

# **Tengri Partners Investment Banking (Kazakhstan) JSC**

## **Financial statements**

for the year ended 31 December 2022  
prepared in accordance with IFRSs

Almaty 2023

## CONTENTS

### Independent auditors' report

### Financial statements

Statement of profit or loss and other comprehensive income .....	1
Statement of financial position.....	2
Statement of cash flows .....	3
Statement of changes in equity .....	4

### Notes to the financial statements and significant accounting policies

1. General information .....	5
2. Basis of preparation .....	5
3. Service and commission income .....	7
4. Service and commission costs .....	7
5. Finance income .....	7
6. Operating expenses.....	7
7. Other operating income, net .....	8
8. Income tax .....	8
9. Cash .....	9
10. Repo receivables .....	9
11. Investment securities measured at fair value .....	9
12. Trade and other receivables .....	9
13. Loans issued.....	9
14. Advances paid and other current assets .....	10
15. Property, plant and equipment.....	10
16. Other taxes payable.....	11
17. Trade and other payables .....	11
18. Lease .....	11
19. Equity.....	11
20. Financial risk management objectives and policies .....	12
21. Commitments and contingencies.....	15
22. Related party disclosures .....	16
23. Significant accounting policies.....	17
24. Events after the reporting period .....	20

**INDEPENDENT AUDITORS' REPORT**

To: Owners of Tengri Partners Investment Banking (Kazakhstan) JSC

***Qualified Opinion***

We have audited the accompanying financial statements of Tengri Partners Investment Banking (Kazakhstan) JSC (hereinafter – the “Company”), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

***Basis for Qualified Opinion***

As indicated in note 18, the Company considered practical expedients of IFRS 16 “Leases” and accounts for the leased office premises as a short-term. Nevertheless, IFRS 16 requires determining duration of leases consistent with determining lease term. Due to the limited scope of our audit of management’s estimates of the lease, we were unable to determine whether any adjustments were necessary for the right-of-use asset and lease liabilities as at 31 December 2022 (2021: not determined).

We conducted our audit in accordance with International Standards on Auditing (hereinafter – “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 (hereinafter – “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for qualified opinion.

***An important circumstance is the consolidated financial statements presented separately***

The company is the parent company of Tengri Partners Financial Advisory LLP (Kazakhstan) and TP Residential Mortgage Securities Corporation (Kazakhstan) SFC LLP. The consolidated financial statements of the Company and its subsidiaries prepared in accordance with IFRS have been issued separately. We have audited the consolidated financial statements of the Company and its subsidiaries as at 31 December 2022 and expressed a qualified opinion on them in our audit report dated 27 March 2023.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



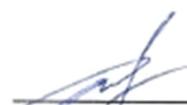
*Auditors' Responsibilities for the Audit of the Financial Statements, continued*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Approve

  
Vasily NIKITIN  
Auditor, audit certificate No. 0008507  
dated 8 February 2001  
Managing partner  
Moore Kazakhstan LLP  
27 March 2023



  
Aidar Aitov  
Audit partner



General licence No. 22011362 for audit activity issued 16 June 2022 by Ministry of Finance of the Republic of Kazakhstan

**Tengri Partners Investment Banking (Kazakhstan) JSC**  
**Statement of profit or loss and other comprehensive income**  
for the year ended 31 December 2022

KZT'000 (unless otherwise stated)	Note	2022	2021
Service and commission income	3	590,713	129,811
Service and commission costs	4	(398)	(234)
<b>Gross profit</b>		<b>590,315</b>	<b>129,577</b>
Finance income	5	173,481	13,781
Operating expenses	6	(597,683)	(533,482)
Other operating income	7	1,249	1,493
Foreign exchange loss		(3,315)	(717)
<b>Profit (loss) before taxation</b>		<b>164,047</b>	<b>(389,348)</b>
Income tax expense	8(a)	–	(4,438)
<b>Profit (loss) for the year</b>		<b>164,047</b>	<b>(393,786)</b>
Other comprehensive income		–	–
<b>Total comprehensive income (expense) for the year</b>		<b>164,047</b>	<b>(393,786)</b>
Basic and diluted earnings (loss) per share, KZT	19(b)	75	(209)

These financial statements have been approved for issue on 27 March 2023 and signed on behalf of the Company's management by:

 <hr/> <b>Ilya Chakalidi</b> Chairman of the Management Board Tengri Partners Investment Banking (Kazakhstan) JSC	 <hr/> <b>Aigul Tatybayeva</b> Chief accountant Tengri Partners Investment Banking (Kazakhstan) JSC
---	---



**Tengri Partners Investment Banking (Kazakhstan) JSC**  
**Statement of financial position**  
as at 31 December 2022

KZT'000 (unless otherwise stated)	Note	2022	2021
<b>ASSETS</b>			
Cash	9	5,081	8,362
Repo receivables	10	18,011	8,005
Investment securities measured at fair value through profit or loss	11(a)	691,898	555,203
Investment securities measured at fair value through other comprehensive income	11(b)	200	200
Investment in subsidiaries	11(c)	800	800
Trade and other receivables	12	118,271	20,541
Loans issued	13	72,120	–
Advances paid and other current assets	14	42,167	15,945
Property, plant and equipment	15	16,493	17,662
<b>TOTAL ASSETS</b>		<b>965,041</b>	<b>626,718</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Other taxes payable	16	15,435	6,853
Trade and other payables	17	53,191	61,822
		68,626	68,675
<b>Equity</b>			
Share capital	19(a)	2,256,804	2,082,479
Accumulated losses		(1,360,389)	(1,524,436)
		896,415	558,043
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>965,041</b>	<b>626,718</b>
Book value of share, KZT	19(c)	364	270

**Tengri Partners Investment Banking (Kazakhstan) JSC**  
**Statement of cash flows**  
for the year ended 31 December 2022

KZT'000	Note	2022	2021
<b>OPERATING ACTIVITIES</b>			
Profit (loss) before taxation		164,047	(389,348)
Adjustments for:			
Finance income	5	(173,481)	(13,781)
Depreciation and amortisation	6	7,959	8,447
Impairment losses	7	1,665	10,314
Loss on disposal of property, plant and equipment		677	–
Unrealised foreign exchange loss		349	315
Operating cash flows before changes in working capital		1,216	(384,053)
(Increase) decrease in advances paid and other current assets		(26,184)	10,424
Increase in trade and other receivables		(99,434)	(6,750)
Decrease in repo receivables, net		(10,006)	21,003
Increase (decrease) in other taxes payable		8,582	(1,777)
(Decrease) increase in trade and other payables		(8,631)	18,975
Cash flows from operations before interest and income tax paid		(134,457)	(342,178)
Interest received		720	1,711
Income tax paid		–	–
<b>Net cash used in operating activities</b>		<b>(133,737)</b>	<b>(340,467)</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	15	(7,467)	(7,323)
Proceeds from sale of investments		36,066	–
Loans issued	13	(143,120)	–
Repayment of loans issued	13	71,000	–
Contribution to authorised capital of subsidiary		–	(300)
<b>Net cash used in investing activities</b>		<b>(43,521)</b>	<b>(7,623)</b>
<b>FINANCING ACTIVITIES</b>			
Contributions to share capital	19(a)	174,325	345,000
<b>Net cash from financing activities</b>		<b>174,325</b>	<b>345,000</b>
Net decrease in cash		(2,933)	(3,090)
Effect of exchange rate changes on cash		(348)	(315)
Cash at the beginning of the year		8,362	11,767
<b>Cash at the end of the year</b>	9	<b>5,081</b>	<b>8,362</b>

**Non-cash transactions**

In 2022, the Company revalued investment securities measured at fair value through profit or loss for the amount of KZT 169,843 thousand (2021: 12,070 thousand) (see note 5).

**Tengri Partners Investment Banking (Kazakhstan) JSC**  
**Statement of changes in equity**  
**for the year ended 31 December 2022**

KZT'000	Note	Share capital	Accumulated losses	Total
<b>At 1 January 2021</b>		<b>1,737,479</b>	<b>(1,130,650)</b>	<b>606,829</b>
Loss for the year		–	(393,786)	(393,786)
Issue of shares	19(a)	345,000	–	345,000
<b>At 31 December 2021</b>		<b>2,082,479</b>	<b>(1,524,436)</b>	<b>558,043</b>
Profit for the year		–	164,047	164,047
Issue of shares	19(a)	174,325	–	174,325
<b>At 31 December 2022</b>		<b>2,256,804</b>	<b>(1,360,389)</b>	<b>896,415</b>

## **1. General information**

### **(a) Organisation and operation**

Tengri Partners Investment Banking (Kazakhstan) JSC (hereinafter – the “Company”) is a joint stock company incorporated in Kazakhstan. Its owners are Tengri Partners (Kazakhstan) LLP and Private Company ASP CAPITAL RK LIMITED (see note 19). Its ultimate controlling parties are a resident of the Kingdom of the Netherlands and a resident of the Republic of Kazakhstan, each of which ultimately owns 50% of the Company.

The Company’s registered office and principal place of business is office 705, 17 al-Farabi Ave., Building 4b, Almaty, 050059, Kazakhstan.

The main activities of the Company are:

- broker, dealer and other activities related to the securities market;
- investment consulting;
- analytical research.

The Company has the following licenses:

- No. 3.1.1.244 dated 17-Nov-2020 for carrying out activities in the securities market, namely brokerage and dealer activities with the right to maintain accounts as a nominal holder;
- No. 4.3.14 dated 22- Feb-2021 for conducting exchange transactions with foreign currency, with the exception of exchange transactions with foreign currency in cash.

As at 31 December 2022, the Company had 35 employees (2021: 35 employees).

The Company has a branch (hereinafter – the “Branch”) in the Astana International Financial Centre (hereinafter – the “AIFC”) registered on 17 January 2020 in accordance with the AIFC rules.

The main activities of the Branch on AIFC are:

- broker, dealer and market making services;
- nominal holding and underwriting services;
- financial consulting.

The Branch’s registered office is working space No. 125, 55/21 Mangilik El Avenue, Building C4.2, Nur-Sultan, Kazakhstan.

As at 31 December 2022, the Branch had 3 employees (2021: 3 employees).

### **(b) Kazakhstan business environment**

The Company’s operations are primarily located in Kazakhstan. Consequently, the Company is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The financial statements include management’s estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Company. Future economic conditions can differ from those estimates.

## **2. Basis of preparation**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) as issued by the International Accounting Standards Board (hereinafter – “IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter – “IFRIC”) of the IASB.

### **(b) Going concern**

These financial statements have been prepared on a going concern basis.

Recently, the Company performed a number of changes and has shown a relatively stable positive trend in profitability in recent years. As a result, the Company’s fortunes will largely depend on maintaining this dynamic in the future. Management believes that it is making sufficient efforts to implement these plans and believes that the Company’s sufficient working capital and owner support provide sufficient assurance to meet its expected cash requirements.

## **2. Basis of preparation, continued**

After making appropriate enquiries, and having considered the forecast prices for the Company's services, the level of sales, repayment of debt and capital obligations, as well as assessing possible adverse operational impacts such as lower prices for services provided, increased operating costs, management reasonably believes that the Company has sufficient resources to continue operating in the foreseeable future. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### **(c) Basis of accounting**

The financial statements have been prepared on a historical cost basis, except for security investments that have been measured at fair value in accordance with IFRS 9 Financial instruments" (see note 11(a) and 11(b)).

### **(d) Functional and presentation currency**

The national currency of the Republic of Kazakhstan is the Kazakhstan tenge (hereinafter – "tenge" or "KZT"), which is the functional currency of the Company and the currency in which these financial statements are presented. All financial information presented in tenge has been rounded to the nearest thousand (hereinafter – "KZT'000" or "KZT thousand").

### **(e) Adoption of standards and interpretations**

In preparing the financial statements, the Company has applied the following standards and amendments effective from 1 January 2022:

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements (2018-2020 Cycle).

The standards and amendments listed above did not have a material impact on these financial statements.

### **(f) New standards and interpretations not yet adopted**

The Company has not early adopted new standards, interpretations or amendments that were issued but are not yet entered into force, and their requirements have not been considered when preparing the financial statements. These standards and interpretations are not expected to have a material impact on these financial statements.

### **(g) Use of estimates and judgments**

The Company's management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Judgements are based on management's best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments made by management for preparation of these financial statements is described in the notes below. However, management does not expect a significant risk of a material change to the Company's carrying value of the assets and liabilities affected by these factors in the next 12 months, within a reasonably possible range, unless described otherwise.

- Note 8 – Income tax. Management made estimates in relation to the level of taxes payable which may then be audited by the tax authorities and timing of realisation of temporary differences;
- Note 11 – Investment securities measured at fair value. Estimates were made in measurement of the fair values of the investment securities;
- Note 12 – Trade and other receivables. Management made estimates in relation to the allowance for expected credit losses;
- Note 13 – Loans issued. Management made estimates in relation to fair value of borrowings based on market interest rates for loans and the allowance for expected credit losses;
- Note 14– Advances paid and other current assets. Management made estimates in relation to the allowance for doubtful assets;
- Note 15 – Property, plant and equipment. Estimates were made in relation to the useful lives of assets;
- Note 20 – Financial risk management objectives and policies. Fair value analysis is based on estimated future cash flows and discount rates;

## 2. Basis of preparation, continued

- Note 21 – Commitments and contingencies. These require management to make estimates as to amounts payable and to determine the likelihood of cash outflows in the future.

### (h) Segment information

Information provided to the Company's management for the purposes of planning and performance assessment is prepared in accordance with the operational structure of the Company. For management and operational purposes, the Company is considered as one business segment, according to the nature of operations, end-products and services rendered.

### (i) Comparative information

Where a change in the presentation format of the financial statements has been made during the year, comparative figures have been restated accordingly, to conform with the new presentation format.

## 3. Service and commission income

KZT'000	2022	2021
Brokerage and nominal holding	460,667	33,920
Underwriting	103,447	95,891
Financial consultant services	26,599	–
	<b>590,713</b>	<b>129,811</b>

The Company provides all its services under prior concluded short-term and long-term contracts. The terms of the contracts vary depending on the subject of the contract and could be fixed price or with repayment of related costs incurred (in particular, brokerage services).

The Company provides its services over a period of time, as the buyer simultaneously receives and consumes the benefits as the Company renders them. The Company issues invoices a monthly basis.

## 4. Service and commission costs

KZT'000	2022	2021
Stock exchange services	192	17
Other professional services	206	217
	<b>398</b>	<b>234</b>

## 5. Finance income

KZT'000	2022	2021
Income from revaluation of investment securities	169,843	12,070
Income from the sale of securities	2,918	–
Interest income on repo transactions, net	720	1,711
	<b>173,481</b>	<b>13,781</b>

## 6. Operating expenses

KZT'000	2022	2021
Employee salaries	336,639	292,650
Professional services	57,982	28,049
IT services and maintenance of software	50,443	50,634
Taxes and payments to the budget	36,118	28,660
Rental and maintenance of property, plant and equipment	30,036	32,478
Advertising and attracting customers	13,590	45,738
Depreciation and amortisation	7,959	8,447
Representation and business travel	6,610	1,481
Communication	6,252	6,026
Other	52,054	39,319
	<b>597,683</b>	<b>533,482</b>

**7. Other operating income, net**

KZT'000	2022	2021
Impairment losses	(1,665)	(10,314)
Provision of services	1,699	5,544
Other	1,215	6,263
	<b>1,249</b>	<b>1,493</b>

**8. Income tax**

**(a) Income tax expense**

The major components of income tax expense are as follows:

KZT'000	2022	2021
Corporate income tax	–	–
Origination and reversal of temporary differences	–	4,438
<b>Income tax expense</b>	<b>–</b>	<b>4,438</b>

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory rate to income tax expense at the effective tax rate is as follows:

KZT'000	2022	2021
<b>Profit (loss) before taxation</b>	<b>164,047</b>	<b>(389,348)</b>
Income tax rate	20.0%	20.0%
At statutory income tax rate	32,809	(77,870)
Change unrecognised deferred tax assets	(13,854)	91,410
Non-taxable income	(18,955)	(9,102)
<b>Income tax expense</b>	<b>–</b>	<b>4,438</b>
Effective income tax rate	0.0%	-1.1%

**(b) Deferred tax asset**

The amounts of deferred tax assets are as follows:

KZT'000	2022	2021
Property, plant and equipment	1,485	1,425
Trade and other receivables	1,408	1,028
Vacations accrued	3,518	3,262
Taxes payable	3,087	446
Tax losses carried forward	270,236	287,427
	279,734	293,588
Unrecognised tax assets	(279,734)	(293,588)
	–	–

Movement in deferred tax asset is as follows:

KZT'000	2022	2021
At 1 January	–	4,438
Charged to profit or loss	–	(4,438)
<b>At 31 December</b>	<b>–</b>	<b>–</b>

**(c) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items, because of uncertainty whether sufficient future taxable profit will be available to the Company to allow the deferred tax assets to be recovered.

Tax losses can be utilised against future taxable profits within the statute of limitations period, which is currently 10 years.

## 9. Cash

Cash includes balances on current bank accounts in the amount of KZT 5,081 thousand (2021: KZT 8,362 thousand).

## 10. Repo receivables

As at 31 December 2022, there were outstanding reverse repurchase agreements (repo) between the Company and Kazakhstan Stock Exchange JSC in the amount of KZT 18,011 thousand (2021: KZT 8,005 thousand). These agreements were secured by securities included in the pool of securities of international financial organizations with the yield on operations was 17.74% per annum (2021: 10.75%) and maturing in January 2023 (2021: January 2022).

## 11. Investment securities measured at fair value

### (a) Investment securities measured at fair value through profit or loss

Investment securities measured at fair value through profit or loss comprise common shares of a Kazakhstan company listed on the Kazakhstan Stock Exchange (hereinafter – "KASE") in the amount of KZT 691,898 thousand (2021: KZT 555,203 thousand).

### (b) Investment securities measured at fair value through other comprehensive income

Investment securities measured at fair value through other comprehensive income comprise common shares of an infrastructure financial institution in the amount of KZT 200 thousand (2021: KZT 200 thousand).

### (c) Investment in subsidiaries

Investment in subsidiaries include 100% ownership of TP Residential Mortgage Securities Corporation (Kazakhstan) SFC LLP and Tengri Partners Financial Advisory (Kazakhstan) LLP in the amount of KZT 500 thousand and KZT 300 thousand, respectively (2021: KZT 500 thousand and KZT 300 thousand, respectively).

## 12. Trade and other receivables

KZT'000

	2022	2021
Trade receivables from third parties	121,071	25,318
Trade receivables from related parties	4,239	364
	125,310	25,682
Allowance for expected credit losses	(7,039)	(5,141)
	<b>118,271</b>	<b>20,541</b>

Movement in the allowance for expected credit losses is as follows:

KZT'000

	2022	2021
At 1 January	5,141	5,095
Accrued (recovered)	1,704	(23)
Net exchange adjustment	194	69
<b>At 31 December</b>	<b>7,039</b>	<b>5,141</b>

## 13. Loans issued

KZT'000

	2022	2021
Tengri Partners (Kazakhstan) LLP	67,000	–
Tengri Partners Financial Advisory (Kazakhstan) LLP	5,120	–
<b>Total</b>	<b>72,120</b>	<b>–</b>
Non-current	–	–
Current	72,120	–
	<b>72,120</b>	<b>–</b>

### 13. Loans issued, continued

**Movement in loans issued:**

KZT'000	2022	2021
At 1 January	–	–
Loans issued	143,120	–
Loans repaid	(71,000)	–
<b>At 31 December</b>	<b>72,120</b>	<b>–</b>

All loans are short-term and provided on an interest-free basis. Due to the immateriality of the impact of the time value on the financial statements, loans were not discounted.

### 14. Advances paid and other current assets

KZT'000	2022	2021
Advances paid for goods and services	22,047	4,436
Other taxes prepaid	10,129	11,699
Guarantee payment to KASE - non-current	6,000	–
Guarantee payment to KASE - current	5,000	6,000
Deferred expenses	4,790	3,565
Receivables from employees	4,500	582
	52,466	26,282
Allowance for impairment of advances paid	(10,299)	(10,337)
	<b>42,167</b>	<b>15,945</b>

All advances paid, except for the KASE guarantee fee in the amount of KZT 6,000 thousand, are current.

Movement in the allowance for impairment of advances paid is as follows:

KZT'000	2022	2021
At 1 January	10,337	–
(Recovered) accrued	(38)	10,337
<b>At 31 December</b>	<b>10,299</b>	<b>10,337</b>

### 15. Property, plant and equipment

KZT'000	2022	2021
<b>Cost</b>		
At 1 January	92,013	106,461
Additions	7,467	7,323
Disposals	(3,259)	(21,771)
At 31 December	96,221	92,013
<b>Depreciation</b>		
At 1 January 2021	74,351	87,675
Depreciation charge	7,959	8,447
Disposals	(2,582)	(21,771)
At 31 December	79,728	74,351
<b>Net book value</b>		
At 31 December	<b>16,493</b>	<b>17,662</b>

Property, plant and equipment includes software installed on computers with a book value of KZT 3,646 thousand (2021: KZT 4,342 thousand).

## 16. Other taxes payable

KZT'000	2022	2021
Personal income tax	5,945	1,929
Pension payments	4,648	2,305
Social tax	3,379	1,621
Other taxes	1,463	998
	<b>15,435</b>	<b>6,853</b>

## 17. Trade and other payables

KZT'000	2022	2021
Trade payables	23,811	29,670
Vacations accrued	17,590	16,311
Commissions payable (depository, custodian, exchange)	11,762	8,963
Trade payables for related parties	–	4,268
Other payables	28	2,610
	<b>53,191</b>	<b>61,822</b>

## 18. Lease

The Company leases office premises. Rental contracts are typically made for fixed periods of equal or less than 12 months but have extension options. The lease contracts do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be subleased or used as security for borrowing purposes.

The Company considered practical expedients and does not recognise right-of-use assets or lease liabilities for leases which have low value or short-term leases within 12 months of the date of initial application. The payments associated with these leases which are charged directly to the profit or loss on a straight-line basis over the lease term (see note 6).

## 19. Equity

### (a) Share capital

	2022		2021	
	share, %	KZT'000	share, %	KZT'000
Tengri Partners (Kazakhstan) LLP	50	1,128,402	100	2,082,479
Private Company ASP CAPITAL RK LIMITED	50	1,128,402	–	–
	<b>100</b>	<b>2,256,804</b>	<b>100</b>	<b>2,082,479</b>

Allotted share capital of the Company is 3,000,000 ordinary shares of 1,000 tenge each. As at 31 December 2022, the issued share capital was 2,451,604 shares (2020: 2,052,123 shares). The issued share capital has been fully paid up.

In 2022, the Company issued 399,481 ordinary shares: 174,100 ordinary shares (January: 37,000 shares, February: 50,000 shares, May: 10,000 shares, June: 20,000 shares, July: 37,100 shares, September: 20,000 shares) at a price of KZT 1,000 per share, as well as 200,025 ordinary shares and 25,356 shares were repurchased for 1 tenge per share as part of the buyback procedure.

In 2021, the Company issued 345,000 ordinary shares (January: 100,000 shares, April: 50,000 shares, June: 29,000 shares, August: 36,000 shares, September: 41,000 shares, October: 35,000 shares, November: 42,000 shares, December: 12,000 shares) at a price of KZT 1,000 per share.

As at 31 December 2022, Leasing Group JSC is listed in the Company's register of securities holders as part of a short-term exchange-traded direct repo operation entered into with Leasing Group JSC and secured by the Company's shares. Common shares of the Company acted as collateral.

## 19. Equity, continued

### (b) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net loss for the period attributable to equity holders the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have dilutive shares.

	2022	2021
Profit (loss) for the year, KZT'000	164,047	(393,786)
Number of ordinary shares	2,190,410	1,887,085
<b>Basic and diluted earnings (loss) per share, KZT</b>	<b>75</b>	<b>(209)</b>

### (c) Book value of share

The book value of share is calculated in accordance with the requirement of Article 9.2.1 of the KASE Listing Rules. As at 31 December, book value of share was as follows:

KZT'000 (unless otherwise stated)	2022	2021
Assets	965,041	626,718
Intangible assets	(3,646)	(4,342)
Liabilities	(68,626)	(68,675)
Net assets	892,769	553,701
Number of ordinary shares	2,451,604	2,052,123
<b>Book value of share, KZT</b>	<b>364</b>	<b>270</b>

### (d) Dividends

In 2022 and 2021, the Company neither declared nor paid dividend.

In accordance with the legislation of Kazakhstan, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's financial statements prepared in accordance with IFRSs or income for the period if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency.

## 20. Financial risk management objectives and policies

### (a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management oversees compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

## 20. Financial risk management objectives and policies, continued

### (b) Categories and fair values of financial assets and financial liabilities

#### Categories of financial assets and financial liabilities

KZT'000	Note	2022	2021
<b>Financial assets at amortised costs</b>			
Cash	9	5,081	8,362
Repo receivables	10	18,011	8,005
Trade and other receivables	12	118,271	20,541
Loans issued	13	72,120	–
		<b>213,483</b>	<b>36,908</b>
<b>Financial assets at fair value through profit and loss</b>			
Investment securities measured at fair value through profit or loss	11(a)	691,898	555,203
		<b>691,898</b>	<b>555,203</b>
<b>Financial assets at fair value through other comprehensive income</b>			
Investment securities measured at fair value through other comprehensive income	11(b)	200	200
		<b>200</b>	<b>200</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	17	(53,191)	(61,822)
		<b>(53,191)</b>	<b>(61,822)</b>

#### Fair values

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented.

### (c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from the Company's trade receivables, including repo receivables, and cash.

The carrying value of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at 31 December was:

KZT'000	2022	2021
Cash (less petty cash)	5,081	8,362
Repo receivables	18,011	8,005
Trade and other receivables	118,271	20,541
Loans issued	72,120	–
	<b>213,483</b>	<b>36,908</b>

#### Cash

Credit risk related to cash is monitored by management in accordance with the policies of the Company. Free funds are held with the most reliable banks in Kazakhstan with determined ratings of Standard & Poor's. The purpose of this policy is to reduce concentration of credit risk and minimise possible financial loss due to banks' failure to meet their contractual obligations.

KZT'000	2022	2021
Rating BB+	3,398	5,711
Without rating (Central Securities Depository JSC)	1,683	2,540
Ratings from B+ to B-	–	111
	<b>5,081</b>	<b>8,362</b>

#### Repo receivables

Repo transactions are short-term loans of cash secured by investment securities. The concentration of credit risk and possible financial losses are minimised due to the quality of the pledged securities.

The Company's exposure to credit risk relates entirely to Kazakhstan debtors.

The allowance for impairment of loans receivable is created at loan issuance. There are no arrears within loans receivable

## 20. Financial risk management objectives and policies, continued

### Trade receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. These trade receivables relate to customers that make payment in instalments. The Company regularly monitors its exposure to bad debts in order to minimise this exposure.

The Company's exposure to credit risk relates entirely to Kazakhstan customers.

The Company creates an allowance for impairment of trade receivables, which represents its estimate of expected credit losses. The ageing of trade receivables at 31 December was:

KZT'000	Gross	Expected loss rate	Impairment
<b>2022</b>			
Not past due	118,271	0%	–
More than 270 days	7,039	100%	(7,039)
	<b>125,310</b>	<b>6%</b>	<b>(7,039)</b>
<b>2021</b>			
Not past due	20,541	0%	–
More than 270 days	5,141	100%	(5,141)
	<b>25,682</b>	<b>20%</b>	<b>(5,141)</b>

### (d) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring continuity of funding and flexibility through the use of purchases on credit.

### Maturity of financial liabilities

The table below provides an analysis of the Company's financial liabilities to be settled on a gross basis by relevant maturity groups from the balance sheet date to the contractual settlement date:

KZT'000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
<b>2022</b>					
Cash	5,081	–	–	–	5,081
Repo receivables	18,011	–	–	–	18,011
Investment securities measured at fair value through profit or loss	–	691,898	–	–	691,898
Investment securities measured at fair value through other comprehensive income	–	–	–	200	200
Trade and other receivables	–	118,271	–	–	118,271
Loan receivable	–	–	72,120	–	72,120
Trade and other payables	(18,363)	(3)	(31,093)	(3,732)	(53,191)
	<b>4,729</b>	<b>810,166</b>	<b>41,027</b>	<b>(3,532)</b>	<b>852,390</b>
<b>2021</b>					
Cash	8,362	–	–	–	8,362
Repo receivables	8,005	–	–	–	8,005
Investment securities measured at fair value through profit or loss	–	555,203	–	–	555,203
Investment securities measured at fair value through other comprehensive income	–	–	–	200	200
Trade and other receivables	3,080	17,461	–	–	20,541
Trade and other payables	(30,312)	(11,907)	(16,999)	(2,604)	(61,822)
	<b>(10,865)</b>	<b>560,757</b>	<b>(16,999)</b>	<b>(2,404)</b>	<b>530,489</b>

### (e) Price risk

The Company is not exposed to market risk as it concludes contracts without price change adjustment for services after their sale.

## 20. Financial risk management objectives and policies, continued

### (f) Interest rate risk

At the reporting dates the Company is not exposed to interest rate risk as there are no financial instruments with floating interest rates.

### (g) Currency risk

The Company is subject to currency risk exposure when performing transactions in currencies other than its functional currency.

The Company's exposure to foreign currency risk was as follows:

KZT'000	USD	RUB
<b>2022</b>		
Cash	94	13
Trade and other receivables	10,230	–
Trade and other payables	(17,222)	–
	<b>(6,898)</b>	<b>13</b>
<b>2021</b>		
Cash	68	–
Trade and other receivables	26	–
Trade and other payables	(15,079)	–
	<b>(14,985)</b>	<b>–</b>

Financial instruments denominated in tenge are not exposed to foreign currency risk and are provided for reconciliation of total amounts.

#### Sensitivity analysis

A 20% weakening of tenge against the US dollar as at 31 December would have increased net loss by KZT 1,380 thousand (2021: KZT 2,997 thousand). This analysis assumes that all other variables remain constant.

The impact of the Russian rouble exchange rate on the financial result is insignificant.

### (h) Capital management

The overriding objectives of the Company's capital management policy are to safeguard and support the business as a going concern and to maintain an optimal capital structure with a view to maximising returns to owners and benefits to other stakeholders by reducing the Company's cost of capital. The Company's overall policy remains unchanged from 2021.

## 21. Commitments and contingencies

### (a) Kazakhstan's taxation contingencies

#### Inherent uncertainties in interpreting tax legislation

The Company is subject to uncertainties relating to the determination of its tax liabilities. Kazakhstan tax legislation and practice are in a state of continuous development and, therefore, are subject to varying interpretations and changes which may be applied retrospectively.

Management interpretations of such legislation in applying it to business transactions of the Company may be challenged by the relevant tax authorities and, as a result, the Company may be claimed for additional tax payments, including fines, penalties and interest charges that could have a material adverse effect on the Company's financial position and results of operations.

#### Period for additional tax assessments

Tax authorities in Kazakhstan have the right to raise additional tax assessments for three or five years after the end of the relevant tax period, depending on the taxpayer category or tax period. In certain cases, as determined by the tax legislation, the terms could be extended for three years.

## 21. Commitments and contingencies, continued

### Possible additional tax liabilities

Management believes that the Company is in compliance with the tax laws and any contractual terms entered into that relate to tax which affect its operations and that, consequently, no additional tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant tax authorities may take a differing position with regard to the interpretation of contractual provisions or tax law.

The resulting effect of this matter is that additional tax liabilities may arise. However, due to the range of uncertainties described above in assessing any potential additional tax liabilities, it is not practicable for management to estimate the financial effect in terms of the amount of additional tax liabilities, if any, together with any associated penalties and charges for which the Company may be liable.

### (b) Insurance

The insurance industry in Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. Available insurance programs may not provide full coverage in the event of a major loss.

### (c) Legal commitments

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Company. As at 31 December 2022, the Company was not involved in any significant legal proceedings.

## 22. Related party disclosures

Related parties include the following:

- Key executives.
- Parent companies.
- Companies under common control.

### (a) Management remuneration

Rewards received by key executives are included in personnel costs of administrative expenses (see note 6) amounted to KZT 136,826 thousand (2021: KZT 105,070 thousand).

### (b) Transactions with related parties

KZT'000	Parent company	Companies under common control	Subsidiaries	Total
<b>2022</b>				
Investments	–	–	800	800
Due from related parties	20,300	5	–	20,305
Due to related parties	–	–	–	–
Sales to related parties	2,721	2,018	–	4,739
Purchases from related parties	(24,604)	–	–	(24,604)
<b>2021</b>				
Investments	–	–	800	800
Due from related parties	364	–	–	364
Due to related parties	(4,268)	–	–	(4,268)
Sales to related parties	497	–	–	497
Purchases from related parties	(25,608)	–	–	(25,608)

No allowance is held against the amounts owed by related parties at 31 December 2022 and 2021. The impairment losses in relation to amounts owed by related parties was nil for the year (2021: nil).

### (c) Terms and conditions of transaction with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

## 23. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the financial statements.

### (a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange ruling rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date when their fair value was determined. Foreign currency differences arising on retranslation at the exchange rate on the date of the transaction as well as those from retranslation of monetary assets and liabilities at the reporting date are recognised in profit or loss.

The following exchange rates were used in preparing the financial statements:

	2022		2021	
	Year-end	Average	Year-end	Average
US dollar	462.65	460.48	431.80	426.03
Russian rouble	6.43	6.96	5.77	5.79

### (b) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain (loss) on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income (other expenses) in profit or loss.

#### Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of the individual asset to its estimated residual value. The expected remaining useful lives as follows:

- computers and office equipment            3-5 years;
- furniture and other                            5-10 years.

Useful lives and residual values of property, plant and equipment are analysed at each reporting date.

### (c) Impairment

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount. Impairment losses are recognised in profit or loss.

#### Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Company's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

## **23. Significant accounting policies, continued**

### **Reversals of impairment**

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(d) Accounts receivable**

Accounts receivable are normally recognised at their nominal value less any expected credit loss and do not generally carry any interest. Expected credit losses are recognised in an allowance account if recoverable. Otherwise, the carrying amount of accounts receivable is written off.

Accounting policies for accounts receivable are provided in the *Financial instruments* section.

### **(e) Cash**

Cash comprise cash at bank which is available on demand and subject to insignificant risk of changes in value and petty cash.

### **(f) 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 an outflow of resources will be required to settle the obligation and a reliable estimate thereof can be made. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provision is discounted, where material, and the unwinding of the discount is included in finance costs. Over time, the discounted provision is increased (decreased) for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. At the time of establishing the provision, a corresponding asset is capitalised where it gives rise to a future benefit and depreciated using a unit of production method.

### **(g) Retirement employee benefits**

The Company does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer and employee calculated as a percentage of current gross salary payments.

### **(h) Revenues**

At contract inception, the Company assesses the goods or services (assets) promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either an asset that is distinct or series of distinct assets that are substantially the same and that have the same pattern of transfer to the customer.

### **Commission income**

Commissions are recognised as income in the period in which they are received, unless they relate to services that will be provided in future periods. If these are commissions for services that will be provided in future periods, they are deferred and recognised in the statement of income and expenses as services rendered during the term of the contract. Issuance fees and other one-time fees are also deferred and recognized during the contract period.

### **Interest income and expenses**

Interest income is recognised in profit or loss as it accrues, with respect to the real return on the asset or the applicable floating rate. Interest income also includes amortisation of the premium or discount.

If the amount of a financial asset or group of financial assets is reduced in the financial statements due to impairment, interest income continues to be recognised at the original effective interest rate based on the new carrying amount.

### **Realised gains and losses recognised in profit or loss**

Realised gains and losses on the sale of property, plant and equipment are calculated as the difference between the net proceeds from the sale and the original or amortised cost. Realised gains and losses are recognised in profit or loss when the sale is completed.

## **23. Significant accounting policies, continued**

### **(i) Finance Income**

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, calculated in accordance with the effective interest rate method.

### **(j) Income tax**

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable to receive taxable income in future, which can be utilised against this asset. Amount of deferred tax assets are reduced to the extent that it is not probable that appropriate tax savings would be used.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **(k) Financial instruments**

The Company recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

#### **Financial assets**

##### **Classification and initial measurement**

Financial assets within the scope of IFRS 9 are classified as financial assets at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The Company determines this classification at initial recognition depending on the business model for managing the financial asset and the contractual terms of the cash flows.

Financial assets are classified and measured at amortised cost or fair value through OCI if the related cash flows are 'solely payments of principal and interest' on the principal amount outstanding. Financial assets with cash flows that are not 'solely payments of principal and interest' are classified and measured at fair value through profit or loss, irrespective of the business model.

At initial recognition financial assets are measured at fair value being the consideration received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in the statement of profit or loss.

##### **Subsequent measurement**

Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest (and classified as amortised cost) are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium and fees or costs on acquisition. Unwinding of the difference between nominal and amortised values is included in finance income in the statement of profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

##### **Derecognition**

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

##### **Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit losses that might arise on financial assets measured at amortised cost. This assessment considers the probability of a default event occurring that could result in the expected cash flows due from a counterparty falling short of those contractually agreed.

## **23. Significant accounting policies, continued**

Expected credit losses are estimated for default events possible over the lifetime of a financial asset measured at amortised cost. However, where the financial asset is not a trade receivable measured at amortised cost and there have been no significant increases in that financial asset's credit risk since initial recognition, expected credit losses are estimated for default events possible within 12 months of the reporting date.

### **Financial liabilities**

#### **Classification and initial measurement**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost or fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition.

At initial recognition financial liabilities are measured at fair value being the consideration given. Financial liabilities at amortised cost additionally include directly attributable transaction costs.

#### **Subsequent measurement**

Trade and other payables and other financial liabilities are subsequently measured at amortised cost using the EIR method after initial recognition. Amortised cost is calculated by taking into account any discount or premium and fees or costs on acquisition. Unwinding of the difference between nominal and amortised values is included in finance costs in the statement of profit or loss.

Financial liabilities measured at fair value through profit or loss are carried on the balance sheet at fair value with subsequent changes recognised in finance costs in the statement of profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another 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, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **Fair value of financial instruments**

At each reporting date, the fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

## **24. Events after the reporting period**

There were no significant events after the reporting period.