

I, A.N.Nabiyev, director of "Balance-Audit" Audit and Consulting Company acting under the license No. AT 015, dated 24.12.2002 issued by the Chamber of Auditors of Azerbaijan Republic carried out the audit control of the "World Vision AzerCredit" LLC for the period from 01.05.2004 to 31.12.2004 in accordance with the contract signed with that company on January 10, 2005. Audit began on March 07, 2005 and was completed on March 11, 2005. The audit control covered the followings:

- Realization of audit of the activity of "World Vision AzerCredit" LLC for the period from 01.05.2004 to 31.12.2004;
- Control of acceptance of donor means;
- Consideration of accounting records and operations;
- Control of right distribution and grounding of reports about presented Balance, Income and Costs in full and in accordance with the legislation, national rules and current practice;
- Confirmation of assets, capital, liabilities and last balance of "World Vision AzerCredit" LLC for 31.12.2004;

We considered the followings in accordance with our duties:

- Agreements signed between "World Vision AzerCredit" LLC and donors;
- Contracts signed between "World Vision AzerCredit" LLC and debtors;
- Appropriate terms about getting and use of grants and credits and annexes to these terms;
- Contracts signed with the third parties;
- Documents on execution of the program;
- Financial accounts;
- Budgets, graphics and appraisal;
- Accounting documents;
- Accounting program and other concerned documents.

Audit began on March 07, 2005 and was completed on March 11, 2005.

The following persons are responsible for the financial and economic activity of the "World Vision AzerCredit" LLC during the audit period:

Director of the organization – Bradford Martin, from 01.05.2004 till present;

Chief accountant – Vasif Jalilov, 01.05.2004 till present.

General information about customer

The Program was established by the "World Vision International Azerbaijan" International Humanitarian Organization in 1995 as a non-governmental organization and is in existence since 1995.

Balance of the "World Vision AzerCredit" Program, accounting of incomes and costs had been made separately since 2001.

In 30.12.2002 "World Vision AzerCredit" LLC got a document from the Ministry of Justice about its registration as a non-bank credit organization.

"World Vision AzerCredit" LLC is engaged in issue of micro-credits to the population being occupied with trade, agriculture and rendering services in the cities and villages.

"World Vision AzerCredit" LLC got the licence of the National Bank of Azerbaijan Republic about carrying out financial operations in 30.09.2003.

"World Vision AzerCredit" LLC stood for registration as a taxpayer in the Branch No. 2 of the Department of Taxes of Baku city. The organization was issued Taxpayer's Identification Number 14000465881 in 17.01.2005.

Legal address of the organization: 17, H.Z. Tagiyev Street, Baku city

The organization has the following accounts in the central branch of the International Bank of Azerbaijan:

S/a: COR-330-209 AZM-370901

C/a: COR-330-209 USD-371901

L/a: 01370110002031

CODE: 305722

SWIFT: IBAZAZ 2X

"World Vision AzerCredit" LLC provides financial support to the population for carrying out their small-scale entrepreneurship. The program enables the debtors to organize their activities, to manufacture products and to render services by giving them individual, micro and group credits.

The number of the employees of "World Vision AzerCredit" LLC was 80 persons in 31.12.2004. Credits of "World Vision AzerCredit" LLC are placed in AZM and USD. The volume of the credits issued in manats was 2,002,863,000 AZM, those issued in dollars was 7,445,101.017 AZM or 1,518,478 USD.

"World Vision AzerCredit" LLC has 5 (five) major and 2 (two) subsidiary branches. Credit portfolio on the major and subsidiary branches is as follows:

Information and coefficients on credit portfolio

In manats

No	Branches	Total	Including	
			AZM	USD
1	Baku	1 779 450 693		362 931
2	Imishli	1 973 820 322		402 574
3	Horadiz (Fizuli region)	2 002 863 000	2 002 863 000	-
4	Mingachevir	776 967 084,07		158 467,69
5	Goranboy (sub-branch)	804 268 508		164 036
6	Ganja	2 084 912 496		425 232
7	Gazakh	25 681 914		5 238
8	Total:	9 447 964 017,07	2 002 863 000	1 518 478,69

Financial indices are calculated on the basis of the appropriate financial information, periodical data, forecasts and other information.

Financial indices are divided into the following groups:

- Financial coefficients;
- Operational and financial coefficients;
- Quality coefficient of credit portfolio. (Annex 3)

ACCOUNTING POLICY AND RESPONSIBILITY

Financial accounts are made on the basis of the consistency principle and chronological writings. Financial documents and tables are drawn up on the basis of the accounting reports made in proper time. Bookkeeping system complies with the requirements of the donors. Responsibility issues were organized in accordance with the rules of the National Bank of Azerbaijan Republic, legislation in force in the field of micro-financing, financial rules, local experience and requirements of the Azerbaijan Government.

Accounts are submitted to the Executive Bodies of Azerbaijan Republic – National Bank, Ministry of Taxes, Statistics Authorities and others in manat. Financial documents and accounts submitted to the local authorities are drawn up on the basis of the realized financial operations, accounting reports and analytical tables.

FOREIGN CURRENCY OPERATIONS

Foreign currency operations are carried out in manats by the exchange rate of the National Bank of Azerbaijan Republic for the date of realization of operation in the accounts department.

National currency is used in calculation of the balance of credit portfolio, fractions, current ratio, financial results, incomes and expenses.

Operations are shown in AZM and USD in the computer bookkeeping and accounting programs (SunSystems, eMerge).

All assets and liabilities in the reports, documents and internal notes submitted to the state authorities are shown in manats and in case of need they are written in the equivalent of US Dollars.

DETERMINATION OF THE EXPENSES

Incomes and expenses are determined in accordance with the calculation methods. Incomes from the main operations consist of interest on the given loans, individual and group credits and obtained commissions. Commission is deducted as a nonrecurrent income in the amount of 1-2% of the total credit amount on the time of issue of credit to individuals and group members.

Interest rates, commissions and other information are described in the below table.

Table of interest rates, interest-bearing incomes on the credits and commissions

Term	From 1 month to 12 months	From 1 month to 18 months
Interest-bearing incomes	3, 3.5%, 4% from the balance	3% from the balance, 2% stable (Horadiz), reducing 0,5% on every repeated debt
Commissions	1-2%	1-2%
Fines on cases of delay	1% of the unpaid amount	1% of the unpaid amount
Form of payment	Cash	Cash
Guarantees (Individual)	Gold, household things, cattle	
Guarantees (Group)	Gold, household things, cattle and mutual responsibility of the group members	

CREDITS, CREDIT TERMS, METHOD OF CALCULATION OF INTEREST-BEARING INCOMES ON CREDITS

Calculation of the amount of the credits which will be returned and interest-bearing incomes on credits is carried out in accordance with the reducing balance method and stable balance method.

Table of credit terms, payment graphics and method of calculation of incomes

Description	Amount		Period	Method of calculation of percent
	AZM	USD		
For fixed assets and circulation means	491,800-4,918,000	100-1,000	1 - 12 months	3-4% from the balance
Repeated credits	491,800-12,295,000	100-2,500	1 – 18 months	(reducing 0.5% for each repeated debt), 2% stable (Horadiz)
Individual, micro-debts in the agriculture	491,800-7,377,000	100-1,500	1 – 12 months	3-3,5% from the balance
Repeated credits	491,800-12,295,000	100-2,500	1 – 18 months	3% from the balance, 2% stable (Horadiz)
Micro-debts for circulation and fixed assets	12,295,000-49,180,000	2,500-10,000	1 – 12 months	3% from the balance
Repeated credits	12,295,000-49,180,000	2,500-10,000	1 - 18 months	3% from the balance

“World Vision AzerCredit” LLC gives micro-credits to the citizens acting in the field of trade, agriculture and services. Credits are given to individuals and “Unanimous Groups”. Credits are

given to the individuals acting under the license and gaining profit in the fields of production, trade, agriculture and services. Debtors should meet the following requirements:

- To live, to have registration in the territory where “World Vision AzerCredit” LLC functions, to be of the full legal age, all persons from 18 to 65 years old should have identity card, and to be the citizen of Azerbaijan Republic;
- To have the ability of entrepreneurship, to be responsible and disciplinary;
- To be engaged in entrepreneurship activity at least 6 months;
- To be able to get management and technical information from the credit program;
- To be liable for military service or to submit the document about release from the military service;
- Not to owe to other credit organizations.

Group financing was considered for the lower class of population who is not able to mortgage. Such kind of financing is provided in smaller amounts and is directed to the organization and development of the entrepreneurship of small entrepreneurs living and working in the same residential area. The groups are established by the initiative of the members united under the certain unite work and purpose in accordance with the group financing.

The requirements for establishment of “Unanimous Groups” are as follows:

- Each group member should be a citizen of Azerbaijan Republic (according to the appropriate certified documents) and be able to carry out independent entrepreneurship;
- The group should be established under the voluntarism and mutual support;
- The number of the members of the established group should not exceed 4-6 persons.

Group members are required:

- To live and work in the same geographic territory;
- Not to owe to other credit organizations;
- To be a legal owner of the types of entrepreneurship for which he applied for the debt;
- To possess minimum conditions for realization of the entrepreneurship;
- To have a separate independent account (income and expenses) in the field of entrepreneurship;
- To have market potential;
- To be able to develop the entrepreneurship and to establish workplaces;
- To be aware of the works and personality of each member of the group;
- Group members cannot be the members of the same family and cannot be engaged in the same type of entrepreneurship.

Employees of the micro-financing program may provide consultations or technical support to the individuals and group members with relate to preparation of appropriate documents and application forms.

This program was organized in the direction of establishment of long-term cooperation with the customers who repay credits in time and in full.

FUNDS ASSIGNED FOR INVESTMENT PROGRAM, SPECIAL CAPITAL AND ATTRACTED MEANS, SHORT AND LONG-TERM LOANS

Activity of “World Vision AzerCredit” LLC is carried out on the account of grants and credits of BP, USAID, Mercy Corps International (MCI), State Commission on Rehabilitation and Reconstruction of the Areas of Azerbaijan Republic (ARRA), WV subsidiary offices and Canada International Development Agency (CIDA).

Funds assigned for the investment program and grants got from the donor organizations are as follows.

Table of attracted means

In manats

No	Donors	Grants	
		AZM	USD
1	“World Vision International Organization” (WV US)	405,232,950	82,650
2	US Agency on International Development (USAID) / Mercy Corps International (MCI)	888,345,152	181,184
3	State Commission on Rehabilitation and Reconstruction of the Areas of Azerbaijan Republic (ARRA)	2,215,131,273	451,791
4	Canada International Development Agency (CIDA)/ World Vision International Organization (WV Canada)	1,938,499,110	395,370
5	BP	189,991,250	38,750
6	TOTAL	5 637 199 735	1,149,745

“World Vision AzerCredit” LLC got from the donors the grant in the total amount of 164,869,645 manats (33,626,34 USD) in the form of fixed assets. They are the followings:

1. World Vision International Organization (WV Canada) – 131,562,199 manats (26,833 USD);
2. World Vision International – 33,306,079 manats, (6,793 USD).

Short-term loans of “World Vision AzerCredit” LLC consist of credits got from the below-mentioned donors.

In dollars:

1. UMCOR – 49,030,000 AZM or 10,000 USD – annually;
2. MEERO – 495,785,000 AZM or 95,000 USD – long-term;
3. WVI – 1,470,875,485 AZM or 299,995 USD – long-term;
4. WV-PO – 1,544,445,000 AZM or 315,000 USD – long-term.

In manats:

1. Social Development Fund for Internally Displaced People – 490,000,000 AZM – long-term;
2. State Committee on Refugees and Internally Displaced People of Azerbaijan Republic – 517,899,500 AZM – long-term.

OBTAINED CREDITS AND INTERESTS

Interest-bearing incomes are determined in accordance with the calculation method. Paid interests on the credits were 2,251,235,896 AZM and unpaid interests were 51,212,886 AZM for the end of the year.

CASH MEANS (TREASURY OPERATIONS)

Treasury operations of “World Vision AzerCredit” LLC are carried out through manat and currency (USD) treasury.

For accounting of treasury operations the agency uses internal receipts and expenditure orders approved by the Ministry of Finance. Treasury balance on the accounting period is confirmed.

From 01.05.2004 to 31.12.2004 the amount of receipts on manat treasury of the organization was 5,846,164,238 manats, and the amount of expenditures was 6,035,202,377 manats. The balance for the beginning of the year was 195,308,010 manats, and for the end of the year was 6,269,871 manats.

From 01.05.2004 to 31.12.2004 the amount of receipts on currency treasury of the organization was 17,103,819,398 manats, and the amount of expenditures was 17,237,534,539 manats. The

balance for the date 01.05.2004 was 144,849,854 manats, and for the end of the year was 11,134,713 manats.

Treasury balance of "World Vision AzerCredit" LLC on branches for the date of 31.12.2004 was as follows:

Table of treasury operations and treasury balance on manat

Branches	Balance for 01.05.2004	Circulation on 01.05.2004-31.12.2004		Balance for 31.12.2004
		Debit	Credit	
Baku	1,864,850	283,704,700	284,095,900	1,473,650
Imishli	4,656,000	1,077,278,200	1,080,169,500	1,764,700
Horadiz (Fizuli region)	156,062,200	3,707,892,008	3,862,743,458	1,210,750
Mingachevir	10,951,850	281,867,850	291,984,650	835,050
Ganja	1,790,500	256,292,250	257,709,050	373,700
Head office	19,982,610	196,514,580	215,885,169	612,021
Goranboy	-	42,614,650	42,614,650	-
Total:	195,308,010	5,846,164,238	6,035,202,377	6,269,871

Table of treasury operations and treasury balance on US Dollars

Branches	Balance for 01.05.2004	Circulation on 01.05.2004-31.12.2004		Balance for 31.12.2004
		Debit	Credit	
Baku	27,929,322	5,402,225,340	5,428,992,651	1,162,011
Imishli	2,173,756	2,834,853,242	2,832,364,245	4,662,753
Horadiz (Fizuli region)	1,942,610	2,765	8,690	1,936,685
Mingachevir	22,878,536	2,254,721,093	2,275,648,235	1,951,394
Ganja	28,062,108	5,429,156,760	5,455,801,901	1,416,967
Head office	61,863,522	8,339,917	70,198,536	4,903
Goranboy	-	1,174,520,281	1,174,520,281	-
Total:	144,849,854	17,103,819,398	17,237,534,539	11,134,713

OPERATIONS ON SETTLEMENT ACCOUNT

“World Vision AzerCredit” LLC carries out payment operations through the settlement accounts in the International Bank of Azerbaijan.

From 01.05.2004 to 31.12.2004 the amount of receipts on the current settlement account of the organization was 6,167,085,599 manats, and the amount of expenditures was 5,757,550,994 manats. There was not any balance for the beginning of the control period, and for the end of the period the balance was 409,534,605 manats.

Circulation and balance of settlement accounts of “World Vision AzerCredit” LLC on the branches for 31.12.2004 was as follows:

Table of operations and balances on Settlement Account

Branches	Balance for 01.05.2004	Circulation on 01.05.2004-31.12.2004		Balance for 31.12.2004
		Debit	Credit	
Baku	-	386,200,130	380,721,949.76	5,478,180.24
Imishli	-	938,000,000	931,304,644	6,695,356
Horadiz (Fizuli region)	-	1,224,369,650	1,070,273,900	154,095,750
Mingachevir	-	645,948,650	502,479,428	143,469,222
Ganja	-	490,200,000	490,200,000	-
Head office	-	2,482,367,169	2,382,571,071.78	99,796,097.22
Goranboy	-	-	-	-
Total:	-	6,167,085,599	5,757,550,993.54	409,534,605.46

There were not found any outlays during the control of funds in the settlement accounts of “World Vision AzerCredit” LLC in accordance with the appropriate extracts.

OPERATIONS ON CURRENCY ACCOUNT

“World Vision AzerCredit” LLC carries out currency operations through the currency accounts in the International Bank of Azerbaijan.

All financial operations of “World Vision AzerCredit” Program were stopped for 28.04.2004. In order to transfer funds to the newly established “World Vision AzerCredit” LLC, the funds of its branches and office were drawn out of the currency accounts and invested in the treasuries of the branches in due form. The extracts from the bank documents of “World Vision AzerCredit” LLC, dated 01.05.2004 confirm the execution of the transfer of funds in full.

Circulation and balance of currency accounts of “World Vision AzerCredit” LLC on the branches for 31.12.2004 was as follows:

Table of currency operations and balances

Branches	Balance for 01.05.2004	Circulation on 01.05.2004-31.12.2004		Balance for 31.12.2004
		Debit	Credit	
Baku	-	3,159,949,103	2,957,004,127	202,944,976
Imishli	-	2,386,783,514.95	2,360,954,461.92	25,829,053.03
Horadiz (Fizuli region)	-	-	-	-
Mingachevir	-	1,968,963,143054.28	1,601,257,126.95	367,705,927.33
Ganja	-	2,889,507,714.45	2,726,872,949.07	162,634,765.38
Head office	-	3,112,900,109.5	2,981,254,853.68	131,645,255.82
Goranboy	-	-	-	-
Total:	-	13,518,103,496.18	12,627,343,518.62	890,759,977.56

Balance of currency accounts for 31.12.2004 was 890,759,977 manats.

There were not found any outlays during the control of funds in the currency accounts of "World Vision AzerCredit" LLC in accordance with the appropriate extracts.

OBTAINED CREDITS AND RESOURCES FORMED ON THE CREDITS

Subject to the term of payment, simple resources against the expected losses on the given credits are formed on the below-mentioned interest-rates in accordance with the standards of the National Bank:

1. For unsatisfactory credits (1-59 days) – 30%
2. For unsafe credits (60-179 days) – 60%
3. For unreliable credits (180 days and more) – 100%

The amount of resources was 77,355,876 manats in accordance with the credit portfolio.

All documents about the circulation of the credits were correctly drawn up and no outlay was found in the credit accounting. Annual quality coefficients on the credit portfolio are attached (Annex 4).

OTHER ASSETS

Total of the other assets is 74,480,926.82 manats. They consist of the followings:

1. Given advance payments - 13,416,800. 423,850 manats of them are in national currency. 12,992,950 manats (or 2,650 USD) are in foreign currency.
2. Prepayments – 9,851,240.45 manats.
3. Interests which will be paid on the given credits – 51,212,886.37.
360,000 manats of them are in national currency. 50,852,886.37 manats (or 10,372 USD) are in foreign currency.

The accounting of the other assets were made in due form. There was not found any outlay in the accounting.

LIABILITIES

Total of the liabilities is 5,067,256,406 manats. They consist of the followings:

NO	LIABILITIES	TOTAL	INCLUDING	
			AZM	USD
1	Short-term credits: <ul style="list-style-type: none">In US Dollars	49,030,000		10,000
2	Long-term credits: <ul style="list-style-type: none">In manatsIn US Dollars	1,007,899,500 3,481,105,485	1,007,899,500	709,995
3	Payments to State Social Defense Fund	293,188,561	293,188,561	
4	Interests to be paid on the attracted credits (in foreign currency)	52,616,740.62		10,731.54
5	Prepayments by the customers: <ul style="list-style-type: none">In manatsIn US Dollars	33,390,400 41,278,357	33,390,400	8,419
6	Amount to be paid on the operations expenses	108,747,362.76	108,747,362.76	

CREDIT LOSSES, UNPAID CREDITS, UNDISTRIBUTED PROFIT (LOSS)

Resources formed on the given credits are for covering the expenses, which may be arisen on the credit portfolio in the future. Resources on credit are determined through calculations. Resources on the credits are described as expenses in the report of Incomes and Expenses, but in the Balance they are described as reducing assets on the formed resources.

Total amount of the unpaid credits in manats on "World Vision AzerCredit" LLC for 31.12.2004 is 133,469,466 manats. But in dollars it is 762,617,523 AZM or 155,541 US Dollars.

Capital stocks consist of the following articles:

- Profit of the previous years – 5,978,578.513.53 manats
- Loss of current year – 118,032,957.77 manats.

EXPENSES

In 2004 the composition of the expenses of the organization and the directions of management of the grants was as follows:

Composition of expenses on 2004 year

Thousand manats

No	ARTICLES	AMOUNT
1	Salary and other payments	1,581,757,057.33
2	Management expenses	87,885,695.55
3	Communication expenses	136,506,480.2
4	Rent	197,710,179.00
5	Transport expenses	109,417,297.00
6	Wear of fixed assets	91,168,977.63
7	Other expenses	524,484,082.95
8	Total:	2,728,929,769.66

Balance and financial results are attached (Annex 2, 3).

Labour and Salary

Salary in the amount of 1,369,371,558.4 manats was calculated and paid to the employees of "World Vision AzerCredit" LLC during 01.05.2004 – 31.12.2004. Average number of the employees was 75. There was not creditor debt on the salary for the beginning and end of the year.

Payments

Debtor and creditor debts of "World Vision AzerCredit" LLC during 01.05.2004 – 31.12.2004 were as follows:

Table of payments with debtors and creditors

Manat

No	Accounts	Balance for the beginning of year		Circulation		Balance for the end of year	
		D-t	C-t	D-t	C-t	D-t	C-t
1	Payments to SSDF	-	-		293,188,561		293,188,561
2	Interests to be paid on the attracted credits (in foreign currency)	-	-	391,357,611.92	443,974,352.54		52,616,740.62
3	Prepayments by the customers	-	-	6,856,878,455.6	6,931,547,212.6		74,668,757
4	Amount to be paid on the operation costs	-	-	320,839,250.58	586,570,612.2		108,747,362.76
5	Paid advance payments	-	-	538,685,598	525,268,798	13,416,800	
6	Prepayments	-	-	43,695,888.47	33,844,648.02	9,851,240.45	
7	Interests to be paid on the given credits	-	-	308,036,438.68	256,823,552.31	51,212,886.37	

FIXED ASSETS AND THERE WEAR-OUT

Primary amount of the fixed assets of "World Vision AzerCredit" LLC for 31.12.2004 was 656,243,166 manats, and 425,225,034 manats of the fixed assets were worn-out and the balance was 231,018,132 manats.

Table of circulation of fixed assets for 31.12.2004

Branches	Primary amount	Calculated worn-out money	Amount of balance
Baku	50,019,239	42,044,969	7,974,270
Imishli	107,204,829	63,024,148	44,180,681
Horadiz (Fizuli region)	48,270,476	31,765,569	16,504,907
Mingachevir	78,937,835	50,771,634	28,166,201
Goranboy (sub-branch)	13,412,760	4,697,291	8,715,469
Ganja	109,776,709	86,964,066	22,812,643
Head Office	297,997,515	237,127,958	60,869,557
Total:	705,619,362	516,395,635	189,223,728

State of bookkeeping and report

Bookkeeping of "World Vision AzerCredit" LLC is maintained by memorial-order system and computer. Circulation table, Head Book and cash book were drawn up. The state of the bookkeeping is satisfactory.

Information and figures are in compliance with the internal accounting policy and procedures, financial information and articles of balance. All assets and liabilities of "World Vision AzerCredit" LLC were fully described in the last balance.

Offers on the result of audit

"World Vision AzerCredit" LLC is given absolute positive auditor opinion on the results of audit.

Annexes to the Act

- Balance (Annex 1)
- Financial results (Annex 2)
- Quality coefficient of the credit portfolio (Annex 3)
- Receipt-delivery act of the final documents of the auditor (Annex 4)

Director of "Balance-Audit"
Audit and Consulting Company

A.N. Nabiyev

Director of
"World Vision AzerCredit" LLC

Bradford Martin

Chief accountant of
"World Vision AzerCredit" LLC

Vasif Jalilov

II. LETTER TO THE DIRECTORATE ABOUT THE AUDIT OF THE FINANCIAL ACCOUNTS

We carried out the audit of the activity of “World Vision AzerCredit” LLC for the period of 01.05.2004 – 31.12.2004 in accordance with the defined rules and the contract signed on March 07, 2005.

The questions on regulations functions, conducting of works, implementation of the responsibilities and compliance with the current rules were discussed with the directorate of the Program.

Tests on accounting notes, internal control and other procedures necessary for the audit process were included into the audit. There were made discussions with the higher directorate and personnel about the questions on management and responsibility.

As well as control of work processes, appraisal of financial and accounting system, use of assets and the confirmation of compatibility of the internal control structure with the business accounting were carried out during the audit process. We think that, we have collected adequate audit evidences for giving an opinion as a result of realized audit processes.

We carried out a legal and financial analysis of the bookkeeping, financial documents, use of funds, appliance of financial indices, full control of ratio coefficients and current position and documents confirming the existence of the assets.

Head Office is responsible for the general administration, financial management, risks management and regulation of the relations between “World Vision AzerCredit” LLC and outer legal persons. Heads of the branches use the Operation Rules in daily management of the branch. As each branch itself determines its profits and losses, they are responsible for correct use of their budget and credit portfolio. Accountants and treasurers of the branches respond for the accuracy of credit portfolio, registration of all operations and control of cash money. Treasury books are drawn up by weekly counting of treasury balances and comparing them with the bank documents.

Director of “World Vision AzerCredit” LLC is a chairman of the Board of Directors and he manages “World Vision AzerCredit” LLC by heads of the Head Office and Branches.

The responsibilities of the branches on the realized operations are limited by the geographical territory where they function. The branches are located in Baku, Central, Western and Southern Azerbaijan.

Accountancy program used in “World Vision AzerCredit” LLC gives an opportunity to submit to the donors the reports about the use of funds, to prepare financial accounts and to present information to the official bodies.

“SunSystems” is a main accountancy program of “World Vision AzerCredit” LLC. Accountants of the branches check the information on the branches, collect them in Excel file and once a month send them to the Head Office. That information is entered to the “SunSystem” by the chief accountant. Financial documents are prepared for the middle of the next month and their analysis is carried out on branches, credit portfolio or donors. Used forms are in English and are used to make payments and to keep reports in accordance with the accounting indices of the

Consultative Group to Assist the Poor (CGAP). "SunSystems" makes reports in two forms – on the local and international accounts plan.

"World Vision AzerCredit" LLC applies "MIS. eMerge" program for accounting activity in the current year. Appliance of this program changes the processes of collecting of information and rules of making operations by the accountants and treasurers of the branches. Credit portfolio operations and information collecting is carried out on "Excel" program. Information about credit portfolio is considered by the accountants by means of eMerge program in the branches. This system raises the level of collecting of information, information discipline, occasionally submitting of reports and analysis of information. The integration of "eMerge" with the local accountancy program "SunSystems" is planned.

There was not found any drawback in the internal control system and activity process during the realized audit.

"World Vision AzerCredit" LLC functions in accordance with the local experience and requirements of valid tax, accountancy and bank legislations of Azerbaijan Republic.

"BALANCE-AUDIT"
Audit and Consulting Company

A. Nabiyev
March 11, 2005

RECEIPT-DELIVERY ACT

Of the final documents of the auditor about the results of the audit carried out according to the contract dated 07.03.2005

We, undersigned, Director of the Executor- "**Balance-Audit**" Audit and Consulting Company A. N. Nabiyeu and Director of the Customer - "**World Vision AzerCredit**" LLC Bradford Martin draw up this act to certify that, the audit was carried out by the Executor in accordance with the terms of the contract dated 07.03.2005.

According to the results of the audit the Customer was presented the below-mentioned business and final documents:

1. Act
2. Opinion
3. Annexes

Date: 11.03.2005

DELIVERED BY:

Executor - "**Balance-Audit**"
Audit and Consulting Company

Director: A. N. Nabiyeu

Signed,
City: Azerbaijan Republic,
Company: Consulting

RECEIVED BY:

Customer -
"**World Vision AzerCredit**" LLC

Director: **Bradford Martin**

Signed,
Seal: "**World Vision AzerCredit**" LLC
Non-bank Credit Organization

Translated from Azerbaijani into English by Mustafayeva Gunay Mustafa gizi

