

Financial Statements

ACTIVA BALANCED FUND
Mutual Fund

31 December 2018



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Statement of Financial Position

Assets	Note	2018 BGN '000	2017 BGN '000
Current assets			
Financial assets at fair value through profit or loss	4	8 973	-
Financial assets held for trading	4	-	7 369
Receivables under repo transactions	5	357	341
Other receivables	6	304	127
Cash and cash equivalents	7	1 009	605
Current assets		10 643	8 442
Net assets belonging to unitholders			
Registered capital	8	51 694	39 026
Share premium		(40 369)	(30 350)
Undistributed profit		(708)	(234)
Total net assets belonging to unitholders		10 617	8 442
Liabilities			
Current liabilities			
Liabilities to related parties	12.2	26	-
Current liabilities		26	-
Net assets belonging to unitholders and liabilities		10 643	8 442

Prepared by: _____
 (Milena Avramova)

Executive Director: _____
 (Olga Yordanova)

Date: 22 March 2019

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Statement of Profit or Loss and Other Comprehensive Income for the year, ending 31 December

	Note	2018 BGN '000	2017 BGN '000
Net profit/(loss) from financial assets	9	(134)	425
Revenues from interest		149	158
Revenues from participation in the equity		16	33
Net revenues from financial assets		31	616
Expenses on remuneration of the management company	12.1.3	(388)	(334)
Expenses on remuneration of the custodian bank	10	(3)	(3)
Other expenses	11	(29)	(6)
Total operating expenses		(420)	(343)
Net (loss)/profit for the year		(389)	273
Total comprehensive (loss)/ income for the year		(389)	273

Prepared by: _____
 (Milena Avramova)

Executive Director: _____
 (Olga Yordanova)

Date: 22 March 2019

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Statement of changes in net assets belonging to unitholders

	Registered capital	Share premium	Accumulated profit/loss	Total net assets
	BNG '000	BNG '000	BNG '000	BNG '000
Balance as at 1 January 2018	39 026	(30 350)	(234)	8 442
Adjustments from the adoption of IFRS 9	-	-	(85)	(85)
Balance as at 1 January 2018 (restated)	39 026	(30 350)	(319)	8 357
Shares issued	12 673	(10 023)	-	2 650
Shares repurchased	(5)	4	-	(1)
Transactions with unitholders	12 668	(10 019)	-	2 649
Loss for the year	-	-	(389)	(389)
Total comprehensive loss for the year	-	-	(389)	(389)
Balance as at 31 December 2018	51 694	(40 369)	(708)	10 617

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Statement of changes in net assets belonging to unitholders

	Registered capital	Share premium	Accumulated profit/ loss	Total equity
	BNG '000	BNG '000	BNG '000	BNG '000
Balance as at 1 January 2017	33 022	(25 616)	(507)	6 899
Shares issued	6 004	(4 734)	-	1 270
Transactions with unitholders	6 004	(4 734)	-	1 270
Profit for the year	-	-	273	273
Total comprehensive profit for the year	-	-	273	273
Balance as at 31 December 2017	39 026	(30 350)	(234)	8 442

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Statement of Cash Flows for the year, ending 31 December

	Note	2018 BNG '000	2017 BNG '000
Cash flow from operating activity			
Proceeds from operations in financial assets		3 437	1 485
Payments for acquisition of financial assets		(5 394)	(2 474)
Interest received		77	129
Dividends received		3	1
Payments for operating expenses and other expenses		(368)	(341)
Cash flow from operating activity		<u>(2 245)</u>	<u>(1 200)</u>
Cash flow from financial activity			
Proceeds from issues of shares	8	2 650	1 270
Payments for repurchase of shares	8	(1)	-
Cash flow from financial activity		<u>2 649</u>	<u>1 270</u>
Net change in cash and cash equivalents		404	70
Cash and cash equivalents at the beginning of the year		605	535
Cash and cash equivalents at the end of the year	7	<u><u>1 009</u></u>	<u><u>605</u></u>

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 (Milena Avramova)

Executive Director: _____
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Explanatory Notes to the Financial Statements

1. General information

The Mutual Fund 'Activa Balanced Fund' ('the Fund') is organised and managed by the management company 'Activa Asset Management' AD, Sofia, 43 Christopher Columbus Blvd., floor 5, on the grounds of a decision of the Board of Directors and the General Meeting of the shareholders of the management company held on 27 June 2014. The Fund has a licence issued by the Financial Supervision Commission under No. 54-DF dated 30 October 2007, the scope of activities under the licence being: 'Collective investment in transferable securities and other liquid financial assets under Art. 38, para. 1 of the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments (LACISOUCI) of pecuniary resources raised by way of public offering of shares, which is performed following the principle of distribution of risk'.

MF 'Activa Balanced Fund' is not a separate legal entity and has neither legal personality, nor governing bodies. The Fund represents property intended for collective investment in securities of the pecuniary resources that have been raised. All the assets acquired for the Fund are under the common ownership of the persons who have invested therein. The profits/losses of the Fund shall be received/covered by the investors in proportion to their part in the property of the Fund.

MF 'Activa Balanced Fund' issues shares which give rights over the respective part of the property of the Fund, including the event of liquidation, the right to repurchase as well as other rights provided for in the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments and in the Rules of the Fund.

The Mutual Fund does not have any registered initial capital. The public offering of shares of the Activa Balanced Fund starts on 12 November 2007.

The profile of the Fund is a balanced. The objectives of the Fund are to increase the value of the shareholders' investments by realizing the maximum possible income taking a moderate risk and providing liquidity of the shareholders' investments. The Fund invests predominantly in securities, which are traded on regulated market in Bulgaria, including shares, debt securities and fixed-income instruments. For achieving the investment objectives, a strategy of active management of the portfolio of securities, financial assets and pecuniary resources is implemented.

2. Basis for preparation of financial statements

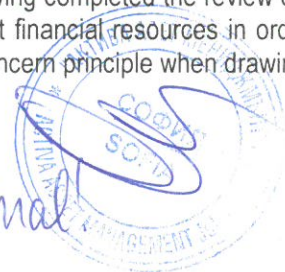
The financial statements of the Fund are drawn up in compliance with the ISFRs, adopted by the EU. As per paragraph 1, subpara. 8 of the Supplementary Provisions of the Accountancy Law, which is applicable in Bulgaria, the term 'ISFRs adopted by the EU' denotes the International Accounting Standards (IASs) adopted in compliance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The financial statements are drawn up in Bulgarian leva (BGN), which is the functional currency of the Fund. All the amounts are represented in thousand BGN (BNG '000) (including the comparative information for the year 2017), unless otherwise specified.

The financial statements are drawn up following the going concern principle.

It is on the basis of the available information regarding the foreseeable future that, as at the date of preparation of these financial statements, the governing body of the management company made an assessment of the capacity of the Fund to continue carrying out its activity as a going concern. Having completed the review of the activity of the Fund, the governing body presumes that the Fund has sufficient financial resources in order to continue its operating activity in the near future and keeps applying the going concern principle when drawing up the financial statements.

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3. Changes in the accounting policy

3.1. New standards, amendments and interpretations to the ISFRs which took effect on 1 January 2018

The Fund shall apply the following new standards, amendments and interpretations to ISFR which are developed and published by the Board of the International Accounting Standards Committee and have their implications on the financial statements of the Fund, and their application is obligatory for the annual period starting on 1 January 2018 :

IFRS 9 "Financial instruments" effective from 1 January 2018, adopted by the EU

IFRS 9 "Financial instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting IFRS 9, the Fund has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in the accumulated profit.

The adoption of IFRS 9 has impacted the following areas:

- Classification and measurement of the Fund's financial assets

No changes in the classification of the Fund's financial assets have arose from the adoption of IFRS 9. The investment portfolio continues to meet the classification requirements of the standard as 'held for trading', therefore it continues to accounted at fair value through profit or loss. The Fund continues to hold other financial assets (receivables and bank deposits) to collect the associated cash flows. They continue to be measured at amortized cost.

The following table compares the classification and measurement of the different types of financial assets held by the Fund as of 1.1.2018 (the date of initial application of IFRS 9) under IFRS 9 and IAS 39.

	Measurement category		Effect of application IFRS 9			Balance 1 January 2018 IFRS 9
	Financial assets under IAS 39	Financial assets under IFRS 9	Balance 31 December 2017 IAS 39	Reclassif ication	Expected credit loss	
Current financial assets						
Receivables under repo transactions	Loans and receivables	Amortized cost	341	341	-	341
Receivables from dividends and matured issues	Loans and receivables	Amortized cost	127	127	(85)	42
Investments in shares in mutual funds	Held for trading at fair value through profit or loss	Fair value through profit or loss	252	252	-	252
Investments in shares	Held for trading at fair value through profit or loss	Fair value through profit or loss	4 197	4 197	-	4 197
Investments in bonds	Held for trading at fair value through profit or loss	Fair value through profit or loss	2 920	2 920	-	2 920
			7 837	7 837	(85)	7 752



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4. Financial assets at fair value through profit or loss

	2018 BNG '000	2017 BNG '000
Investments in shares	6 395	4 197
Investments in bonds	2 341	2 920
Investments in shares in mutual funds	237	252
	8 973	7 369

There are no blocked investments during the reporting periods.

According to the valuation model used in accordance with the Fund's Valuation Rules, financial assets held for trading are categorized as follows:

In thousands BGN, to 31.12.2018	Fair value determined by quotations from active markets	Fair value - determined by other observable market data	Fair value - discounted cash flow method	Net asset value as an approximation of fair value	Total
Bulgarian Shares	3 966	1 690	-	739	6 395
Shares in mutual funds	-	237	-	-	237
Bulgarian corporative bonds	-	1 031	1 111	-	2 142
Foreign corporative bonds	-	-	199	-	199
Total	3 966	2 958	1 310	739	8 973
% of assets	44.20%	32.96%	14.60%	8.24%	100%

5. Receivables under repo transactions

Issuer	Interest percentage	Maturity	Currency	Nominal amount in BGN 2018
Synthetica AD-Sofia	4.54866	05.03.2019	BGN	182
Delta Credit SPV	4.737389	27.06.2019	BGN	175
				357

Issuer	Interest percentage	Maturity	Currency	Nominal amount in BGN 2017
Synthetica AD-Sofia	4.65363	08.03.2018	BGN	174
Delta Credit SPV	4.9723	28.06.2018	BGN	167
				341



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6. Other receivables

	2018	2017
	BNG '000	BNG '000
Receivables from interest, dividends and matured issues, before impairment	410	127
Expected credit loss and loss from impairment	(106)	-
Total	304	127

7. Cash and cash equivalents

	2018	2017
	BNG '000	BNG '000
Current account with the depository bank:		
- in BGN	506	115
- in EUR	23	100
Fixed-term bank deposits	480	390
Total	1 009	605

The Fund does not have any frozen cash or cash equivalents.

8. Net assets, belonging to unitholders

8.1. Outstanding shares

The number of outstanding shares for the year is as follows:

	2018		2017	
	Number of shares	Nominal amount per share	Number of shares	Nominal amount per share
As at 1 January	3 902 592.54	BGN 10	3 302 179.03	BGN 10
Issued shares	1 267 320.66	BGN 10	600 413.51	BGN 10
Repurchased shares	(500)	BGN 10	-	-
As at 31 December	5 169 413.20	BGN 10	3 902 592.54	BGN 10

As at 31 Dec. 2018, MF 'Activa Balanced Fund' has 5 169 413.1972 outstanding shares. Their total value is BGN 51 694 132 (the nominal value of each share is BGN 10), which is the amount of the outstanding shares in the balance sheet of the Fund.

8.2. Shares issued at net value of the assets per share

	2018	2017
	BNG '000	BNG '000



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Registered capital	51 694	39 026
Premiums related to the issue of capital	(31 188)	(21 164)
Discounts related to the repurchase of capital	(9 181)	(9 186)
	<u>11 325</u>	<u>8 676</u>

8.3. Net value of the assets per share

The net value of the assets per share as at 31 December 2018 is BGN 2.0539. It is calculated for the purposes of these financial statements, in compliance with the principles of the IFRSs. As at 31 December 2018 the value of the net assets of the Fund amounts to BGN 10 617 504.41.

The net value of the assets of the Fund is the basis for determining the issue price and the repurchase price of the shares. It is calculated twice a week. The net value of the assets of the Fund is equal to the aggregate of the carrying value of the securities within the portfolio of the Fund, the receivables of interest and dividends from these securities, the financial resources in the bank accounts and cash, and other assets decreased by the carrying value of the payables for management, depository services, loans received and others. The net value per share is calculated by way of dividing the net value of the assets by the number of shares.

9. Net profit/ (loss) from financial assets at fair value through profit or loss

	2018	2017
	BNG '000	BNG '000
Profit on foreign currency revaluation of financial assets at fair value through profit or loss	10	8
Loss on foreign currency revaluation of financial assets at fair value through profit or loss	(8)	(11)
Profit from a change in the fair value of the financial assets at fair value through profit or loss	4 186	2 714
Loss from a change in the fair value of the financial assets at fair value through profit or loss	(4 322)	(2 286)
	<u>(134)</u>	<u>425</u>

10. Expenses on remuneration of the custodian bank

	2018	2017
	BNG '000	BNG '000
Custodian bank remuneration	(3)	(3)
	<u>(3)</u>	<u>(3)</u>

11. Other expenses

	2018	2017
	BNG '000	BNG '000
Other expenses	(29)	(6)
	<u>(29)</u>	<u>(6)</u>



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12. Related parties

The Fund's related parties include the management company, the owners of the management company and other key management staff.

12.1. Transactions during the year

Unless explicitly specified, the transactions with related parties are not regarded as being carried out under special conditions.

12.1.1. Transactions with the owners of the management company

The owners of the management company have not carried out transactions involving the Fund's shares.

12.1.2. Transactions with key management staff of the management company

The key management staff of the management company consists of the members of the Board of Directors. The said persons have not carried out transactions involving the Fund's shares.

12.1.3. Transactions with the management company

	2018	2017
	BNG '000	BNG '000
Management fee	(388)	(334)
	<u>(388)</u>	<u>(334)</u>

The commission of the management company for the management of the Fund is calculated on a daily basis and is in the amount of 4.5% of the average annual net value of the assets, and by November 15, 2018 was 3% of the average annual net value of the assets. As for the year 2018, the aggregate of the amount of these commission fees is in the amount of BGN 388 585.

The structure of the annual remuneration payable to the management company can be presented as follows:

- annual management fee:
 - management company remuneration of 4.27 %
 - other operating expenses of 0.35 %

12.2. Accounts receivable from or payable to related parties as at the end of the year

	2018	2017
	BNG '000	BNG '000
Liabilities to the management company	(26)	-
	<u>(26)</u>	<u>-</u>

13. Non-cash transactions

During the accounting period, the Fund did not carry out investment or financial transactions involving cash or cash equivalents that are not accounted for in the statement of cash flows.

14. Contingent assets and contingent liabilities

During the period the Fund has no contingent assets.

During the year no legal claims were brought.

The Fund does not have other liabilities assumed.



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