

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

Separate Financial Statements and  
Independent Auditors' Report  
For the year ended 31 December 2020

# 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 Separate Financial Statements

For the year ended 31 December 2020

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Management of Limited Liability Partnership Marsh (Insurance Brokers) ("the Company") is responsible for the preparation of the separate financial statements that present fairly the financial position as at 31 December 2020, 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 separate 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 separate 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 separate 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 separate financial statements of the Company for the year ended 31 December 2020 were approved by Management on 27 April 2021.

On behalf of the Management of the Company:

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**Andrey Komarkovsky**  
General Manager

27 April 2021  
Almaty, Kazakhstan

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**Evgeniya Sklyarova**  
Chief Accountant

27 April 2021  
Almaty, Kazakhstan

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the separate financial statements of Limited Liability Partnership Marsh (Insurance Brokers) ("the Company"), which comprise the separate statement of financial position as at 31 December 2020, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in partner's equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, 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.

### Emphasis of Matter

As described in Note 2 to the separate financial statements, the Company also prepares consolidated financial statements. These separate financial statements should be read in conjunction with the consolidated financial statements, which were authorized for issue by the Management of Company on 27 April 2021.

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

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 separate financial reporting process.

## **Auditors' Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate 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 Zhilybayev  
 Engagement partner  
 Qualified auditor  
 of the Republic of Kazakhstan  
 Qualification certificate  
 No.MF-0000116  
 dated 22 November 2012  
 General Director  
 Deloitte LLP

27 April 2021  
 Almaty, Kazakhstan

## Limited Liability Partnership Marsh (Insurance Brokers)

### Separate Statement of profit or loss and other comprehensive income for the year ended 31 December 2020 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Commission income from brokerage services	15	369,842	951,495
Other income	15	1,776	13,615
<b>Total income</b>		<b>371,618</b>	<b>965,110</b>
General and administrative expenses, including:	4	(449,143)	(528,434)
Payroll and business trip expenses	4	(251,685)	(345,706)
Management fees for services from Parent Company	4, 15	(69,494)	(71,318)
Depreciation and amortization	4, 9, 10	(20,695)	(7,869)
Professional services	4	(19,045)	(36,362)
Taxes, other than income tax	4	(17,285)	(602)
Rent expenses	4	(4,163)	(15,264)
(Provision)/recovery of expected credit losses	8	(432)	1,721
Interest expense on lease liabilities	10	(6,764)	(850)
Net gain on foreign exchange operations	6	34,800	6,351
<b>Total expenses</b>		<b>(421,539)</b>	<b>(521,212)</b>
<b>(LOSS)/ PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>(49,921)</b>	<b>443,898</b>
Income tax benefit/(expense)	5	26,287	(131,598)
<b>NET (LOSS)/PROFIT</b>		<b>(23,634)</b>	<b>312,300</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<b>(23,634)</b>	<b>312,300</b>

On behalf of the Management of the Company:

  
Andrey Komatkovsky  
General Manager

27 April 2021  
Almaty, Kazakhstan

  
Evgeniya Sklyarova  
Chief Accountant

27 April 2021  
Almaty, Kazakhstan

The notes to the separate financial statements on pages 9-31 form an integral part of these separate financial statements.

# Limited Liability Partnership Marsh (Insurance Brokers)

## Separate Statement of Financial Position as at 31 December 2020 (in thousands of Kazakhstani Tenge)

	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	7	292,394	524,284
Accounts receivable	8, 15	143,381	88,295
Prepaid expenses		4,593	4,588
Current income tax assets		78,661	22,836
Prepaid taxes		1,481	8,193
Other assets		773	957
<b>Total current assets</b>		<b>521,283</b>	<b>649,153</b>
<b>NON-CURRENT ASSETS:</b>			
Deferred income tax assets	5	24,889	18,212
Property and equipment	9	62,515	19,122
Intangible assets	9	1,321	1,542
Right-of-use asset	10	62,187	40,236
Investments in subsidiary		117	117
<b>Total non-current assets</b>		<b>151,029</b>	<b>79,229</b>
<b>TOTAL ASSETS</b>		<b>672,312</b>	<b>728,382</b>
<b>LIABILITIES AND PARTNER'S EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	11, 15	143,770	80,867
Current lease liability	10	15,345	15,124
Other liabilities	12	65,000	92,333
<b>Total current liabilities</b>		<b>224,115</b>	<b>188,324</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current lease liability	10	57,531	25,758
<b>Total liabilities</b>		<b>281,646</b>	<b>214,082</b>
<b>PARTNER'S EQUITY:</b>			
Charter capital	13	233,360	202,000
Retained earnings		157,306	312,300
<b>Total partner's equity</b>		<b>390,666</b>	<b>514,300</b>
<b>TOTAL LIABILITIES AND PARTNER'S EQUITY</b>		<b>672,312</b>	<b>728,382</b>

On behalf of the Management of the Company:

  
Andrey Komarkovskiy  
General Manager

27 April 2021  
Almaty, Kazakhstan

  
Evgeniya Sklyarova  
Chief Accountant

27 April 2021  
Almaty, Kazakhstan

The notes to the separate financial statements on pages 9-31 form an integral part of these separate financial statements.



## Limited Liability Partnership Marsh (Insurance Brokers)


Separate Statement of changes in partner's equity  
for the year ended 31 December 2020  
(in thousands of Kazakhstani Tenge)

	Notes	Charter capital	Retained Earnings	Total
<b>As at 31 December 2018</b>		<b>10,000</b>	<b>759,345</b>	<b>769,345</b>
Total comprehensive income		-	312,300	312,300
Transfer of retained earnings	13	192,000	(192,000)	-
Dividends declared	13	-	(567,345)	(567,345)
<b>As at 31 December 2019</b>		<b>202,000</b>	<b>312,300</b>	<b>514,300</b>
Total comprehensive loss		-	(23,634)	(23,634)
Transfer of retained earnings	13	31,360	(31,360)	-
Dividends declared	13	-	(100,000)	(100,000)
<b>As at 31 December 2020</b>		<b>233,360</b>	<b>157,306</b>	<b>390,666</b>

On behalf of the Management of the Company:

  
Andrey Komarkovsky  
General Manager

27 April 2021  
Almaty, Kazakhstan

  
Evgeniya Sklyarova  
Chief Accountant

27 April 2021  
Almaty, Kazakhstan

The notes to the separate financial statements on pages 9-31 form an integral part of these separate financial statements.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Separate Statement of Cash Flows For the year Ended 31 December 2020 (in thousands of Kazakhstani Tenge)

Notes	Year ended 31 December 2020	Year ended 31 December 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Loss)/Profit before income tax expense	(49,921)	443,898
Adjustments for:		
Depreciation and amortization	4, 9, 10 20,695	7,869
Provision for expected credit losses/(recovery)	8 432	(1,721)
Net gain on foreign exchange operations	(36,987)	(6,351)
Cash (outflow)/ inflow from operating activities before changes in operating assets and liabilities	(65,781)	443,695
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Accounts receivable	(48,665)	341,533
Prepaid expenses	(5)	(638)
Other tax assets	6,712	(8,101)
Other assets	184	6,752
(Decrease)/increase in operating liabilities:		
Accounts payable	51,953	77,490
Other liabilities	(27,333)	7,814
Cash (outflow)/ inflow from operating activities before taxation	(82,935)	868,545
Income tax paid	(36,215)	(146,012)
Net cash (outflow)/ inflow from operating activities after taxation	(119,150)	722,533
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, equipment and intangible assets	9 (52,231)	(2,653)
Proceeds from the sale of property and equipment and intangible assets	1,320	-
Net cash outflow from investing activities	(50,911)	(2,653)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	13 (100,000)	(567,345)
Repayment of lease liabilities	10 (2,913)	(537)
Net cash outflow from financing activities	(102,913)	(567,882)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(272,974)	151,998
Effect of changes in foreign exchange rate on cash and cash equivalents	41,084	2,673
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b>7 524,284</b>	<b>369,613</b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<b>7 292,394</b>	<b>524,284</b>

On behalf of the Management of the Company:


  
**Andrey Komarkovsky**  
 General Manager  
 27 April 2021 \*  
 Almaty, Kazakhstan


  
**Evgeniya Sklyarova**  
 Chief Accountant

27 April 2021  
 Almaty, Kazakhstan

The notes to the separate financial statements on pages 9-31 form an integral part of these separate financial statements.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020

(in thousands of Kazakhstani Tenge, unless otherwise stated)

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020

(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 Company is a parent company of LLP Marsh (Risk Consulting), which is not included in the separate financial statements:

Name	Country of operation	Proportion or ownership interest/voting rights (%)		Type of operation
		2020	2019	
LLP Marsh (Risk Consulting)	Kazakhstan	99.9%	99.9%	Consulting services on risk management

As at 31 December 2020 and 2019, 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.

As at 31 December 2020 and 2019, 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.

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 2020 and 2019, accounts receivable from companies of Marsh Group amounted to 16.53% and 5.41% of the total amount of the Company's assets, respectively. For the years ended 31 December 2020 and 2019, commission income from brokerage services earned from the Marsh Group amounted to 39.2% and 74.2% 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.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

*(in thousands of Kazakhstani Tenge, unless otherwise stated)*

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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.

As at 31 December 2020 and 2019, the number of employees of the Company was 16 and 17, respectively.

These separate financial statements were authorized for issue by the Management on 27 April 2021.

## 2. Significant accounting policies

### Statement of compliance

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

These separate financial statements are the separate financial statements of the parent LLP Marsh (Insurance Brokers). The subsidiary is not consolidated in these separate financial statements. Investment in subsidiary is accounted for at cost. These separate financial statements should be read in conjunction with the consolidated financial statements which were authorized for the issue by the Management of the Company on 27 April 2021.

The consolidated financial statements that comply with IFRS have been produced for public use by LLP Marsh (Insurance Brokers), the entity incorporated under the laws of the Republic of Kazakhstan. The consolidated financial statements are available at the LLP Marsh (Insurance Brokers), registered at the following address: at Samal-2 Microdistrict, Zholdasbekova street 97, BC "Samal Tower", 11 Floor, Almaty, 050051, Republic of Kazakhstan.

These separate financial statements are presented in thousands of Kazakhstan tenge ("KZT" or "Tenge"), unless otherwise indicated. These separate 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.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

*(in thousands of Kazakhstani Tenge, unless otherwise stated)*

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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.

#### Functional currency

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

#### Going concern

For the years ended 31 December 2020 and 2019, the Company had a net loss and net profit in the amount of KZT 23,634 thousand and KZT 312,300 thousand, respectively. For the year ended 31 December 2020, net cash outflow from operating activities amounted to 119,150 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 separate 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 separate financial statements at cost less impairment loss, if any.

#### Financial instruments

The Company recognizes financial assets and liabilities on its separate 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 separate statement of profit or loss and other comprehensive income.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

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#### *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.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

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#### 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.

#### 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 separate 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 Separate Financial Statements

For the year ended 31 December 2020 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

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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.



## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

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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.

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 separate 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 separate 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.

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### Notes to the Separate Financial Statements

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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 separate 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.

#### 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 separate statement of financial position but are disclosed in the separate financial statements unless the possibility of any outflow in settlement is remote.

A contingent asset is not recognised in the separate statement of financial position but disclosed in the separate 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.

## Limited Liability Partnership Marsh (Insurance Brokers)

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#### 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 separate 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.

##### *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 separate financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. In preparing the separate 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.

# Limited Liability Partnership Marsh (Insurance Brokers)

## Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

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### Rates of exchange

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

	31 December 2020	31 December 2019
KZT/USD	420.91	382.59
KZT/EUR	516.79	429.00
KZT/GBP	574.88	503.41

## 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

In the current year, the following revised Standards and Interpretations have been adopted from January 1, 2020 but have not affected the amounts reported in these financial statements:

Amendments to IFRS 9, IFRS 7	Basic interest rate reform
Amendments to IAS 1 and IAS 8	Definition of Materiality
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The application of new standards and interpretation did not lead to the significant changes in the accounting policy of the Company affecting the reporting date of the current and the previous periods.

### 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:

Amendments to IAS 1	Classification of Liabilities as Short-Term or Long-Term
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IAS 16	Property and equipment - Proceeds before Intended Use
Amendments to IAS 37	Provisions, contingent liabilities and contingent assets - Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IAS 41, IFRS 16;	Annual Improvements to IFRS 2018–2020 cycles

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.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

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#### 4. General and administrative expenses

	Year ended 31 December 2020	Year ended 31 December 2019
Payroll expenses	249,056	329,928
Management fees for services from Parent Company	69,494	71,318
Distribution of brokerage commissions within the Marsh group	26,492	7,653
Depreciation and amortization	20,695	7,869
Professional services	19,045	36,362
Taxes, other than income tax	17,285	602
Transport services	13,525	10,120
Utilities	8,718	2,378
Office maintenance	4,896	4,097
Rent expenses	4,163	15,264
Property and responsibility insurance	3,078	2,560
Business trips	2,629	15,778
Communication services	2,386	2,473
Bank commission	1,441	1,694
Other	6,240	20,338
	<b>449,143</b>	<b>528,434</b>

#### 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 2020 and 2019, 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 2020 and 2019 are presented as follows:

	31 December 2020	31 December 2019
Accrued expenses	11,692	18,467
Right-of-use asset and lease liabilities	2,138	129
Property, equipment and intangible assets	(1,180)	(384)
Tax losses carried forward	12,239	-
<b>Net deferred tax assets</b>	<b>24,889</b>	<b>18,212</b>

## Limited Liability Partnership Marsh (Insurance Brokers)

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For the year ended 31 December 2020 (Continued)

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Relationships between tax expenses and accounting profit for the years ended 31 December 2020 and 2019 are explained as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
(Loss)/profit before income tax expense	(49,921)	443,898
Income tax at the statutory rate 20%	(9,984)	88,780
Tax effect of permanent differences	3,307	42,818
Adjustment of current income tax expense	(19,610)	-
<b>Income tax (benefit)/expense</b>	<b>(26,287)</b>	<b>131,598</b>

	Year ended 31 December 2020	Year ended 31 December 2019
Current income tax expense	-	133,629
Adjustment of current income tax expense	(19,610)	-
Deferred income tax benefit	(6,677)	(2,031)
<b>Income tax (benefit)/expense</b>	<b>(26,287)</b>	<b>131,598</b>

Movements in deferred income tax assets:

	2020	2019
Net deferred income tax assets at the beginning of the year	18,212	16,181
Deferred income tax benefit	6,677	2,031
<b>Net deferred income tax assets at the end of the year</b>	<b>24,889</b>	<b>18,212</b>

## 6. Net gain on foreign exchange operations

	31 December 2020	31 December 2019
Translation difference, net	36,987	7,128
Purchase and sale of foreign currency	(2,187)	(777)
	<b>34,800</b>	<b>6,351</b>

## 7. Cash and cash equivalents

	31 December 2020	31 December 2019
Bank current account in foreign currency	285,160	455,667
Bank current account in tenge	7,234	68,617
	<b>292,394</b>	<b>524,284</b>

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

#### 8. Accounts receivable

	31 December 2020	31 December 2019
Accounts receivable	144,067	88,549
Less allowance for expected credit losses	(686)	(254)
	<b>143,381</b>	<b>88,295</b>

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 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 2019, the gross carrying amount of 90 days past due accounts receivable and related loss allowance for expected credit losses amounted to KZT 10,102 thousand and KZT 187 thousand, respectively.

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. The Management believes this amount is fully recoverable as historically such invoices are paid in 6 to 12 months period.

As at 31 December 2019, the gross carrying amount of receivable from Marsh Group entities with 90 days past due and above, amounted to KZT 9,412 thousand.

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

	Allowance for expected credit losses on accounts receivable
<b>1 January 2019</b>	<b>1,975</b>
Recovery of expected credit losses	(1,721)
<b>31 December 2019</b>	<b>254</b>
Provision for expected credit losses	432
<b>31 December 2020</b>	<b>686</b>

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

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### 9. Property, equipment and intangible assets

	Office and Computer equipment	Vehicles	Intangible assets	Leasehold improvement	Total
<b>At initial cost</b>					
31 December 2018	35,953	22,103	2,202	-	60,258
Additions	2,653	-	-	-	2,653
Write-off at disposal	(548)	-	-	-	(548)
31 December 2019	38,058	22,103	2,202	-	62,363
Additions	5,598	-	-	46,633	52,231
Disposals	-	(6,603)	-	-	(6,603)
31 December 2020	43,656	15,500	2,202	46,633	107,991
<b>Accumulated depreciation and amortization</b>					
31 December 2018	20,742	14,379	440	-	35,561
Charge for the year	3,985	2,481	220	-	6,686
Write-off at disposal	(548)	-	-	-	(548)
31 December 2019	24,179	16,860	660	-	41,699
Charge for the year	4,748	827	221	1,943	7,739
Disposals	-	(5,283)	-	-	(5,283)
31 December 2020	28,927	12,404	881	1,943	44,155
<b>Net book value</b>					
31 December 2019	13,879	5,243	1,542	-	20,664
		:			
		:			
		:			
		:			
31 December 2020	14,729	3,096	1,321	44,690	63,836

### 10. Right-of-use assets and lease liabilities

The Company's lease agreement primarily relates to the rental of office space.

	Office
<b>Cost</b>	
1 January 2019	-
Recognition of right-of-use asset on adoption of IFRS 16	41,419
31 December 2019	41,419
Additions	75,789
Disposals	(40,882)
31 December 2020	76,326
<b>Accumulated depreciation</b>	
1 January 2019	-
Charge for the year	1,183
31 December 2019	1,183
Charge for the year	12,956
31 December 2020	14,139
<b>Net book value</b>	
31 December 2019	40,236
31 December 2020	62,187

Interest expense on lease liabilities for the years ended 31 December 2020 and 2019, amounted to KZT 6,764 thousand and KZT 850 thousand, respectively.



## Limited Liability Partnership Marsh (Insurance Brokers)

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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 2020 and 2019:

	31 December 2020	31 December 2019
<b>Minimum lease payments</b>		
Up to one year	15,489	16,651
From one year to five years	115,402	33,323
<b>Total minimum lease payments</b>	<b>130,891</b>	<b>49,974</b>
Less: the effect of discounting	(58,015)	(9,092)
<b>Present value of net minimum lease payments</b>	<b>72,876</b>	<b>40,882</b>
Net of the short-term portion	(15,345)	(15,124)
<b>Long-term lease liabilities</b>	<b>57,531</b>	<b>25,758</b>

The following are changes to lease liabilities:

	2020	2019
<b>At the beginning of the year</b>	<b>40,882</b>	-
Recognition of lease liabilities on adoption of IFRS 16	-	41,419
Additions and modifications	75,789	-
Disposals	(40,882)	-
Repayments of lease liabilities	(2,913)	(537)
Interest expense	6,764	850
Interest paid	(6,764)	(850)
<b>At the end of the year</b>	<b>72,876</b>	<b>40,882</b>

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 separate statement of cash flows.

Cash flows from lease liabilities for the year ended 31 December 2019 amounted to KZT 1,387 thousand, of which KZT 537 thousand are presented within financial activities in the separate statement of cash flows.

## 11. Accounts payable

	31 December 2020	31 December 2019
Marsh Group	143,692	80,867
Others	78	-
	<b>143,770</b>	<b>80,867</b>

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

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## 12. Other liabilities

	31 December 2020	31 December 2019
<b>Other financial liabilities:</b>		
Payables for professional services	10,752	10,752
Payables for tax consulting services	6,058	2,800
	16,810	13,552
<b>Other non-financial liabilities</b>		
Bonus accrued	40,735	69,784
Taxes payable, other than income tax	6,536	-
Advances received	663	-
Vacation reserve	256	8,997
	48,190	78,781
<b>Total other liabilities</b>	<b>65,000</b>	<b>92,333</b>

## 13. Charter capital

As at 31 December 2020 and 2019, the charter capital of the Company was approved and paid-in in the amount of KZT 233,360 thousand and KZT 202,000 thousand, respectively. The sole owner of the Company is Marsh & McLennan Companies Services B.V., incorporated in the Netherlands. In 2020, 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 2020, to the Charter Capital in the amount of KZT 31,360 thousand (2019: 192,000 thousand KZT).

During the years ended 31 December 2020 and 2019, dividends in the amount of KZT 100,000 thousand and KZT 567,345 thousand were declared and paid.

## 14. Commitments and contingencies

### Capital commitments

As at 31 December 2020 and 2019, the Company had no significant capital commitments.

### Legal proceedings

During the years ended 31 December 2020 and 2019, 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 separate financial statements.

### 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.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

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The Management of the Company believes that it has accrued all tax amounts due and therefore no allowance has been made in the separate 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. Moreover, the state of the economy is significantly influenced by government spending on major infrastructure projects and various programs of the country's socio-economic development.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization 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. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, 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 incidence of the pandemic effects on the world and Kazakhstan economy.

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:

- 1) tracking trends at the client's market activities and the health condition of their staff;
- 2) tracking the level of incidence in the labor market, and corresponding changes in the Company's activity;
- 3) preparing optimal insurance programs for clients within the framework of quarantine and its consequences;
- 4) development of insurance programs to cover risks in the event of incidence of COVID-19 and consequence of the incidence;
- 5) forecast and analysis of the foreign exchange market in relation to the local and foreign clients for changes in exchange rates, thereby controlling the inflow/ outflow of funds.

However, the Management is unable to estimate reliably the further price changes and the impact that they may have on the financial position of the Company.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

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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 2020		Year ended 31 December 2019	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
<b>Key management personnel compensation:</b>	78,131	249,056	89,597	329,928
- salaries and other short-term employee benefits	78,131		89,597	

The Company had the following balances outstanding as at 31 December 2020 and 2019, with related parties:

	31 December 2020		31 December 2019	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Accounts receivable	111,151	143,381	39,386	88,295
- entities under common control	111,151		39,386	
Accounts payable	143,692	143,770	80,867	80,867
- entities under common control	143,692		80,867	

Included in the separate statement of profit or loss and other comprehensive income for the years ended 31 December 2020 and 2019, are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2020		Year ended 31 December 2019	
	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	145,116	369,842	706,056	951,495
- entities under common control	145,116		706,056	
Other income	-	1,776	13,104	13,615
- entities under common control	-		13,104	
General and administrative expenses, less payroll expenses	95,986	200,087	78,971	198,506
- parent company	69,494		71,318	
- entities under common control	26,492		7,653	

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

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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 separate 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.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

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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 2020 and 2019, which were rated using either internationally recognized rating agency or internal rating:

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

	BBB	BBB-	Not Rated	31 December 2019 Total
Cash and cash equivalents	-	524,284	-	524,284
Accounts receivable	52,504	-	35,791	88,295

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 2020	Total
	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	
Cash and cash equivalents	292,394	-	-	-	-	-	-	292,394
Accounts receivable	63,689	20,085	33,470	26,823	-	-	(686)	143,381

	Collectively assessed financial assets						31 December 2019	Total
	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	
Cash and cash equivalents	524,284	-	-	-	-	-	-	524,284
Accounts receivable	49,003	29,444	9,412	690	-	-	(254)	88,295

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

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

	31 December 2020	31 December 2019
Gross carrying amount	144,067	88,549
Allowance for expected credit losses	(686)	(254)
Net carrying amount	<b>143,381</b>	<b>88,295</b>

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 2020 and 2019, concentration of accounts receivable of the Company outside of Kazakhstan amounted to 91.5% and 59.2%, respectively.

As at 31 December 2020 and 2019, concentration of accounts payable of the Company outside of Kazakhstan amounted to 99.99% and 100%, 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 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 2019, financial liabilities consisted of short-term payables in the amount of KZT 80,867 thousand and other financial liabilities in the amount of KZT 13,552 thousand and lease liabilities in the amount of KZT 15,124 thousand with maturity less than 12 months and KZT 25,758 thousand with maturity up to one year to five years.

As at 31 December 2020 and 2019, the Company had no significant financial commitments which may result in liquidity risk.

## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise stated)

#### 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 2020 since 2019.

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 = 420.91 KZT	EUR EUR 1 = 516.79 KZT	GBP GBP 1 = 574.88 KZT	31 December 2020 Total
<b>FINANCIAL ASSETS:</b>					
Cash and cash equivalents	7,234	282,893	2,267	-	292,394
Accounts receivable	32,009	96,694	14,678	-	143,381
<b>TOTAL FINANCIAL ASSETS</b>	<b>39,243</b>	<b>379,587</b>	<b>16,945</b>	<b>-</b>	<b>435,775</b>
<b>FINANCIAL LIABILITIES:</b>					
Accounts payable	2,948	32,870	4,741	103,211	143,770
Lease liabilities	72,876	-	-	-	72,876
Other liabilities	16,810	-	-	-	16,810
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>92,634</b>	<b>32,870</b>	<b>4,741</b>	<b>103,211</b>	<b>233,456</b>
<b>OPEN BALANCE SHEET POSITION</b>	<b>(53,391)</b>	<b>346,717</b>	<b>12,204</b>	<b>(103,211)</b>	<b>202,319</b>
	KZT	USD USD 1 = 382.59 KZT	EUR EUR 1 = 429.00 KZT	GBP GBP 1 = 503.41 KZT	31 December 2019 Total
<b>FINANCIAL ASSETS:</b>					
Cash and cash equivalents	68,617	437,945	17,722	-	524,284
Accounts receivable	35,791	36,961	15,543	-	88,295
<b>TOTAL FINANCIAL ASSETS</b>	<b>104,408</b>	<b>474,906</b>	<b>33,265</b>	<b>-</b>	<b>612,579</b>
<b>FINANCIAL LIABILITIES:</b>					
Accounts payable	-	26,840	4,326	49,701	80,867
Lease liabilities	40,882	-	-	-	40,882
Other liabilities	13,552	-	-	-	13,552
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>54,434</b>	<b>26,840</b>	<b>4,326</b>	<b>49,701</b>	<b>135,301</b>
<b>OPEN BALANCE SHEET POSITION</b>	<b>49,974</b>	<b>448,066</b>	<b>28,939</b>	<b>(49,701)</b>	<b>477,278</b>



## Limited Liability Partnership Marsh (Insurance Brokers)

### Notes to the Separate Financial Statements

For the year ended 31 December 2020 (Continued)

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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 2020 and 2019, for +20%/-20% change in foreign currency rates, respectively.

	31 December 2020		December 2019	
	KZT/USD +20%	KZT/USD -20%	KZT/USD +20%	KZT/USD -20%
Impact on profit or loss and partner's equity	69,343	(69,343)	89,613	(89,613)

	31 December 2020		31 December 2019	
	KZT/EUR +20%	KZT/EUR -20%	KZT/EUR +20%	KZT/EUR -20%
Impact on profit or loss and partner's equity	2,441	(2,441)	5,788	(5,788)

	31 December 2020		31 December 2019	
	KZT/GBP +20%	KZT/GBP -20%	KZT/GBP +20%	KZT/GBP -20%
Impact on profit or loss and partner's equity	(20,642)	20,642	(9,940)	9,940

#### 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

Based on the Resolution of the General Meeting of the only participant of LLP Marsh (Insurance Brokers) LLP Marsh & McLennan Companies Services BV, , the management of the company started the reorganization process by merging its subsidiary LLP Marsh (Risk Consulting) to the parent company LLP Marsh (Insurance Brokers) in order to combine the assets of the companies to improve business profitability, increase competitiveness in the market and improve management efficiency. At this stage, the company conducts all relevant activities in accordance with the internal policy of MarshMcLennan and the Legislation of the Republic of Kazakhstan. The Management of the Company is planning to finish the reorganization process by the end of the year.