

**LIMITED LIABILITY
PARTNERSHIP MARSH
(INSURANCE BROKERS)**

Financial Statements and
Independent Auditors' Report
For the year ended 31 December 2021

Limited Liability Partnership Marsh (Insurance Brokers)

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Limited Liability Partnership Marsh (Insurance Brokers)

Statement of Management's responsibilities For the preparation and approval of the Financial Statements For the year ended 31 December 2021

Management of Limited Liability Partnership Marsh (Insurance Brokers) ("the Company") is responsible for the preparation of the financial statements that present fairly the financial position as at 31 December 2021, and the related statements of profit or loss and comprehensive income for the year then ended, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the financial statements (the "financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2021 were approved by Management on 15 April 2022.

On behalf of the Management of the Company:


Andrey Komarkovskiy
General Manager
15 April 2022
Almaty, Kazakhstan




Zamanbekova Alima
Chief Accountant
15 April 2022
Almaty, Kazakhstan

INDEPENDENT AUDITORS' REPORT

To the Partner and Management of Limited Liability Partnership Marsh (Insurance Brokers):

Opinion

We have audited the financial statements of Limited Liability Partnership Marsh (Insurance Brokers) ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in partner's equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("the IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the approved accounting policies of the Company, and 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 fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte LLP
 State license on auditing in the
 Republic of Kazakhstan
 №0000015, type MFU-2, given by the
 Ministry of Finance of Kazakhstan
 dated 13 September 2006



Zhangir Zhilysbayev
 Engagement partner
 Qualified auditor
 of the Republic of Kazakhstan
 Qualification certificate
 No.MF-0000116
 dated 22 November 2012
 General Director
 Deloitte LLP

15 April 2022
 Almaty, Kazakhstan

Limited Liability Partnership Marsh (Insurance Brokers)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Commission income from brokerage services	15	370,437	369,842
Other income		312	1,776
Total income		370,749	371,618
General and administrative expenses, including:	4	(411,320)	(449,143)
Payroll and business trip expenses	4	(249,017)	(251,685)
Management fees for services from Parent Company	4, 15	(40,414)	(69,494)
Professional services	4	(29,439)	(19,045)
Depreciation and amortization	4, 9, 10	(24,468)	(20,695)
Taxes, other than income tax	4	(1,477)	(17,285)
Rent expenses	4	-	(4,163)
Recovery of/(provision for) expected credit losses	8	10	(432)
Interest expense on lease liabilities	10	(8,337)	(6,764)
Net gain on foreign exchange operations	6	3,659	34,800
Total expenses		(415,988)	(421,539)
LOSS BEFORE INCOME TAX EXPENSE		(45,239)	(49,921)
Income tax benefit	5	10,986	26,287
NET LOSS		(34,253)	(23,634)
TOTAL COMPREHENSIVE LOSS		(34,253)	(23,634)

On behalf of the Management of the Company:


Andrey Komarkovsky
General Manager

15 April 2022
Almaty, Kazakhstan


Zamanbekova Alima
Chief Accountant

15 April 2022
Almaty, Kazakhstan

The notes to the financial statements on pages 9-33 form an integral part of these financial statements.

Limited Liability Partnership Marsh (Insurance Brokers)

Statement of Financial Position as at 31 December 2021 (in thousands of Kazakhstani Tenge)

	Notes	31 December 2021	31 December 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	7	239,222	292,394
Accounts receivable	8, 15	105,879	143,381
Prepaid expenses		5,115	4,593
Current income tax assets		61,135	78,661
Prepaid taxes		95	1,481
Other assets		5,124	773
Total current assets		416,570	521,283
NON-CURRENT ASSETS:			
Deferred income tax assets	5	30,522	24,889
Property and equipment	9	56,925	62,515
Intangible assets	9	1,529	1,321
Right-of-use asset	10	46,640	62,187
Investments in subsidiary		-	117
Total non-current assets		135,616	151,029
TOTAL ASSETS		552,186	672,312
LIABILITIES AND PARTNER'S EQUITY			
CURRENT LIABILITIES:			
Accounts payable	11, 15	102,622	143,770
Current lease liability	10	17,401	15,345
Other liabilities	12	28,223	65,000
Total current liabilities		148,246	224,115
NON-CURRENT LIABILITIES			
Non-current lease liability	10	40,130	57,531
Total liabilities		188,376	281,646
PARTNER'S EQUITY:			
Charter capital	13	320,100	233,360
Retained earnings		43,710	157,306
Total partner's equity		363,810	390,666
TOTAL LIABILITIES AND PARTNER'S EQUITY		552,186	672,312

On behalf of the Management of the Company:

Andrey Komarkovsky
General Manager

15 April 2022
Almaty, Kazakhstan

Zamanbekova Alima
Chief Accountant

15 April 2022
Almaty, Kazakhstan

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Limited Liability Partnership Marsh (Insurance Brokers)

Statement of changes in partner's equity for the year ended 31 December 2021 (in thousands of Kazakhstani Tenge)

	Notes	Charter capital	Retained Earnings	Total
As at 31 December 2019		202,000	312,300	514,300
Total comprehensive income		-	(23,634)	(23,634)
Transfer of retained earnings	13	31,360	(31,360)	-
Dividends declared	13	-	(100,000)	(100,000)
As at 31 December 2020		233,360	157,306	390,666
Total comprehensive loss		-	(34,253)	(34,253)
Transfer of retained earnings	13	86,740	(86,740)	-
Merge of subsidiary LLP Marsh (Risk Consulting)	1	-	7,397	7,397
As at 31 December 2021		320,100	43,710	363,810

On behalf of the Management of the Company:


Andrey Komarkovsky
General Manager

15 April 2022
Almaty, Kazakhstan


Zamanbekova Alima
Chief Accountant

15 April 2022
Almaty, Kazakhstan

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Limited Liability Partnership Marsh (Insurance Brokers)


Statement of Cash Flows For the year Ended 31 December 2021 (in thousands of Kazakhstani Tenge)

Notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before income tax expense	(45,239)	(49,921)
Adjustments for:		
Depreciation and amortization	24,468	20,695
(Recovery of)/provision for expected credit losses	(10)	432
Net gain on foreign exchange operations	(5,594)	(36,987)
Cash outflow from operating activities before changes in operating assets and liabilities	(26,375)	(65,781)
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Accounts receivable	39,233	(48,665)
Prepaid expenses	(522)	(5)
Other tax assets	3,546	6,712
Other assets	(4,351)	184
(Decrease)/increase in operating liabilities:		
Accounts payable	(42,342)	51,953
Other liabilities	(8,407)	(27,333)
Cash outflow from operating activities before taxation	(39,218)	(82,935)
Income tax paid	-	(36,215)
Net outflow from operating activities after taxation	(39,218)	(119,150)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(3,539)	(52,231)
Proceeds from the sale of property and equipment and intangible assets	-	1,320
Proceeds from merge of subsidiary LLP Marsh (Risk Consulting)	14	-
Net cash inflow/(outflow) from investing activities	(3,525)	(50,911)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	-	(100,000)
Repayment of lease liabilities	(15,345)	(2,913)
Net cash outflow from financing activities	(15,345)	(102,913)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,088)	(272,974)
Effect of changes in foreign exchange rate on cash and cash equivalents	4,916	41,084
CASH AND CASH EQUIVALENTS, beginning of the year	292,394	524,284
CASH AND CASH EQUIVALENTS, end of the year	239,222	292,394

On behalf of the Management of the Company:


Andrey Komarkovsky
General Manager

15 April 2022
Almaty, Kazakhstan


Zamanbekova Alima
Chief Accountant

15 April 2022
Almaty, Kazakhstan

The notes to the financial statements on pages 9-33 form an integral part of these financial statements

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021

(in thousands of Kazakhstani Tenge, unless otherwise stated)

1. Organization

LLP Marsh (Insurance Brokers) (“the Company”) is a Limited Liability Partnership, which was incorporated in the Republic of Kazakhstan in March 2000. In May 2001, the Company was re-registered and changed its name from LLP Marsh to LLP Marsh (Insurance Brokers). The Company is regulated by the National Bank of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market (hereinafter - the Agency). The Company conducts its business under the license #3 dated 26 December 2001 and the certificate of re-registration #31698-1910-TOO issued by the Ministry of Justice of the Republic of Kazakhstan on 3 May 2001. The Company’s main activity is to provide Kazakhstan and international companies with insurance and reinsurance brokerage services.

The registered office of the LLP Marsh (Risk Consulting) is located at Samal-2 Microdistrict, Zholdasbekova street 97, BC “Samal Tower”, 2 Floor, Almaty, 050051, Republic of Kazakhstan.

1. Restructuring of the participants of the LLP Marsh (Insurance Brokers) LLP

As at 31 December 2020, the Company was solely owned by Marsh & McLennan Companies Services B.V. registered in the Netherlands. On 19 February 2015, the previous partner Marsh (Insurance Services) Limited transferred its share in the Company, and as a result Marsh & McLennan Companies Services B.V. (“the Parent Company”) became the sole owner of the Company.

As at 31 December 2021, by the decision of the sole participant of Marsh & McLennan Companies Services B.V., registered in the Netherlands, owning 100% of the share of LLP Marsh (Insurance Brokers), it was decided to transfer its share to MMC Treasury Holdings (UK) Limited and to Companies Finance Center (Luxembourg) S.à r.l.

MMC Treasury Holdings (UK) Limited is registered in accordance with the laws of England and Wales, registration number 09787086, registration date: 21 September 2015, registered address: 1 Tower Place West, Tower Place, London, EC3R 5BU, United Kingdom. Companies Finance Center (Luxembourg) S.a. r.l. is registered in accordance with the laws of Luxembourg, registration number B171615, registration date: September 27, 2012, legal address: 74, rue de Merl, 2146 Luxembourg.

As at 31 December 2021, the contributions of the participants and, accordingly, their shares in the Partnership are:

Name	Country of operation	Proportion or ownership interest/voting rights (%) 2021
MMC Treasury Holdings (UK) Limited	United Kingdom	99%
Marsh & McLennan Companies Finance Center (Luxembourg) S.à r.l.	Luxembourg	1%

The company's restructuring process was completed at the end of 2021. All amendments to the Charter of LLP Marsh (Insurance Brokers) with a new constituent document were received with the appropriate registration with state bodies. The date of state re-registration is 28 December 2021.

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

2. Reorganization of a subsidiary by merging

As at 31 December 2020, the Company was a parent company of LLP Marsh (Risk Consulting).

Name	Country of operation	Proportion or ownership interest/voting rights (%) 2020	Type of operation
LLP Marsh (Risk Consulting)	Kazakhstan	99.9%	Consulting services on risk management

As at 31 December 2020, 0.1% of the charter capital of LLP Marsh (Risk Consulting) was contributed by Marsh & McLennan Companies Services B.V. (Netherlands).

LLP Marsh (Risk Consulting) was formed as a Limited Liability Partnership under the laws of the Republic of Kazakhstan on 9 June 2008. The main activity of LLP Marsh (Risk Consulting) is to provide expertise and consulting services on risk management.

In 2021, the management made a reorganization decision by merging the company LLP Marsh (Risk Consulting) to LLP Marsh (Insurance Brokers), the parent company. In accordance with paragraph 2 of Article 46 of the Civil Code (General Part), as a result of the accession, the rights and obligations of the affiliated LLP are transferred to LLP Marsh (Insurance Brokers) in accordance with the transfer act.

The reorganization process in the form of merging was carried out on the basis of a general meeting of participants, each partnership participating in the reorganization procedure, where the issue of conducting the reorganization procedure in the form of legal merger was resolved.

All procedures were carried out in accordance with regulatory acts based on the legislation of the Republics of Kazakhstan. The reorganization procedure was completed on 23 July 2021 on the basis of Order No. 23713 on the registration of the termination of the activities of LLP Marsh (Risk Consulting) in connection with the reorganization by legal merger LLP Marsh (Insurance Brokers), issued by the Non-Profit Joint Stock Company State Corporation Government for Citizens.

As a result of the merger, the share of Marsh and McLennan Company Services B.V. in the authorized capital of LLP Marsh (Risk Consulting) in the amount of KZT 116.80 was transferred to obligations to Marsh and McLennan Company Services B.V. and further written off, the share of LLP Marsh (Insurance Brokers) was eliminated by the amount of "Investments in subsidiary". All assets, rights and obligations were transferred to LLP Marsh (Insurance Brokers) under the transfer act dated 30 April 2021.

As a result of the merger of "Marsh (Risk Consulting)" LLP, "Marsh (Insurance Brokers)" LLP received assets consisting of cash in the amount of KZT 14 thousand, current tax assets in the amount of KZT 5,490 thousand and other assets in the amount of KZT 2,044 thousand, as well as short-term debt in the amount of KZT 151 thousand. The effect of legal merger was reflected in the Statement of Changes in the participant's capital for 2021 and amounted to KZT 7,397 thousand.

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

In the normal course of business, the Company enters into transactions with the companies of Marsh Group. The transactions include, but are not limited to brokerage services, management services from the Parent Company and consulting services. As at 31 December 2021 and 2020, accounts receivable from companies of Marsh Group amounted to 11.11% and 16.53% of the total amount of the Company's assets, respectively. For the years ended 31 December 2021 and 2020, commission income from brokerage services earned from the Marsh Group amounted to 26.84% and 39.24% of total commission income from brokerage services, respectively. Therefore, there is a concentration of the Company's assets and commission income from brokerage services in respect of Marsh Group. The information on operations with related parties is disclosed in Note 15.

As at 31 December 2021 and 2020, the number of employees of the Company was 16 and 16, respectively.

These financial statements were authorized for issue by the Management on 15 April 2022.

2. Significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements are presented in thousands of Kazakhstan tenge ("KZT" or "Tenge"), unless otherwise indicated. These financial statements have been prepared under the historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

Functional currency

The functional currency of these financial statements is Kazakhstani tenge ("KZT").

Going concern

For the years ended 31 December 2021 and 2020, the Company had a net loss in the amount of KZT 34,253 thousand and KZT 23,634 thousand, respectively. For the year ended 31 December 2021, net cash outflow from operating activities amounted to 46,718 thousand KZT. However, the Management of the Company believes that based on current forecasts and measures, as well as financial support from the Marsh Group, the Company has sufficient funds to continue its operations in the foreseeable future, and the going concern assumption is the main assumption on the basis of which these financial statements have been prepared.

The principal accounting policies are set out below.

Investments in subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by the Company. Investments in subsidiaries are recorded in these financial statements at cost less impairment loss, if any.

Legal merger with subsidiary

Accounting for the legal merger with subsidiary can be considered as accounting for a business combination involving business entities under common control, which is a business combination, according to which all combined business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control it is not temporary. The effect of combining businesses under common control is accounted for using the method of combining shares, provided that: the assets and liabilities of the merging business entities are measured at their book value, transaction costs associated with the merger are expensed in the income statement, mutual balances are excluded, any difference between the purchase price paid/transferred and the value of net assets acquired assets (at their book value as disclosed in the financial statements) are recognized in the acquirer's equity.

Financial instruments

The Company recognizes financial assets and liabilities on its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognised using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

Financial assets

The Company's financial assets are represented by cash equivalents and accounts receivable only. These financial assets are measured at amortized cost because they are held under the business model to collect contractual cash flows and contractual cash flows are represented by solely payments of principal and interest only.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include unrestricted balances on correspondent accounts with original maturity of three months or less.

Accounts receivable

Accounts receivable are stated at their nominal value, reduced by any allowance for expected credit losses. The Company records accounts receivable when the right to consideration is unconditional, subject only to the passage of time.

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on cash equivalents and accounts receivable that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for accounts receivable.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company considers the following as constituting an event of credit impairment:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company in full;
- when the debtor announces default to its creditors, including the Company on any of its financial liabilities or
- it is probable that debtor will enter bankruptcy or other financial reorganisation.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and amortization.

Depreciation and amortization are charged on the cost of property, equipment and intangible assets in order to write off assets over their useful economic lives. Depreciation and amortization are calculated on a straight line basis at the following annual prescribed rates:

Computer equipment	25-33%
Furniture and other fixed assets	7-33%
Vehicles	20%
Intangible assets	10%

Expenses related to repairs and renewals are charged when incurred and included in the statement of profit or loss and other comprehensive income as part of operating expenses unless they qualify for capitalization.

Limited Liability Partnership Marsh (Insurance Brokers)

Notes to the Financial Statements

For the year ended 31 December 2021 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

The carrying amounts of property, equipment and intangible assets are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount, an impairment is recognised in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation and amortization charge for property, equipment and intangible assets is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Leases

The Company as lessor

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the statement of financial position

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, equipment and intangible assets' policy.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income

The consideration received prior to the brokerage services being rendered is recognised as contract liability (deferred income) in the statement of financial position of the Company, which is transferred to profit or loss on a systematic and rational basis as services are provided in accordance with the terms of the insurance contract.

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Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and assets

Contingent liabilities are not recognised in the statement of financial position but are disclosed in the financial statements unless the possibility of any outflow in settlement is remote.

A contingent asset is not recognised in the statement of financial position but disclosed in the financial statements when an inflow of economic benefits is probable.

Charter capital

Contributions to charter capital are recognised at cost.

Distributions are recognised in equity as a reduction in the period in which they are declared. Distributions that are declared after the reporting date are treated as a subsequent event under International Accounting Standard 10 "Events after the Reporting Period" ("IAS 10") and disclosed accordingly.

Retirement and other benefit obligations

In accordance with the requirements of the legislation of the Republic of Kazakhstan certain percentages of pension payments are withheld from total disbursements to employee to be transferred to pension funds, such that a portion of salary expense is withheld from the employee and instead paid to a pension fund on behalf of the employee. This expense is charged in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension funds as selected by employees. The Company does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

Revenue recognition

Commission income from brokerage services is recognised on an accrual basis. Other income is credited to the statement of profit or loss and other comprehensive income when the related transactions are completed or as the services are provided. Expenses are recognised on an accrual basis.

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Commission income from brokerage services.

Commission income from brokerage services reflect compensation for brokerage through commission and fees. Commission rates vary in amount and can depend upon a number of factors, including the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer selected, and the capacity in which the broker acts and negotiates with clients. For majority of brokerage arrangements, services provided which culminate in the placement of an effective policy are considered a single performance obligation.

Consideration related to “bundled arrangements” is allocated to the individual performance obligations based on their relative fair values. Revenue for policy placement is generally recognised on the policy effective date, at which point control over the services provided by the Company has transferred to the client and the client has accepted the services.

Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. In preparing the financial statements, monetary assets and liabilities denominated in currencies other than the Company’s functional currency (foreign currencies) are translated at the appropriate spot rates of exchange prevailing at the reporting date. Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain/(loss) on foreign exchange operations.

Rates of exchange

The exchange rates at reporting date used by the Company in the preparation of the financial statements are as follows:

	31 December 2021	31 December 2020
KZT/USD	431.80	420.91
KZT/EUR	489.10	516.79
KZT/GBP	583.32	574.88

Significant accounting estimates

In the process of applying the Company's accounting policies, management should make assumptions, estimates and assumptions about the carrying amounts of assets and liabilities that are not obvious from other sources. Estimates and underlying assumptions are formed based on past experience and other factors that are considered appropriate in specific circumstances. Actual results may differ from these estimates.

Estimates and related assumptions are regularly reviewed. Changes in estimates are reflected in the period in which the estimate was revised, if the change affects only that period, or in the period in which the estimate was revised, and in future periods if the change affects both current and future periods.

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Possibility of recovery of deferred tax assets

The Company's management is confident that there is no need to create a reserve for deferred tax assets at the reporting date, since deferred tax assets will be fully realized with more than 50% probability within ten years. As of December 31, 2021 and 2020, the book value of deferred tax assets was KZT 30,522 thousand and KZT 24,889 thousand, respectively.

3. Application of new and revised international financial reporting standards (IFRSs)

3.1 New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Group effective January 1, 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform (Phase 2)</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i>

The above standards and interpretations were reviewed by the Company's management, but did not have a significant effect on the financial statements of the Company.

3.2 New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
<i>IFRS 17 "Insurance contracts"</i>	1 January 2023
<i>Amendments to IFRS 17 "Insurance contracts"</i>	1 January 2023
<i>Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).</i>	1 January 2023
<i>Amendments to IAS 8 – "Definition of Accounting Estimates"</i>	1 January 2023
<i>Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"</i>	1 January 2023
<i>Annual Improvements to IFRS Standards 2018-2020:</i>	
<i>Amendments to IFRS 3 – "Reference to the Conceptual Framework"</i>	1 January 2022
<i>Amendments to IAS 16 Property, Plant and Equipment – Revenue Before Intended Use</i>	1 January 2022
<i>Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – "Loss-making Contracts – Completion Value"</i>	1 January 2022
<i>Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023
<i>Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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4. General and administrative expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Payroll expenses	239,474	249,056
Management fees for services from Parent Company	40,414	69,494
Professional services	29,439	19,045
Distribution of brokerage commissions within the Marsh group	24,830	26,492
Depreciation and amortization	24,468	20,695
Transport services	16,001	13,525
Utilities	9,579	8,718
Business trips	9,543	2,629
Office maintenance	3,799	4,896
Property and responsibility insurance	3,778	3,078
Communication services	2,130	2,386
Taxes, other than income tax	1,477	17,285
Bank commission	1,217	1,441
Rent expenses	-	4,163
Other	5,171	6,240
	411,320	449,143

5. Income taxes

The Company provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of the Republic of Kazakhstan where the Company operates, which may differ from IFRS.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2021 and 2020, relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Deferred tax assets/(liabilities) as at 31 December 2021 and 2020 are presented as follows:

	31 December 2021	31 December 2020
Accrued expenses	5,645	11,692
Right-of-use asset and lease liabilities	2,178	2,138
Property, equipment and intangible assets	(1,635)	(1,180)
Tax losses carried forward	24,334	12,239
Net deferred tax assets	30,522	24,889

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Relationships between tax expenses and accounting profit for the years ended 31 December 2021 and 2020 are explained as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Loss before income tax expense	(45,239)	(49,921)
Income tax at the statutory rate 20%	(9,048)	(9,984)
Tax effect of permanent differences	3,415	3,307
Adjustment of current income tax expense	(5,353)	(19,610)
Income tax benefit	(10,986)	(26,287)

	Year ended 31 December 2021	Year ended 31 December 2020
Current income tax expense	-	-
Adjustment of current income tax expense	(5,353)	(19,610)
Deferred income tax benefit	(5,633)	(6,677)
Income tax benefit	(10,986)	(26,287)

Movements in deferred income tax assets:

	2021	2020
Net deferred income tax assets at the beginning of the year	24,889	18,212
Deferred income tax benefit	5,633	6,677
Net deferred income tax assets at the end of the year	30,522	24,889

6. Net gain on foreign exchange operations

	31 December 2021	31 December 2020
Translation difference, net	5,594	36,987
Purchase and sale of foreign currency	(1,935)	(2,187)
	3,659	34,800

7. Cash and cash equivalents

	31 December 2021	31 December 2020
Bank current account in foreign currency	208,551	285,160
Bank current account in tenge	30,671	7,234
	239,222	292,394

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8. Accounts receivable

	31 December 2021	31 December 2020
Accounts receivable	106,555	144,067
Less allowance for expected credit losses	(676)	(686)
	105,879	143,381

The loss allowance is measured at an amount equal to lifetime ECL, taking into account historical default experience and the future prospects of the economic conditions. There has been no change in the estimation techniques during the current year. As historical experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between different customer base.

As at 31 December 2021, the gross carrying amount of 90 days past due accounts receivable and related loss allowance for expected credit losses amounted to KZT 36,936 thousand and KZT 414 thousand, respectively. As at 31 December 2020, the gross carrying amount of 90 days past due accounts receivable and related loss allowance for expected credit losses amounted to KZT 60,293 thousand and KZT 574 thousand, respectively.

As at 31 December 2021, the gross carrying amount of receivable from Marsh Group entities with 90 days past due and above, amounted to KZT 24,967 thousand. The Management believes this amount is fully recoverable as historically such invoices are paid in 6 to 12 months period.

As at 31 December 2020, the gross carrying amount of receivable from Marsh Group entities with 90 days past due and above, amounted to KZT 33,470 thousand.

Movements in allowance for expected credit losses on accounts receivable are presented as follows:

	Allowance for expected credit losses on accounts receivable
1 January 2020	254
Provision for expected credit losses	432
31 December 2020	686
Recovery of provision for expected credit losses	(10)
31 December 2021	676

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9. Property, equipment and intangible assets

	Office and Computer equipment	Vehicles	Intangible assets	Leasehold improvement	Total
At initial cost					
31 December 2019	38,058	22,103	2,202		62,363
Additions	5,598	-	-	46,633	52,231
Write-off at disposal		(6,603)	-	-	(6,603)
31 December 2020	43,656	15,500	2,202	46,633	107,991
Additions	2,980	-	441	118	3,539
31 December 2021	46,636	15,500	2,643	46,751	111,530
Accumulated depreciation and amortization					
31 December 2019	24,179	16,860	660	-	41,699
Charge for the year	4,748	827	221	1,943	7,739
Write-off at disposal	-	(5,283)	-	-	(5,283)
31 December 2020	28,927	12,404	881	1,943	44,155
Charge for the year	4,025	-	233	4,663	8,921
31 December 2021	32,952	12,404	1,114	6,606	53,076
Net book value					
31 December 2020	14,729	3,096	1,321	44,690	63,836
31 December 2021	13,684	3,096	1,529	40,145	58,454

As of December 31, 2021 and 2020, the cost of fully amortized fixed assets amounted to KZT 33,793 thousand and KZT 32,396 thousand, respectively.

10. Right-of-use assets and lease liabilities

The Company's lease agreement primarily relates to the rental of office space for a period of 5 years.

	Office
Cost	
1 January 2020	41,419
Additions	75,789
Disposals	(40,882)
31 December 2020	76,326
Additions	-
Disposals	-
31 December 2021	76,326
Accumulated depreciation	
1 January 2020	1,183
Charge for the year	12,956
31 December 2020	14,139
Charge for the year	15,547
31 December 2021	29,686
Net book value	
31 December 2020	62,187
31 December 2021	46,640

Interest expense on lease liabilities for the years ended 31 December 2021 and 2020, amounted to KZT 8,337 thousand and KZT 6,764 thousand, respectively.

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The table below shows the minimum amounts of future lease payments as well as the present value of the net minimum lease payments as at 31 December 2021 and 2020:

	31 December 2021	31 December 2020
Minimum lease payments		
Up to one year	23,682	15,489
From one year to five years	71,046	115,402
Total minimum lease payments	94,728	130,891
Less: the effect of discounting		
Long-term	(6,281)	(144)
Short-term	(30,916)	(57,871)
Present value of net minimum lease payments	57,531	72,876
Net of the short-term portion	(17,401)	(15,345)
Long-term lease liabilities	40,130	57,531

The following are changes to lease liabilities:

	2021	2020
At the beginning of the year	72,876	40,882
Recognition of lease liabilities on adoption of IFRS 16	-	-
Additions and modifications	-	75,789
Disposals	-	(40,882)
Repayments of lease liabilities	(15,345)	(2,913)
Interest expense	8,337	6,764
Interest paid	(8,337)	(6,764)
At the end of the year	57,531	72,876

Cash flows from lease liabilities for the year ended 31 December 2021 amounted to KZT 23,682 thousand, of which KZT 15,345 thousand are presented within financial activities in the statement of cash flows.

Cash flows from lease liabilities for the year ended 31 December 2020 amounted to KZT 9,677 thousand, of which KZT 2,913 thousand are presented within financial activities in the statement of cash flows.

11. Accounts payable

	31 December 2021	31 December 2020
Marsh Group	99,711	143,692
Others	2,911	78
	102,622	143,770

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12. Other liabilities

	31 December 2021	31 December 2020
Other financial liabilities:		
Payables for tax consulting services	3,363	6,058
Payables for professional services	-	10,752
	3,363	16,810
Other non-financial liabilities		
Bonus accrued	12,733	40,735
Vacation reserve	11,383	256
Taxes payable, other than income tax	-	6,536
Advances received	744	663
	24,860	48,190
Total other liabilities	28,223	65,000

13. Charter capital

As at 31 December 2021 and 2020, the charter capital of the Company was approved and paid-in in the amount of KZT 320,100 thousand and KZT 233,360 thousand, respectively. As at 31 December 2020, the sole owner of the Company was Marsh & McLennan Companies Services B.V., incorporated in the Netherlands. As at 31 December 2021, by the decision of the sole participant it was decided to transfer its share to MMC Treasury Holdings (UK) Limited, registered in accordance with the laws of England and Wales, and to Companies Finance Center (Luxembourg) S.à rl., registered in accordance with the laws of Luxembourg.

In 2021, in order for the Company to meet new regulatory requirements, it was authorized by the sole owner to transfer undistributed profits of the Company, accumulated in the period up to 2021, to the Charter Capital in the amount of KZT 86,740 thousand (2020: 31,360 thousand KZT).

During the years ended 31 December 2021, no dividends were declared and paid (2020: 100,000 thousand KZT).

14. Commitments and contingencies

Capital commitments

As at 31 December 2021 and 2020, the Company had no significant capital commitments.

Legal proceedings

During the years ended 31 December 2021 and 2020, no claims against the Company were identified. Management is of the opinion that there are no material unaccrued losses as at these dates and accordingly, no provision has been made in these financial statements.

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Tax legislation

Commercial legislation of the Republic of Kazakhstan where the Company operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Company's business activities, was to be challenged by the tax authorities, the Company may be assessed additional taxes, penalties and interest.

The Management of the Company believes that it has accrued all tax amounts due and therefore no allowance has been made in the financial statements.

The tax authorities have the right to check the accuracy of tax charges within five years after the end of the tax period.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

The impact of further economic and political developments on future operations and financial position of the Company might be significant.

COVID-19 pandemic – A new coronavirus disease (COVID-19) began to spread rapidly across the world at the start of 2020 resulting in the World Health Organization's announcement of a pandemic in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. Therefore, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the spread of the pandemic on the global and Kazakhstani economies.

Management of the Company is monitoring developments in the current environment and taking measures in order to support the sustainability and development of the Company's business in the foreseeable future.

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15. Transactions with related parties

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures" include the following:

The remuneration of directors and other members of key management were as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:	60,056	239,474	78,131	249,056
- salaries and other short-term employee benefits	60,056		78,131	

The Company had the following balances outstanding as at 31 December 2021 and 2020, with related parties:

	31 December 2021		31 December 2020	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Accounts receivable	61,363	105,879	111,151	143,381
- entities under common control	61,363		111,151	
Accounts payable	99,711	102,622	143,692	143,770
- entities under common control	99,711		143,692	

Included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2021 and 2020, are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Commission income from brokerage services	99,408	370,437	145,116	369,842
- entities under common control	99,408		145,116	
General and administrative expenses, less payroll expenses	65,244	171,846	95,986	200,087
- parent company	40,414		69,494	
- entities under common control	24,830		26,492	

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16. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair value of financial assets and financial liabilities of the Company approximates their carrying value due to the short-term nature of these assets and liabilities. The Company does not hold any financial assets or liabilities at fair value and as such fair value hierarchy is not presented.

17. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to partner through the optimization of the equity balance.

The capital structure of the Company consists of capital attributable to partner, comprising invested capital and retained earnings as disclosed in the statement of changes in partner's equity.

The Management reviews the capital structure on a semi-annual basis. As a part of this review, the Management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Management, the Company balances its overall capital structure through the payment of distributions, increase of charter capital as well as the issue of new debt or the redemption of existing debt.

18. Risk management policies

Management of risk is fundamental to the Company's business. The main risks inherent to the Company's operations are those related to:

- Operational risk;
- Credit exposures;
- Liquidity risk; and
- Market risk.

To enable efficient and effective risk management, the Company has established a risk management framework, whose main purpose is to protect the Company from risk and allow it to achieve its performance objectives. Through the risk management framework, the Company manages the following risks:

Operational risk

The Company is exposed to operational risk which is the risk of losses that can be a result of any system inefficiencies or breaks of internal process, systems, presence of human error or effect of any external negative factor.

The Company's risk management policies are designed to identify and analyse this risk to set appropriate risk limits and controls.

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Credit risk

The Company is not significantly exposed to the credit risk as it does not hold financial assets, except for cash and cash equivalents and accounts receivable.

The following table details credit ratings of financial assets held by the Company as at 31 December 2021 and 2020, which were rated using either internationally recognized rating agency or internal rating:

	BBB	BBB-	Not Rated	31 December 2021 Total
Cash and cash equivalents	-	239,222	-	239,222
Accounts receivable	61,363	34,648	9,868	105,879

	BBB	BBB-	Not Rated	31 December 2020 Total
Cash and cash equivalents	-	292,394	-	292,394
Accounts receivable	111,151	-	32,230	143,381

The Company's industry is generally exposed to credit risk through its financial assets. Credit risk exposure of the Company is concentrated within the Republic of Kazakhstan.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired before any expected credit losses:

	Collectively assessed financial assets						31 December 2021	
	Current assets	Up to 3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Allowance for expected credit losses	Total
Cash and cash equivalents	239,222	-	-	-	-	-	-	239,222
Accounts receivable	20,006	19,317	31,614	24,738	10,880	-	(676)	105,879

	Collectively assessed financial assets						31 December 2020	
	Current assets	Up to 3 months	3-6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	Allowance for expected credit losses	Total
Cash and cash equivalents	292,394	-	-	-	-	-	-	292,394
Accounts receivable	63,689	20,085	33,470	26,823	-	-	(686)	143,381

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The tables below detail the Company's maximum exposure to credit risk in relation to accounts receivable:

	31 December 2021	31 December 2020
Gross carrying amount	106,555	144,067
Allowance for expected credit losses	(676)	(686)
Net carrying amount	105,879	143,381

For accounts receivable, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Geographical concentration

The Company exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Company's activity. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

As at 31 December 2021 and 2020, concentration of accounts receivable of the Company outside of Kazakhstan amounted to 66.6% and 91.5%, respectively.

As at 31 December 2021 and 2020, concentration of accounts payable of the Company outside of Kazakhstan amounted to 97.2% and 99.99%, respectively.

Except for the accounts receivable and accounts payable, all other financial assets and liabilities are located in Kazakhstan.

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet financial commitments associated with financial instruments as they actually fall due.

As at 31 December 2021, financial liabilities consisted of short-term payables in the amount of KZT 102,622 thousand, other financial liabilities in the amount of KZT 3,363 thousand and lease liabilities in the amount of KZT 17,401 thousand with maturity less than 12 months and KZT 40,130 thousand with maturity up to one year to five years. As at 31 December 2020 financial liabilities consisted of short-term payables in the amount of KZT 143,770 thousand, other financial liabilities in the amount of KZT 16,810 thousand and lease liabilities in the amount of KZT 15,345 thousand with maturity less than 12 months and KZT 57,531 thousand with maturity up to one year to five years.

As at 31 December 2021 and 2020, the Company had no significant financial commitments which may result in liquidity risk.

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Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. There have been no changes as to the way the Company measures risk or to the risk it is exposed in 2021 since 2020.

The Company is not exposed to interest rate risks as the Company does not borrow funds and holds no interest bearing loans.

The Company's Management does not consider itself exposed to significant interest rate risk or consequential cash flow risk. The Management conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in fair value interest rates and its influence on the Company's profitability.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Company controls currency risk by management of its open currency position through regular monitoring of fluctuations in currency rates and other macroeconomic indicators.

The Company's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD USD 1 = KZT 431.80	EUR EUR 1 = KZT 489.10	GBP GBP 1 = KZT 583.31	31 December 2021 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	30,671	207,328	1,223	-	239,222
Accounts receivable	43,379	49,399	11,935	1,166	105,879
TOTAL FINANCIAL ASSETS	74,050	256,727	13,158	1,166	345,101
FINANCIAL LIABILITIES:					
Accounts payable	6,592	40,940	1,227	53,863	102,622
Lease liabilities	57,531	-	-	-	57,531
Other liabilities	3,363	-	-	-	3,363
TOTAL FINANCIAL LIABILITIES	67,486	40,940	1,227	53,863	163,516
OPEN BALANCE SHEET POSITION	6,564	215,787	11,931	(52,697)	181,585
	KZT	USD USD 1 = 420.91 KZT	EUR EUR 1 = 516.79 KZT	GBP GBP 1 = 574.88 KZT	31 December 2020 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	7,234	282,893	2,267	-	292,394
Accounts receivable	32,009	96,694	14,678	-	143,381
TOTAL FINANCIAL ASSETS	39,243	379,587	16,945	-	435,775
FINANCIAL LIABILITIES:					
Accounts payable	2,948	32,870	4,741	103,211	143,770
Lease liabilities	72,876	-	-	-	72,876
Other liabilities	16,810	-	-	-	16,810
TOTAL FINANCIAL LIABILITIES	92,634	32,870	4,741	103,211	233,456
OPEN BALANCE SHEET POSITION	(53,391)	346,717	12,204	(103,211)	202,319

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Currency risk sensitivity

The following table details the Company's sensitivity to increase and decrease in the USD, EUR and GBP against the KZT. The sensitivity rate disclosed is used by the Company when reporting foreign currency risk internally to key management personnel of the Company and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at 31 December 2021 and 2020, for +25%/-25% and at 31 December 2020, for +20%/-20% change in foreign currency rates, respectively.

	31 December 2021		December 2020	
	KZT/USD +25%	KZT/USD -25%	KZT/USD +20%	KZT/USD -20%
Impact on profit or loss and partner's equity	53,947	(53,947)	69,343	(69,343)

	31 December 2021		31 December 2020	
	KZT/EUR +25%	KZT/EUR -25%	KZT/EUR +20%	KZT/EUR -20%
Impact on profit or loss and partner's equity	2,983	(2,983)	2,441	(2,441)

	31 December 2021		31 December 2020	
	KZT/GBP +25%	KZT/GBP -25%	KZT/GBP +20%	KZT/GBP -20%
Impact on profit or loss and partner's equity	(13,174)	13,174	(20,642)	20,642

Price risks

The Company is not exposed to equity price risks arising from equity investments, because the Company does not trade in such investments.

19. Events after the reporting period

At the start of January 2022, Kazakhstan witnessed mass protests, which turned into unrest. On 5 January, the President introduced a state of emergency across the country, which was in place until 19 January. During the mass protests internet access was restricted across Kazakhstan, bank operations and transactions were suspended, stock and commodity exchanges were closed, and flights were cancelled, resulting in businesses being unable to function effectively.

The situation in Kazakhstan stabilised and was under the control of the authorities by 15 January. The government is focusing on addressing the political and socio-economic situation.

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In February 2022, the economic and political situations in Ukraine and the Russian Federation led to increased volatility in the Russian financial market. The uncertainty of the development of events is increased. The United States, the European Union, the United Kingdom and a number of other countries have imposed a number of new sanctions against Russia.

Due to the political and legal situation in Russia, Marsh Russia has ceased its activities for an uncertain period. LLP Marsh (Insurance Brokers) in Kazakhstan, which was part of the CIS Marsh group, was regrouped into Continental Europe.

These events did not have a significant impact on the Company's operating activities and its financial statements. The Company's management monitors the current changes in the economic and political situation and takes measures that it considers necessary to maintain the sustainability and development of the Company's business in the near future.