

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

THE FINANCIAL AUDIT REPORT

**OF THE INDIVIDUAL YEARLY FINANCIAL STATEMENTS
FOR THE EXERCISE ENDED DECEMBER 31, 2017**

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have read the Report of the board of administration and report whether this one was prepared, in all material respects, in accordance with articles 217-219 from OMEF 1969/2007 referring to Accounting Regulations.

In our opinion:

- a) The information presented in the Report of the board of administration are in accordance with the financial statements, in all material respects;
- b) The Report of the board of administration was prepared, in all material respects, in accordance with the articles 217-219 from OMEF 1969/2007 referring to Accounting Regulations;
- c) Based on our knowledge and understanding the Company and environment, acquired during the audit of the financial statements for the exercise concluded as at December 31, 2017, we were requested to report whether the material misstatements were identified in the Report of the board of administration. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with OMEF 1969/2007, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

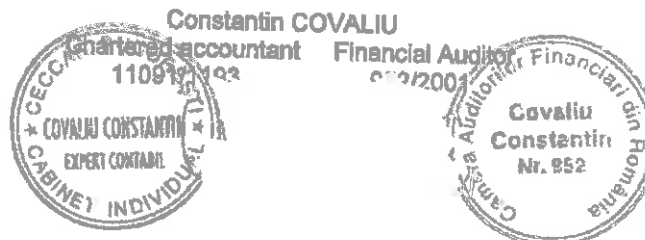
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Bucharest, March 8, 2018



THE INDIVIDUAL CABINET OF CHARTERED ACCOUNTANT
COVALIU CONSTANTIN
Member of the Romanian Institute of Expert and Licensed Accountants -11091/1993
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TO
THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

CONFIDENTIAL LETTER TO MANAGEMENT

ISA 265 deal with the auditor's responsibility to communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified in an audit of financial statements.

In the case of audits of smaller entities, the auditor may communicate in a less structured manner with those charged with governance.

Further, smaller entities may find that certain types of control activities are not necessary because of controls applied by management.

Also, smaller entities often have fewer employees, which may limit the extent to which segregation of duties is practicable.

Communicating significant deficiencies in writing to those charged with governance reflects the importance of these matters, and assists those charged with governance in fulfilling their oversight responsibilities.

The auditor may communicate these orally in the first instance to management and, when appropriate, to those charged with governance to assist them in taking timely remedial action to minimize the risks of material misstatement.

The communication of other deficiencies in internal control that merit management's attention need not be in writing but may be oral. Where the auditor has discussed the facts and circumstances of the auditor's findings with management, the auditor may consider an oral communication of the other deficiencies to have been made to management at the time of these discussions.

Accordingly, a formal communication need not be made subsequently.

The auditor has communicated orally to management the deficiencies, to assist them in taking timely remedial action to minimize the risks of material misstatement

Communicating significant deficiencies in writing need not be made subsequently.

Bucharest March 8,2018

CONSTANTIN COVALIU
Chartered accountant 11091/1993 Financial Auditor 952/2001



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THE FINANCIAL AUDIT REPORT

TO
THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

Opinion

We have audited the financial statements of „The Romanian Association for Transparency” (CIF 12486550) with the registered office in Bucharest, sector 1, 28-30 G-ral Gheorghe Magheru Avenue, („Entity”) which comprises the balance sheet as at December 31, 2017, the account of exercise result for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The above individual yearly financial statements refer to:

- Total balance sheet 97,552 lei
- The exercise result 97,302 lei.

In our opinion, the accompanying financial statements of the Entity are prepared, in all material respects, in accordance with the Economic and Finance Minister Order no1969/2007 for the approval accounting rules for legal persons without patrimonial purpose from Romania („OMEF 1969/2007”).

Basis for Opinion

We conducted our audit in accordance with the professional standard 24 „Mission of financial audit”. Applying of this standard supposes the knowledge and applying of International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the Auditor’s Responsibilities for Audit of the Financial Statements section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Romania

We have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – The Report of the Board of Administration

The administrators are responsible for the other information.

The other information comprises the Report of the board of administration but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

BALANCE SHEET
for the financial exercise ended December 31, 2017
(Amounts are in lei)

	Notes	Balance as of:	
		01.01.2017	31.12.2017
Intangible assets	2,4,5	-	-
Tangible assets	2,4,5	5,556	62
Financial assets (investments)	2,4,5	8,050	9,237
Fixed assets - total	3,4,5	13,606	9,299
Receivables	2,6,7	123,261	222,104
Cash and bank accounts	2,6,8	377,899	265,169
Current assets - total	3,6	501,160	487,273
Current liabilities: (due within one year)	2,10	440,734	399,020
Net current assets/ liabilities		60,426	88,253
Total assets less current liabilities		74,032	97,552
Capital	2,11	250	250
Profit (loss) brought forward	11	43,381	-
Profit (loss) of the financial exercise	11	30,401	97,302
Equity - total	11	74,032	97,552

The accompanying notes to this balance sheet are part thereof the financial statements.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

THE ACCOUNT OF EXERCISE RESULT
for the financial exercise ended December 31, 2017
(Amounts are in lei)

	Notes	Achievements, for the period	
		31.12.2016	31.12.2017
Revenues from activities without patrimonial purpose	12	1,127,359	453,163
Expenses regarding to activities without patrimonial purpose	12	1,128,830	483,184
Result of activities without patrimonial purpose		(1,471)	(30,021)
Revenues from economic activities	13	309,612	548,642
Expenses regarding economic activities	13	277,740	421,319
Result of economic activities	13	31,872	127,323
Total revenues		1,436,971	1,001,805
Total expenses		1,406,570	904,503
Net result of the financial exercise	12,13	30,401	97,302

The accompanying notes to this account of exercise result are part thereof the financial statements.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS for the financial exercise ended December 31, 2017 (Amounts are in lei)

General framework

The notes present information about the accounting regulations to be the basis of preparation of the individual yearly financial statements and about used accounting policies.

These ones provide additional information which is not presented in the individual yearly financial statements, but that is relevant for understanding of them.

The notes are presented in a systematic manner. For each significant item from the financial statements are presented related information.

The notes comprise information regarding to the evaluation methods applied to any items from the Individual yearly financial statements.

1. OVERALL PRESENTATION

- Denomination of the entity: **The Romanian Association For Transparency**
- The headquarters of the entity: Bucharest, Sector 1, 28-30 G-ral Gheorghe Magheru Avenue
- Fiscal identification code: 12486550
- The functional length of time: uncertain period, unless it is dissolved on an earlier date
- The entity's object of activity: Activities of other organizations n.c.a. (CAEN 9499)
Other activities of services n.c.a (CAEN 9609)
- Average number of employees: 7

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

The accounting policies represent the principles, bases, conventions, rules and specific practices applied by the entity at the Individual yearly financial statements drawing up and presentation.

Bases of financial statements drawing up

These financial statements have been drawn up in conformity with the provisions of the Accounting Law no.82/1991, republished and of the Economic and Finance Minister Order no.1969/2007 (OMEF 1969/2007).

These financial statements herewith have been issued based on the historical cost convention, with the exceptions provided in succession in the accounting policies.

Use of estimations

The financial statements drawing up, in accordance with OMEF 1969/2007 lays down the entity management to make assessments and issue hypothesis which influence the reported values of the assets and passives, the presentation of the assets and the potential liabilities on the date of the financial statements issuing, as well as the revenues and expenditure afferent of the reporting period.

Even if such estimations are grounded on the best information available upon the financial statements date, the effective recorded results can be different from such estimations.

Going concern

These financial statements have been drawn up based on the going concern assumption because the entity management considers that the entity shall be able to continue its activity in the foreseeable future.

Therefore, these financial statements do not include adjustment in relation to the recoverability and classification of the recorded assets values or in relation to the values and liabilities classification, which can be necessary, in case the entity is unable to continue its activity in the future.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

General financial reporting principles

The elements presented in the Individual yearly financial statements are evaluated in accordance with the general principles of financial reporting provided by OMEF1969/2007.

Reference currency

The accountancy is held in Romanian language and in the national currency.
The elements included in the financial statements are presented in Romanian lei.

Transactions and balances in foreign currency

The entity's transactions in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania (BNR) for the transactions date.

The balances in the foreign currency are converted into lei at the exchange rates communicated by the National Bank of Romania for the last banking day of the month.

The gains and losses resulted from the discount of the transactions into a foreign currency and from the conversation of the monetary assets and liabilities expressed in foreign currency are recognized in the account exercise result and loss account within the financial result.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset should be measured initially at cost (purchase or production).

The subsequent expenses effected with an intangible asset are recorded in the expenses accounts when they are incurred.

An intangible asset is presented in the balance sheet on entrance value, less the cumulated adjustments of value (cost model).

The intangible assets are recognized in the balance sheet, when it is probable that the future economic benefits will flow to the entity and the cost of them can be measured reliable.

An intangible asset should be eliminating from the balance sheet on disposal or when no future economic benefits are expected from its use or cession (derecognized).

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciable amount is the cost of an asset, or the other amount substituted for cost, less its residual value.

Tangible assets

The tangible assets are recognized in the balance sheet, when it is probable that the future economic benefits will flow to the entity and the cost of them can be measured reliable.

The tangible assets are presented in the balance sheet on the entrance value, less the value-cumulated adjustments (cost model).

The subsequent expenditure attaching to the tangible asset recognized as expenses within they had been performed.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

A tangible asset should be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal (derecognized).

Depreciation is a method of expensing the initial purchase cost/revaluated value of physical asset over their useful life.

It is neither a means of adjusting the asset to its fair market value nor a means to provide funds for the replacement of the asset being depreciated.

Depreciation is established through application of straight-line depreciation rates against the entrance value of the tangible fixed assets, during the estimated useful life of the assets, as follows:

Asset	Useful life
Computers and office equipment	3 - 6 years;
Others	5 - 15 years.

Sale/discard of tangible fixed assets

Tangible assets, which are discarded or sale are eliminated from the balance sheet together with suitable cumulative depreciation.

Any profit or loss resulted from such an operation is included in the account of exercise result.

Impairment of Assets

At the financial exercise-end, the value of elements of tangible and intangible assets is bring into accord with the inventory's results.

With that end in view, the carrying amount is compared with the value established on the inventory's base named inventory value.

The difference established as a minus between the inventory value and the carrying amount of the elements of assets are recorded in accounting based on a supplementary depreciation, in the case of depreciable assets for that depreciation is irreversible or is effected a depreciation adjustment or value loss, when depreciation is reversible.

The inventory value is established based on the good's utility, its state and market price.

Financial assets

The financial fixed assets comprise shares held by related parties, titles as participation interest loans granted to related parties and other investments held as fixed assets.

The financial fixed assets are recognized in the balance sheet on the purchase price or the determined value from the obtaining contract of them.

The purchase price included the transaction cost.

The financial assets are presented in the balance sheet on the entrance value less the cumulated adjustments for the value loss.

Trade receivables

Trade receivables are recorded at the invoiced value, less the adjustments for depreciation of them.

The adjustments for the depreciation of trade receivables are effected in case, which there are objective evidence of the fact that the entity shall not be able to collect all the amounts within the initial terms.

Cash and cash equivalents

The cash and cash equivalents are highlighted in the balance with the cost.

For the cash flow statement, the cash and its equivalents comprise the cash, the bank accounts, and treasury prepayments.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

Capital

The contributions of capital are classified into equity.

Loans

The short – term and long-term loans are initially recorded with received amount, net of expenditure for their acquirement.

During the next periods, loans are recorded at the depreciated cost using the effective interest rate, the differences between the received amounts (net of transaction costs) and the depreciated cost being recognized in the account of exercise result for the duration of the loan contract.

Liabilities

The trade liabilities are recorded at the fair value of the amounts that shall be paid for the received goods or services.

Benefits of employees

During the normal activity, the company makes payments to state pensions, health and unemployment funds on the account of its employees at statutory rates.

All company employees are members of the Romanian state pensions plan.

These costs are recognized in the profit and loss account at the same time as the salaries recognizance.

The entity does not operate any other pensions plan or post-retirement benefits, and therefore has no other obligations related to pensions.

Revenue recognizing

Revenue from the rendering of services is based on the execution stage established depending on of rendered services, as a percentage from the whole of services, which follow to be supplied until the balance sheet date.

Revenue from interests is periodically recognized, proportionally, in accordance with the generation of respective income, based on the accrual accounting.

Operating expenses

Operating expenses are recording during the period referred to.

Comparatives

Comparatives have been modified in order to provide the consistency with the accounting policies and the presentation requirements for 2017 year.

Financial risk management

Financial risk factors

By the nature of the performed activities, the entity is exposed to various risks, which include:

- Credit risk;
- Foreign currency risk;
- Interest rate risk;
- Liquidity risk;

The management aims at reducing the adverse potential effects, associated to the above risk factors over the entity financial performance.

Credit risk

The entity is exposed to a credit risk owed to its trade receivables and the other receivables types.

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NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

References related to the customers' solvency are normally got for all new customers, the liabilities maturity date is carefully monitored and the amounts owed after the term exceeding are promptly followed.

Currency risk

The entity is exposed to the foreign exchange rate fluctuation through the liability generated by trade loans or liabilities expressed in foreign currency.

Owing to high associated costs, the company policy is not to use financial instruments for the diminution of this risk.

Interest rate risk

The entity cash flows are influenced by the variation of interests rate mainly owing to foreign currency loans.

The entity does not use financial instruments in order to protect itself from the interest rate changes.

Liquidity risk

The cautions management of the liquidity risk involves the maintenance of sufficient cash and of some available credit lines.

3. THE ASSETS OF THE ENTITY

The assets of the entity have totalized value of 496,572 lei:

- Fixed assets	9,299
- Current assets	487,273

4. FIXED ASSETS

The fixed assets are assets had the next pattern:

- intangible assets	-
- tangible assets	62
- financial assets	9,237

Intangible assets have been composed of:

- concessions, patents, licenses, trademarks and similar assets;
- other intangible fixed assets

Tangible assets comprise:

- other equipment, machinery and furniture;

Financial assets consist of:

- titles as participation interests;
- other non-current receivables

The fixed assets are those assets intended to be retained for use in the entity's operations.

The fixed assets are assets whose economic benefits flow to the entity and expected to be used during more one year period.

They are valuted on purchase price or production cost.

The purchase price or production cost of the fixed assets with limited periods of economic use are reduced with value adjustments calculated for them depreciation systematically over their useful life.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

When financial assets have value losses, adjustments for value loss are shown at the lower value conferred them on the balance sheet date.

The value adjustments are recorded in the account of exercise result.

Intangible assets are recognized in the balance sheet, when it is probable that the future economic benefits will flow to the entity and the cost of them can be measured reliable.

The depreciation is established through application of depreciation rates against the entrance value of tangible assets.

The depreciation of tangible assets are calculated on base of depreciation plan, beginning with next month putting into operation, untill the whole recovery of them entrance value, in accordance with them economic use periods and them use conditions.

5. EVOLUTION OF FIXED ASSETS

a) Intangible fixed assets

Denomination of fixed asset item	Concessions, licenses, marks	Other intangible fixed assets	Total
Cost /evaluation			
Balance at beginning of year	17,246	4,882	22,128
Increases	-	-	-
Disposals, transfers and other decreases	-	-	-
Balance at end of year	17,246	4,882	22,128
The cumulated adjustments of value			
Balance at beginning of year	17,246	4,882	22,128
Adjustments recorded within the year	-	-	-
Decreases or resumptons	-	-	-
Balance at end of year	17,246	4,882	22,128
The carrying amount at beginning of year	-	-	-
The carrying amount at end of year	-	-	-

b) Tangible assets

Denomination of fixed asset item	Other equipment, machinery and furniture
Cost /evaluation	
Balance at beginning of year	788,101
Increases	-
Disposals, transfers and other decreases	-
Balance at end of year	788,101
The cumulated adjustments of value	
Balance at beginning of year	782,545
Adjustments recorded within the year	5,494
Decreases or resumptons	-
Balance at end of year	788,039
The carrying amount at beginning of year	5,556
The carrying amount at end of year	82

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

c) Financial assets

Denomination of fixed asset item	Titles as participation interests	Other non-current receivables	Total
Cost /evaluation			
Balance at beginning of year	1,000	7,050	8,050
Increases	-	1,187	1,187
Disposals, transfers and other decreases	-	-	-
Balance at end of year	1,000	8,237	9,237
The cumulated adjustments of value			
Balance at beginning of year	-	-	-
Adjustments recorded within the year	-	-	-
Decreases or resumptons	-	-	-
Balance at end of year	-	-	-
The carrying amount at beginning of year	1,000	7,050	8,050
The carrying amount at end of year	1,000	8,237	9,237

d) The evaluation of fixed assets

Denomination of fixed asset item	Intangible fixed assets	Tangible fixed assets	Financial assets	Total
Cost /evaluation				
Balance at beginning of year	22,128	788,101	8,050	818,279
Increases	-	-	1,187	1,187
Disposals, transfers and other decreases	-	-	-	-
Balance at end of year	22,128	788,101	9,237	819,466
The cumulated adjustments of value				
Balance at beginning of year	22,128	782,545	-	804,673
Adjustments recorded within the year	-	5,494	-	5,494
Decreases or resumptons	-	-	-	-
Balance at end of year	22,128	788,039	-	810,167
The carrying amount at beginning of year	-	5,556	8,050	13,606
The carrying amount at end of year	-	62	9,237	9,299

The entrance value of fixed assets at beginning of year was of 818,279lei; through addition of entrances in value of 1,187 lei during the year, the fixed assets at end a year were of 819,466lei.

The depreciation is established through application of strait-line method.

The value of depreciation was of 804,673 lei at beginning of year; through addition of depreciation in value of 5,494 lei during the year, this one was of 810,167 lei at end a year.

The carrying amount of the fixed assets of 9,299 lei at end a year has resulted through reduction of depreciation (810,167 lei) from the entrance value of fixed assets (819,466 lei) at end a year.

6. CURRENT ASSETS

The current assets include:

- Receivables;
- Cash and bank accounts;

The current assets are evaluated on purchase price or production cost, according to the case.

The value adjustments for the current assets are made to present them at lower market value or, in special circumstances, at other minimum value assigning them on the date of balance sheet.

THE ROMANIAN ASSOCIATION FOR TRANSPARENCY

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

7. RECEIVABLES

Receivables	December 31, 2016	December 31, 2017
Total, of which:		
Trade receivables	123,261	222,104
Customers	24,544	18,823
Other receivables	24,544	18,623
Personnel receivables and social insurances	98,717	203,481
Non-returnable loans	-	775
Other receivables regarding state budget	75,528	-
Collecting amounts from entitles based on participation interests	-	1,049
Discounts from operations in clarify	23,189	-
	-	201,657

Receivables are royalties adequate for the creditors to pretend from debtors certain amounts of money, goods or services.

Receivables are reflected in accounting from the moment of setting up of royalty against the third parties until the moment of them liquidation (collecting).

Receivables in foreign currency are valued using the exchange rate communicated by National Bank of Romania for the last banking day of the month.

The differences of the foreign currency rate are recorded on financial income or expenditure, according to the case.

Receivables in foreign currency should be recorded in accounting both in lei and in foreign currency.

The uncertain receivables should be distinctly recorded in accounting.

Receivables are valued on probable receipt value for the purpose of presenting them in the yearly financial statements.

When it estimates that a receivable will not wholly receipted, adjustments for depreciation are recorded in the accountancy at the level of the amount which cannot be recovered.

8. CASH AND BANK ACCOUNTS.

	Balance as of December 31, 2016	Balance as of December 31, 2017
Cash at bank in lei	132,748	94,312
Cash at bank in foreign currency	234,404	170,357
Petty cash in lei	1,209	171
Cash advances	9,538	329
TOTAL	377,899	265,169

Cash at bank accounts are analytically divided on each bank.

The paid and cash interests, appropriate the current exercise, are registered to financial expenses or financial income, according to the case.

The accountancy of availabilities found in the banks / petty cash, and their movement, because of the effected cashes and payments, are distinctively held in lei and in foreign currency.

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NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

9. NET ASSET

The net asset is acquired through deduction of the total liabilities from the total assets.

Elements	December 31, 2016	December 31, 2017
Fixed assets		
Current assets	13,608	9,299
Total assets	501,160	487,273
Total liabilities	514,766	496,572
NET ASSET	440,734	405,274
	74,032	91,298

10. LIABILITIES

Liabilities	December 31, 2016	December 31, 2017
Total, of which:	440,734	405,274
Trade liabilities	19,508	41,879
Suppliers	19,508	41,879
Prepayments received in orders' account	-	-
Other liabilities	421,228	357,141
Short-term bank loans	339,765	-
Subsidy for investments	16,631	-
Liabilities with personnel and social insurances	32,462	14,718
Profit/Income tax	(13)	14,574
Value added tax (VAT)	20,897	12,865
Income of salaries nature tax	(9,002)	1,570
Other taxes, duties and similar payments	(1,221)	-
Special funds	1,664	92
Sundry creditors	-	8,174
Discounts from operations in participation	20,025	20,025
Amounts owed to associates	-	285,123

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

On conclusion of financial exercise, the elements of active and passive of liabilities nature should be evaluated and reflected at the entrance value in the yearly financial statements, put in conformity with the inventory results.

Liabilities in foreign currency are valued using the exchange rate communicated by National Bank of Romania, in force for the last banking day of the month. The differences of foreign currency are recorded in the accountancy on financial income or expenditure; according to the case.

A liability is classified as a short – term liability, denominated as present liability, when it is awaited to be discount in the entity's normal course of operating cycle or is demandable within 12 months from the balance sheet date. All the other liabilities should be classified as long – term liabilities.

11. OWN EQUITY

The own equity comprise: contributions of capital, capital premiums, reserves, retained result and the financial year result.

Indicatori	December 31, 2016	December 31, 2017
Capital	250	250
Retained result	43,381	-
Financial year result	30,401	97,302
EQUITY- TOTAL	74,032	97,552

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NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

12. INCOME AND EXPENSES FOR ACTIVITIES WITHOUT PATRIMONIAL PURPOSE

Items	December 31, 2016	December 31, 2017
TOTAL INCOME	1,127,359	453,163
- Donation revenue	14,748	-
- Income from sponsorship	-	28,835
- aids and non-returnable loans	1,089,133	408,348
- revenue from exchange rate difference	9,876	3
- interest revenue	18	1,487
- other revenue from activities without patrimonial purpose	13,586	14,510
TOTAL EXPENSES	1,128,830	483,184
- expenses regarding to stocks	25,908	-
- expenses with works and services made by third persons	244,438	159,414
- expenses with other taxes	55	10
- staff costs, out of which	579,642	318,266
- expenses with depreciation	234,215	5,494
- expenses from exchange rate difference	44,571	-
Result From Activities Without Patrimonial Purpose	(1,471)	(30,021)

13. ECONOMIC ACTIVITIES

Items	December 31, 2016	December 31, 2017
Net turnover	294,220	544,895
Revenue from perform activities and rendered services	294,220	544,895
Revenue from interests	8	-
Other operating revenue	15,386	3,747
REVENUE FROM ECONOMIC ACTIVITIES	309,612	548,642
Expenses with rendered services by third persons	151,218	312,217
Expenses with stocks	8,827	4,447
Expenses with other taxes	3,327	1,803
Staff costs	18,252	77,589
Other operation expenses	60,342	2,596
Financial expenses	22,829	8,093
Depreciation expenses	12,945	-
Expenses with profit tax	-	14,574
EXPENSES REGARDING TO ECONOMIC ACTIVITIES	277,740	421,319
RESULT OF ECONOMIC ACTIVITIES (excess)	31,872	127,323

NOTES TO YEARLY FINANCIAL STATEMENTS
for the financial exercise ended December 31, 2017
(Amounts are in lei)

14. ECONOMIC – FINANCIAL ITEMS

It is possible to construct a large series of ratios.

Nevertheless, for the users is useful only a relative small number of ratios, which based on the key relations.

There are neither ratios list general accepted, which may be applied to the financial statements nor a standard method for calculating a great number of ratios.

The ratios analyzed below are the most frequent used, being through the most important for taking of decisions.

The ratios may be group in some categories; each of them reflects a certain aspect of financial performance or position.

1. Liquidity ratios are referring to the entity's capacity to observe the short-term financial duties.

The current ratio is computed by dividing total current assets by total current liabilities.

A common rule used in practice suggested that a level of 2:1 is suitable for the majority of businesses, because this proportion seem to permit a restriction with 50% of the value of current assets and, in the same time, to assure the covering of all current debts.

$$\text{a) Current ratio} = \frac{\text{Current assets } 487,273}{\text{Current liabilities } 399,020} = 1.22$$

b) Acid test ratio (immediate liquidity) represents a liquidity test more rigorous. It may argue that, for many entities, the available inventory cannot be quickly changes in cash. The minimal level of this ratio is frequently declared 1,00 (or 1:1).

$$\text{Acid test ratio} = \frac{\text{Current assets - Stocks } 487,273}{\text{Current liabilities } 399,020} = 1.22$$

2. RISK RATIOS (financial leverage)

Financial leverage appears when a company is financed, less partially through loans.

Financial leverage may be utilized for the growth of owners' benefits. This one is possible if the benefits generated from the borrowed funds exceed the cost of interest's payment.

Debt ratio compares the total debts to total assets:

$$D_r = \frac{\text{Total debts } 399,020}{\text{Total assets } 496,572} \times 100 = 80.35\%$$

3. ACTIVITY RATIOS (management ratios)

Patrimonial solvency (S_p) represents the degree in which the entities cope with the payment duties.

The solvency is considered good, when the gain result exceed 30%, showing the consequence of own sources in total passive.

$$S_p = \frac{\text{Equity } 97,552}{\text{Total passive } 496,572} \times 100 = 19.64\%$$

15. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date.