

# Oikocredit International Share Foundation Financial statements 2017

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## Financial statements 2017

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# Board report

## Developments during 2017 and outlook for 2018

The Oikocredit International Share Foundation (Share Foundation) is domiciled in Amersfoort (the Netherlands).

The main purpose of the Share Foundation is to provide additional investment opportunities in Oikocredit Ecumenical Development Cooperative Society U.A. (Oikocredit) for non-church bodies, such as banks and development organisations, and for individuals.

The following people were members of the board of directors as at 31 December 2017:

Mr F.J. Boschert (Germany)

Mr K. Löffler (Germany)

Ms M. L. Hilado Ledesma (the Philippines)

Ms A. Austin (Australia).

During 2017, the amount of depository receipts of the Share Foundation increased by € 19.9 million. The same amount was or will be invested in member capital of Oikocredit Ecumenical Development Cooperative Society U.A.

In 2017 personnel expenses increased further due to a restructuring in activity in terms of staffing, organisation and governance. In addition to the funding based on the financial model, Oikocredit provided funding of € 102,000. This additional funding resulted in nearly positive equity at year-end 2017. From 2018 onwards, the financial support from Oikocredit will be sufficient to cover future costs, thereby moving towards positive equity.

In 2017 the Share Foundation employed 3 FTEs who were based in the registered branch in Austria.

Amersfoort, 22 March 2018

# Balance sheet as at 31 December 2017

(after appropriation of net income)

Notes		31/12/17	31/12/16
		€ ,000	€ ,000
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
1	Member capital in Oikocredit	208,672	190,885
	<b>Current Assets</b>		
2	Current account Oikocredit International Support Foundation	58	9
	Cash and banks	6,691	1,127
	<b>Total current assets</b>	<b>6,749</b>	<b>1,136</b>
	<b>Total assets</b>	<b>215,421</b>	<b>192,021</b>
	<b>EQUITY AND FUNDS</b>		
3	General reserve	(102)	101
	Result for the year	84	(203)
	<b>Total reserves and funds</b>	<b>(18)</b>	<b>(102)</b>
	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
4	Depository receipts	210,827	190,885
	<b>Current liabilities</b>		
5	Current account Oikocredit	4,582	1,203
6	Other current liabilities	32	35
	<b>Total current liabilities</b>	<b>4,614</b>	<b>1,238</b>
	<b>Total liabilities</b>	<b>215,421</b>	<b>192,021</b>

## Income statement for the year 2017

Notes	2017	2016
	€ ,000	€ ,000
<b>INCOME</b>		
Dividends received from Oikocredit	3,427	2,894
Dividends paid or credited to depository receipt holders	(3,427)	(2,894)
Financial support Oikocredit	452	264
Interest paid	1	(4)
Exchange rate differences	70	(65)
<b>Total income</b>	<b>523</b>	<b>195</b>
<b>EXPENSES</b>		
7 Personnel expenses	(286)	(210)
8 General and other expenses	(153)	(188)
<b>Total expenses</b>	<b>(439)</b>	<b>(398)</b>
<b>RESULT FOR THE YEAR</b>	<b>84</b>	<b>(203)</b>

# General information

## Description of organisation

Oikocredit International Share Foundation (Share Foundation), situated in Amersfoort, the Netherlands, was established on 10 March 1995 according to the laws of the Kingdom of the Netherlands. The duration of the Share Foundation is unlimited. The main purpose of the Share Foundation is to provide additional investment opportunities in Oikocredit for non-church bodies, such as banks and development organisations and for individuals in countries where no support association exists.

Oikocredit was established in 1975 in Rotterdam according to the laws of the Kingdom of the Netherlands. Oikocredit is owned by its members throughout the world: churches, subdivisions of churches, councils of churches, church-related organisations, project members and support organisations established by individuals and local parishes. The objective of Oikocredit is to mobilise financial credit and resources from members as well as from third parties mainly in developed countries and to channel the proceeds thereof to development projects in order to raise standards of living in the poorer areas of the world.

# Accounting policies

## General information

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. Assets and liabilities are stated at historical cost, unless specifically stated otherwise.

The financial statements are denominated in euro. The balance sheet and income statement include references to the notes. Income and costs are recognised on an accrual basis. These financial statements have been prepared under the going concern assumption.

## Foreign currencies

The financial statements are presented in euro, which is the functional and presentation currency of the Share Foundation. Management considers the euro the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which the Share Foundation measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment of the Share Foundation as compared to other European investment products.

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Exchange rate differences arising upon the settlement of monetary items are recognised in the income statement in the period that they arise.

### **Member capital in Oikocredit**

The investment in member capital in Oikocredit fully relates to the depository receipts included in the liabilities. The difference between the two balances is due to the timing of transferring the deposit receipts into member capital. The investment is tested annually for impairment.

### **Depository receipts**

Redemption is at par against the prevailing rate at redemption (or lower market value). As the market value exceeds par, the current 'cost' is the current share amount in currency revalued at the foreign currency exchange rate prevailing at the balance sheet date.

### **Taxes**

The Share Foundation has been exempted from paying corporation and value added taxes by the tax authorities of the Netherlands.

## **Risk factors**

### **Liquidity risk**

Liquidity risk refers to the risk that the Share Foundation will encounter difficulty in raising funds to meet its commitments.

### **Foreign currency risk**

Foreign currency risk refers to the risk that the value of the Share Foundation will fluctuate due to changes in foreign currency exchange rates. The major part of foreign currency risk relates to member capital in Oikocredit, as included in the non-current assets, and is fully offset by the foreign currency risk related to the depository receipts as included under the current liabilities.

# Notes to the balance sheet

## 1 Member capital in Oikocredit

	2017	2016
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Member capital in euro shares	184,166	168,842
Member capital in other currencies <sup>1)</sup>	24,506	22,043
<b>Balance as at 31 December</b>	<b>208,672</b>	<b>190,885</b>

<sup>1)</sup> Included are shares in CAD, GBP, SEK, CHF and USD. The exchange rate differences on the revaluation of member capital in foreign currency amounts to a € 1.0 million gain (2016: € 1.1 million gain).

## 2 Current account Oikocredit International Support Foundation

Market interest rates are charged on the balance of the current account. The current account is payable on demand.

## 3 General reserve

	2017	2016
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Balance as at 1 January	(102)	101
Appropriation of result book year	84	(203)
<b>Balance as at 31 December</b>	<b>(18)</b>	<b>(102)</b>

## 4 Depository receipts

	2017	2016
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Depository receipts in euro	186,128	168,842
Depository receipts in other currencies <sup>1)</sup>	24,699	22,043
<b>Balance as at 31 December</b>	<b>210,827</b>	<b>190,885</b>

<sup>1)</sup> Included are depository receipts in CAD, GBP, SEK, CHF and USD. The exchange rate differences on the revaluation of depository receipts in foreign currency amounts to a € 1.0 million loss (2016: € 1.1 million loss).



	2017	2016
	€ ,000	€ ,000
<i>Changes in depository receipts can be specified as follows:</i>		
Balance as at 1 January	190,885	164,655
Investments during the year	33,175	35,455
Redemptions during the year	(12,231)	(8,074)
Exchange rate differences	(1,002)	(1,151)
<b>Balance as at 31 December</b>	<b>210.827</b>	<b>190,885</b>

## 5 Current account Oikocredit

Market interest rates are charged on the balance of the current account. The current account is payable on demand.

## 6 Other current liabilities

	2017	2016
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Other	30	35
<b>Balance as at 31 December</b>	<b>30</b>	<b>35</b>

## Notes to the income statement

### 7 Personnel expenses

In 2017 3 (2016: 3) full-time equivalents were employed by the Share Foundation. Of the total FTEs, 50% are female and 50% are male.

	2017	2016
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Salaries	(212)	(161)
Social security charges	(67)	(49)
Other personnel expenses	(7)	-
<b>Balance as at 31 December</b>	<b>(286)</b>	<b>(210)</b>

### 8 General and other expenses

	2017	2016
	€ ,000	€ ,000
<i>Can be specified as follows:</i>		
Marketing expenses	(2)	-
Cost of prospectus	(65)	(29)
Consultancy expenses	(43)	(85)
Administration fee Oikocredit	(24)	(24)
Other expenses	(19)	(50)
<b>Balance as at 31 December</b>	<b>(153)</b>	<b>(188)</b>

## 9 Audit fees

	2017	2016
	€ ,000	€ ,000
<i>The following audit fees were expensed (within other expenses) in the income statement in the reporting period:</i>		
Audit of financial statements	(3)	(3)
<b>Total audit fees</b>	<b>(3)</b>	<b>(3)</b>

## 10 Related party transactions

### Transactions with Oikocredit during the year

Transactions during 2017 or 2016 other than investments and redemptions of shares of Oikocredit, consisted of financial support amounting to approximately € 452,000 (2016: € 264,000) based on the financial model of the support associations of Oikocredit.

### Transactions with the Oikocredit International Support Foundation

Transactions relate to donations from dividends by investors and investments in shares by the Oikocredit International Support Foundation from the donated investment fund.

## Other information

### Allocation of results

The net result (€ 84,000 profit) is allocated by the board of the Share Foundation to the general reserve.

### Subsequent events

There are no subsequent events.



## Independent auditor's report

To: the Board of Directors of Oikocredit International Share Foundation

### Report on the accompanying financial statements

#### *Our opinion*

We have audited the financial statements 2017 of Oikocredit International Share Foundation ('the Foundation'), based in Amersfoort, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Oikocredit International Share Foundation as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2017;
- 2 the income statement for 2017; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

#### *Basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the Foundation in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

### Report on the other information included in financial statements

In addition to the financial statements and our auditor's report thereon, the financial statements contain other information that consists of the Board Report and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code..

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.



By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Board Report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

### **Description of the responsibilities for the financial statements**

#### ***Responsibilities of Management and the Board for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, Management is responsible for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, Management is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, Management should prepare the financial statements using the going concern basis of accounting unless Management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the Foundation's financial reporting process.

#### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: [http://www.nba.nl/ENG\\_algemeen\\_01](http://www.nba.nl/ENG_algemeen_01)  
This description forms part of our independent auditor's report.

Amstelveen, 7 March 2018

KPMG Accountants N.V.

M. Frikkee RA

## Annex 1. Overview of investors and their respective amount of depository receipts per country

Country	Investors	Investment in €	Country	Investors	Investment in €
Angola	2	554	Latvia	1	306
Argentina	9	91,699	Lebanon	1	323
Australia	10	65,510	Liechtenstein	1	313,149
Austria	6,080	111,859,623	Luxembourg	3	30,264
Bangladesh	2	1,447	Malaysia	1	-
Belgium	9	687,408	Mali	3	3,409
Benin	1	2,566	Mexico	6	10,396
Bolivia	7	4,342	Moldova	1	15
Botswana	1	1,181	Monaco	1	20,993
Brazil	2	85	Mozambique	1	297
Bulgaria	7	6,499	Netherlands	98	34,898,732
Cambodia	5	3,955	New Caledonia	1	10,000
Cameroon	1	323	New Zealand	3	6,024
Canada	189	6,464,798	Nicaragua	4	158
Chile	2	34,525	Niger	1	55,250
Costa Rica	29	34,068	Nigeria	1	147
Côte d'Ivoire	7	15,722	Norway	1	1,437
Cyprus	2	17,513	Paraguay	4	5,691
Czech Republic	1	1	Peru	10	27,892
Denmark	3	3,702	Philippines	11	40,831
Dominican Republic	1	12	Republic of Ireland	19	391,070
Ecuador	2	5,093	Reunion	1	565
Egypt	15	25,733	Romania	2	3,916
El Salvador	3	909	Russia	3	983
Finland	2	27,090	Rwanda	1	885
France	1,814	22,586,161	Senegal	2	1,635
Germany	76	10,055,288	Slovak Republic	3	2,534
Ghana	7	3,013	South Africa	4	348
Greece	2	6,062	Spain	3	2,603
Guatemala	6	12,604	Sweden	494	7,639,927
Honduras	1	11	Switzerland	20	370,200
Hong Kong	1	2	Tanzania	1	614
Hungary	2	6,723	Thailand	3	1,154
India	20	12,961	Uganda	3	2,825
Indonesia	4	30	Ukraine	1	-
Italy	292	4,174,496	United Kingdom	1,265	10,355,187
Kenya	16	1,651	Uruguay	28	52,285
Korea, Republic of	1	650	USA	22	358,525
Kyrgyzstan	1	29	Zimbabwe	3	1,764
			Grand Total	10,666	210,826,373