

**LIMITED LIABILITY COMPANY  
INSURANCE ORGANIZATION  
"BOVARI"**

**Audit of financial statements**  
For the year ended 31 December 2017

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

Management of LLC IO Bovari (hereinafter – “the Organization”) is responsible for the preparation of the financial statements that present fairly the financial position of the Organization as at 31 December 2017, and the results of its operations, cash flows and changes in shareholder’s equity for the year then ended, 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Organization's financial position and financial performance;
- making an assessment of the Organization'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 Organization;
- maintaining adequate accounting records that are sufficient to show and explain the Organization's transactions and disclose with reasonable accuracy at any time the financial position of the Organization, and which enable them to ensure that the financial statements of the Organization comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of the Republic of Tajikistan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Organization; and
- detecting and preventing fraud and other irregularities.

The financial statements of the Organization for the year ended 31 December 2017 were approved by management on “\_\_\_” \_\_\_\_\_ 2018.

**On behalf of the Management:**

  
\_\_\_\_\_  
**Daler Juraev**  
*General Director*

  
\_\_\_\_\_  
**Malika Rahimova**  
*Chief Accountant*

## **INDEPENDENT AUDITORS' REPORT**

### **TO SHAREHOLDERS OF LLC IO BOVARY**

We were engaged to audit the accompanying financial statements of LLC Insurance Organization "Bovari" ("the Organization"), which comprise of the following statements:

1. statement of financial position as at 31 December 2017
2. statement of profit and loss
3. statement of changes in equity
4. cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information

### **MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing and current legislation of Republic of Tajikistan. These standards require us to conduct audit in accordance to auditors ethical code and our objectives are to obtain reasonable assurance about whether the special purpose project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion

### **AUDIT OPINION**

In our opinion, the statements represented and approved by management of Organization, and what we have received from management of Organization is sufficient for provide our audit opinion. Therefore, we approve the statement represented by management for the year ended December 31, 2017

**LLC «Tajik Audit Consulting»**

NBT license No. 278 dated November 20, 2013

Registration certificate No. 0000020

16/1221 S. Sherozi str, Dushanbe, Republic of Tajikistan,

Director

Karimov V. A.



*LLC Tajik Audit Consulting is an independent firm in association with Moore Stephens International Limited, members in principal cities throughout the world*



**STATEMENT OF FINANCIAL POSITION**  
For the year ended December 31, 2017

	Notes	31 December 2017	31 December 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		0	0
Cash in bank account	3.1	2 414 219	1 419 676
Non-material assets	3.4	5 650	5 650
Deposit account	3.2	500 000	102 626
Prepaid tax	3.5	23 760	2
Reinsurance share of reserves for unearned premiums	3.3	1 913 228	1 405 663,73
Other receivables	3.6	9 867	0
<b>Total current assets</b>		<b>4 866 725</b>	<b>2 933 617</b>
<b>Long term assets</b>			
Buildings and equipment		0,00	0,00
Other fixed asset	3.4	12 142	14 750
<b>Total long term assets</b>		<b>12 142</b>	<b>14 750</b>
<b>TOTAL ASSETS</b>		<b>4 878 867</b>	<b>2 948 367</b>
<b>LIABILITIES</b>			
Short-term accrued liabilities	3.7	2 205 863	1 472 458
Salary payable	3.8	1	7
Taxes payable	3.9	15 480	21 907
Dividends payable	3.10	1	1
Reinsurance fees to be paid	3.11	1 730 332	657 175
Liabilities in front of shareholders	3.12	0,00	10 000
<b>Total liabilities</b>		<b>3 951 677</b>	<b>2 161 547</b>
<b>EQUITY</b>			
Charter Capital	3.13	500 000	500 000
Other additional capital		—	—
Retained earning	3.14	412 890	279 720
Reserved capital	3.15	14 300	7100
<b>TOTAL EQUITY</b>		<b>927 190</b>	<b>786 820</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 878 867</b>	<b>2 948 367</b>

On behalf of the Management:

  
\_\_\_\_\_  
Juraev D.  
General Director

  
\_\_\_\_\_  
Rahimova M.  
Chief Accountant

**STATEMENT OF PROFIT OR LOSS**

For the year ended December 31, 2017

	Notes	31 December 2017	31 December 2016
Written insurance premiums	4.1	16 728 554	10 555 861
Written insurance premiums ceded to reinsurers	4.3	14 799 952	9 445 188
<b>Gross insurance premium revenue</b>		<b>1 928 602</b>	<b>1 110 673</b>
Changes in reserves for unearned premiums	3.5	733 406	1 123 080
Changes in reinsurers shares on reserves for unearned premiums	3.3	507 564	1 082 564
<b>Net insurance revenue</b>		<b>1 702 762</b>	<b>1 070 157</b>
Insurance claims paid		0,00	0,00
Reinsurers share of claim payments		0,00	0,00
<b>Net claims payments</b>		<b>0,00</b>	<b>0,00</b>
Commission income in accordance to contracts		0,00	0,00
Commission expenses		0,00	0,00
<b>Net Commission income</b>		<b>0,00</b>	<b>0,00</b>
Operating income	4.4	1 260 629	768 227
<b>Underwriting profit before other income, expenses and taxation</b>		<b>442 133</b>	<b>301 930</b>
Income from investment		0,00	0,00
Profit / (loss) from operations with foreign currencies	4.2	74 449	2 791
Profit/(Loss) on disposal of property, plant and equipment's		0,00	0,00
Other income	4.2	90 831	79 552
<b>Profit before taxation</b>		<b>607 412</b>	<b>384 273</b>
Income tax	4.5	167 286	105 559
<b>Profit of the year</b>		<b>440 126</b>	<b>278 714</b>

On behalf of the Management:

  
 \_\_\_\_\_  
 Juraev D  
 General Director

  
 \_\_\_\_\_  
 Rahimova M.  
 Chief Accountant

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended December 31, 2017

	Charter Capital	Reserves	Retained earnings	Additional Capital	Total
<b>Balance at January 1, 2016</b>	500 000	7100	142 912	x	650 012
Profit (loss) for the year	x	x	278 714	x	278 714
Dividends	x	x	141 906	x	141 906
<b>Balance at December 31, 2016</b>	500 000	7100	279 720	x	786 820
Profit (loss) for the year	x	x	440 126	x	440 126
Reserves	x	7 200	x	x	7 200
Dividends		x	306 956	x	306 956
<b>Balance at December 31, 2017</b>	500 000	14 300	412 890	x	927 190

On behalf of the Management:



\_\_\_\_\_  
Juraev D  
General Director



\_\_\_\_\_  
Rahmatova M.  
Chief Accountant



**CASH FLOW STATEMENT**  
For the year ended December 31, 2017

December 31, 2017

**CASH FLOWS FROM OPERATING ACTIVITY:**

Sales proceeds	16 728 554
Other income from operations	90 831
<b>TOTAL CASH INFLOW FROM OPERATING ACTIVITY</b>	<b>16 819 385</b>

Cost of sales	0
Payroll and social tax	100 075
Payment for services	112 297
Interest payment	0
Income tax payment	167 286
Other taxes payment	983 946
Other operating payments	14 535 886

<b>TOTAL CASH OUTFLOW FROM OPERATING ACTIVITY</b>	<b>15 899 490</b>
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<b>CASH OUTFLOW FROM OPERATING ACTIVITY</b>	<b>15 899 490</b>
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<b>TOTAL CASH FLOW FROM INVESTING ACTIVITY:</b>	<b>0</b>
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Cash changes in operation for investment	0
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<b>NET CASH OUTFLOW FROM INVESTING ACTIVITY</b>	<b>0</b>
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<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>0</b>
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Proceeds from borrowings	0
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Repayment of borrowings	0
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<b>NET CASH INFLOW FROM FINANCING ACTIVITY</b>	<b>0</b>
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Effect of exchange rate changes on the balance of cash held in foreign currencies	74 649
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<b>CASH AND CASH EQUIVALENTS at beginning of the year</b>	<b>1 419 676</b>
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<b>CASH AND CASH EQUIVALENTS at the end of the year</b>	<b>2 414 219</b>
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On behalf of the Management:

  
\_\_\_\_\_  
Juraev D.  
General Director

  
\_\_\_\_\_  
Rahimova M.  
Chief Accountant



## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Limited Liability Company Insurance Organization "Bovary" (hereinafter the "Organization") was registered in the Tax Committee of the Republic of Tajikistan on 29 September 2014. The Organization carry out its activity in the Republic of Tajikistan. The Company is a limited liability company and was established in accordance with the legislation of the Republic of Tajikistan.

The shareholders of the Organization are citizens of Republic of Tajikistan:

Haydarova Nazira Sirojovna

Abdurahmonova Zarina Shuhratovna

Organization's execution board is General Director

Juraev Daler

Organization's address:

Republic of Tajikistan, Dushanbe, Foteh Niyozhi 36, second floor.

Ultimate control of the Company is carried out by Ministry of Finance of Republic of Tajikistan.

Property of the Company was formed from the equal part of the shareholders input and as of December 31, 2017 it is consist of only money.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Financial statements have been prepared in accordance to requirements of International Standards of Financial Reporting.

#### 2.1. Financial statements

Financial statements of the Organizations are consisting of the following statements:

- Statement of financial position;
- Statement of profit or loss;
- Statement of changes in equity;

- Cash flow statement;
- Notes to financial statements

Statement period of the Organization is January 1st – December 31. Significant accounts of financial statements are classified and non-significant accounts had been grouped.

## 2.2. Currency of the statements

In presentation of the its financial statements, Organization has used national currency of Republic of Tajikistan – somoni. Exchange rate of foreign currencies as at December 31, 2017 is as follow:

	December 31, 2017	December 31, 2016
1 USD	8,8190	7,8762
1 EUR	10,5766	8,3070

## 3. NOTES TO STATEMENT OF FINANCIAL POSITION

### Revenue recognition

Revenue is recognized only if inflow of economic benefits to the Organization is probable, and if revenue can be reliably measured, despite of the timing of cash proceeds. The revenue is measured at fair value of the consideration received or receivable, in accordance with contractual terms of payments. Revenue of the Organization is from its main activity – revenue from insurance premiums, commission from the insurance premiums ceded to reinsurance and also from non-operational activities.

### Insurance sales

Insurance sales revenue is recognised when inflow of the insurance premiums are probable. The invoicing/billing is done based terms of payments of each contract. Insurance sales revenue is recognized in the financial statements in accrual basis of accounting and invoicing is done based on payment terms of contracts.

### 3.1. Cash in current bank account

The Organization has its current bank accounts in USD, EUR and TJS at First Micro-finance bank.

Current bank accounts	As of December 31, 2017	As of December 31, 2016
Account in national currency	103 697	526 817
Account in USD	2 297 586	882 698
Account in EUR	12 937	10 160
<b>Total in TJS</b>	<b>2 414 219</b>	<b>1 419 676</b>

Remaining balance of the cash in bank account as at December 31, 2017 according to presented information by the Bank, it has 2 414 219 TJS.

### 3.2. Deposit/Saving account

Deposit account	2017	2016
Balance at the beginning of the period	102 626	630 132
Additions to account	397 374	130 000
Deduction from deposit account	–	657 506
<b>Balance at the end of the period</b>	<b>500 000</b>	<b>102 626</b>

At the beginning of the reporting period it had remaining balance of 102 626. During the year organization transferred 370.000 to its current account and amount held in USD valued additional 27 374 somoni. Remaining balance of the saving account as at December 31, 2017 is 500 000 somoni.

### 3.3. Reinsurance's share on reserves for unearned premiums

According to Decree of Government of Republic of Tajikistan No.94 dated February 28, 2015 on methods of creating and contribution to the reserve funds for unearned premiums, Organization has created reserve fund for unearned premiums and contributed amount to the fund as required.

Changes in reinsurance's share on reserves for unearned premiums account	Amount
Balance as at January 1, 2017	1 405 664
Reinsurance shares in reserves for unearned premiums during the reporting period	507 564
<b>Balance at December 31, 2017</b>	<b>1 913 228</b>

Shares of reinsurance on the reserved funds as at December 31, 2017 is 1 913 228 somoni.

### 3.4. Fixed and other assets

Fixed asset account	Amount
Balance at January 1, 2017	14 750
Fixed assets depreciation in reporting period	2 608
<b>Balance at December 31, 2017</b>	<b>12 142</b>

In assets side of the Organization's statement of financial position also nonmaterial assets for total of 5 650 somoni is recorded.

### 3.5. Prepaid taxes

Structure of prepaid tax account	Amount
Social tax (25%)	2
Corporate income tax	7 375
Personal income tax	1
Taxes withheld from source of payment for amounts sent for reinsurance purposes (6%)	16 383
Simplified tax of previous years	1
<b>Total prepaid taxes</b>	<b>23 706</b>



### 3.6. Other account receivable

In reporting period for the needs of Organization some amount transferred to accountable person's accounts. Remaining balance of the account as of December 31, 2017 is 9 867.

Other account receivable	Amount
Account receivable at the beginning of the reporting period	0,00
Changes in account during the reporting period	9 867
<b>Balance at the end of the period</b>	<b>9 867</b>

### Liabilities and shareholder's equity

The organizations liabilities on the reporting period are liabilities in front of the shareholders, accrued liabilities for the amounts that need to be transferred based on the contracts for reinsurance and taxes payable.

### 3.7. Reserves for unearned premiums

According to Decree of Government of Republic of Tajikistan No.94 dated February 28, 2015 on methods of creating and contribution to the reserve funds for unearned premiums, Organization has created reserve fund for unearned premiums and contributed amount to the fund as required. Based on requirements of the mentioned Government's Decree and requirements of clause 116 of the tax code of RT, created reserves should not exceed 35 percent of the total received insurance premiums.

Reserves for unearned premiums	Amount
Balance at the beginning of the period	1 472 458
Reserves for unearned premiums created during the reporting period	733 405
<b>Balance at December 31, 2017</b>	<b>2 205 863</b>

Total amount of the reserve created does not exceed required amount set in accordance to decree of the government of RT.

### 3.8. Salary

Salary payable	2017	2016
Balance at the beginning of the period	7	33
Accrued liabilities	80 060	45723
Paid during the reporting period	80 065	45749
<b>Balance at the end of the period</b>	<b>1</b>	<b>7</b>

### 3.9. Tax liabilities

Taxes payable	2017	2016
Balance at the beginning of the reporting period	21 907	1 472
Changes in account during the period	(-6 427)	+20 435
<b>Balance at the end of the period</b>	<b>15 480</b>	<b>21 907</b>

### 3.10. Dividends payable

Dividends payable account	2017	2016
Balance at the end of the period	1	—
Accrued dividend liabilities	306 996	141 906
Paid dividends	306 996	141 905
<b>Balance at the end of the period</b>	<b>1</b>	<b>1</b>

### 3.11. Amount payable to reinsurers

Account for amount payable reinsurers	2017	2016
Balance at the beginning of the period	657 175	—
Accrued liabilities in front of reinsurers	14 799 952	9 445 188
Amount paid to reinsurers	13 736 795	8 788 013
<b>Balance at the end of the period</b>	<b>1 730 332</b>	<b>657 175</b>

### 3.12. Liabilities in front of shareholders

Liabilities in front of shareholders	2017	2016
Balance at the beginning of the period	10 000	10 000
Accrued liabilities during the period	—	—
Paid liabilities during the period	10 000	—
<b>Balance at the end of the period</b>	<b>—</b>	<b>10 000</b>

### 3.13. Charter capital

Charter capital account	Amount
Balance at the beginning of the period	500 000
Changes during the reporting period	—
<b>Balance at the end of the period</b>	<b>500 000</b>

### 3.12. Retained earnings

Retained earnings account	Amount
Balance at the beginning of the period	279 720
Retained earnings of the reporting period	440 126
Payment of dividends and related taxes	306 956
<b>Balance at the end of the period</b>	<b>412 980</b>

### 3.13 Reserves for preventive measures

According to Decree of Government of Republic of Tajikistan No.94 dated February 28, 2015 on methods of creating and contribution to the reserve funds for unearned premiums, Organization has created reserve fund for preventive measures, that does not exceeds required 3% limits from total received premiums.

Account for reserves for preventive measures	Amount
Balance at the beginning of the period	7 100
Changes in account during the period	7 200
<b>Balance at the end of the period</b>	<b>14 300</b>

## 4. NOTES TO STATEMENT OF PROFIT OR LOSS

### 4.1. Insurance income

In reporting period of 2017 insurance income are as follow:

Income per quarter	In somoni	In USD	In EUR	Total in TJS
First quarter	720 604	-	-	720 604
Second quarter	5 989 374	174 978	-	6 164 352
Third quarter	5 271 696	-	-	5 271 696
Fourth quarter	4 571 903	-	-	4 571 903
<b>In reporting period</b>				<b>16 728 554</b>

### 4.2. Other income

The Organization has received interest income from the amount that it deposited to its saving account. In the reporting period total amount of received interest income is equal to 71 872. Interest income deposited to the Organization's current bank account on monthly basis.



#### 4.3. Expenses for reinsurance

Payments	Total in TJS
First quarter	1 041 587
Second quarter	4 748 743
Third quarter	5 306 833
Fourth quarter	2 629 632
<b>In reporting period</b>	<b>13 726 795</b>

In addition total of 1 730 332 TJS has accrued amount to be paid. According the accrual basis of accounting, this amount was counted as expenses of the current reporting period. Therefore, total amount of expenses for reinsurance in reporting period is 14 799 952 somoni.

#### 4.4 Expenses

No	Type of expenses	Amount
1.	Expenses for taxes withheld from the source of payment	823 608
2.	Reserves for preventive measures	7 200
3.	Depreciation of fixed assets	2 608
4.	Road tax paid	160 339
5.	Salary and related taxes	100 075
6.	Total office expenses	54 503
7.	Service expenses	112 297
	<b>Total</b>	<b>1 260 629</b>

#### 4.5. Organization's income tax

As per tax code of the Republic of Tajikistan, tax rate for 2017 is 23 percent of income before taxes, however this amount should not be less that 1 percent of total income.

Retained earnings	Amount
Organizations total income in reporting period	16 728 554
Income tax rate	1%
<b>Income tax for the reporting period</b>	<b>167 286</b>

#### 5. SUBSEQUENT EVENTS

There were no significant events subsequent to 31 December 2017.