'000
Interest income	3.1	7,548	5,649
Interest expense and charges	3.2	(3,982)	(2,310)
Other operating income	3.3	899	599
Net operating income		4,465	3,938
Impairment of loans	9	(851)	(94)
Payroll expenses	3.4	(669)	(582)
Depreciation and amortisation expenses	7	(16)	(18)
Other operating expenses	3.5	(366)	(256)
Profit before tax		2,563	2,988
Income tax expense	4	(255)	(297)
Profit for the year		2,308	2,691
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income for the year, net of taxes		2,308	2,691

These consolidated financial statements were authorized for issue by the Board of Directors on 19 May 2015.


The notes on pages 15 to 38 are an integral part of these consolidated financial statements.


Nadya Yordanova Dankinova
Executive Director




Kalinka Ruskova Todorova
Chief Accountant

Initialed for identification purposes in reference to the auditor's report:


19.05.2015



**FUND FOR LOCAL AUTHORITIES AND GOVERNMENTS IN BULGARIA – FLAG JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**


As at 31 December 2014

	Notes	31 December	
		2014	2013
		BGN'000	BGN'000
ASSETS			
Cash and cash equivalents	5	60,690	42,488
Receivables and prepayments	6	75	27
Loans granted	9	174,067	134,454
Deferred tax assets	4	1	1
Property, plant and equipment	7	20	28
TOTAL ASSETS		234,853	176,998
LIABILITIES AND EQUITY			
Liabilities			
Payroll and social security payables	11	59	49
Tax liabilities	12	49	13
Other liabilities	13	392	170
Loan payables	10	138,529	111,563
Total liabilities		139,029	111,795
Equity			
Share capital	14.1	90,000	60,000
Statutory reserves	14.2	1,699	1,431
Retained earnings		4,125	3,772
Total equity		95,824	65,203
TOTAL LIABILITIES AND EQUITY		234,853	176,998

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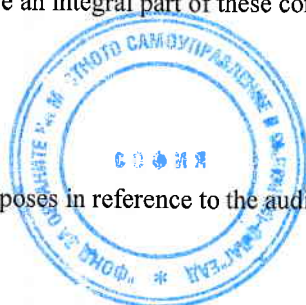

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**FUND FOR LOCAL AUTHORITIES AND GOVERNMENTS IN BULGARIA – FLAG JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**


For the year ended 31 December 2014

	Share capital	Retained earnings	Statutory reserves	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
As at 1 January 2013	60,000	3,475	1,139	64,614
Profit for the year	-	2,691	-	2,691
Total comprehensive income	-	2,691	-	2,691
Distribution of dividends	-	(2,102)	-	(2,102)
Transfer to reserves	-	(292)	292	-
As at 31 December 2013	60,000	3,772	1,431	65,203
As at 1 January 2014	60,000	3,772	1,431	65,203
Profit for the year	-	2,308	-	2,308
Total comprehensive income	-	2,308	-	2,308
Increase of share capital	30,000	-	-	30,000
Distribution of dividends	-	(1,687)	-	(1,687)
Transfer to reserves	-	(268)	268	-
As at 31 December 2014	90,000	4,125	1,699	95,824

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**FUND FOR LOCAL AUTHORITIES AND GOVERNMENTS IN BULGARIA – FLAG JSC
CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2014

	Notes	2014	2013
		<i>BGN'000</i>	<i>BGN'000</i>
Cash flows from operating activity			
Proceeds from interest on bank deposits		868	904
Loans granted to municipalities		(169,897)	(148,777)
Loans repaid by municipalities		129,449	127,120
Interest received on loans granted		6,656	4,732
Payments to suppliers		(943)	(767)
Payments to personnel and for social security		(688)	(571)
Other (payments)/receipts, net		953	526
Income tax paid		(220)	(202)
Net cash flows from/(used in) operating activity		(33,822)	(17,035)
Cash flows from investing activity			
Purchase of property, plant and equipment		(9)	(23)
Net cash flows used in investing activity		(9)	(23)
Cash flow from financing activity			
Increase of share capital		30,000	-
Loans received		38,977	30,542
Loans repaid		(12,641)	(5,709)
Dividends paid		(1,687)	(2,102)
Paid interest on loans		(2,549)	(2,236)
Paid fees and commissions on loans		(67)	(929)
Net cash flows from financing activity		52,033	19,566
Net increase/(decrease) in cash and cash equivalents		18,202	2,508
Cash and cash equivalents at the beginning of the period	5	42,488	39,980
Cash and cash equivalents at the end of the period	5	60,690	42,488

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