



**2016 Annual Financial Statements  
Of**

**THE BUREAU OF BULGARIAN  
MOTOR INSURERS**

## **NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS**

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**Management Committee:**

**Orlin Penev  
Tatyana Chonkova  
Evgenia Kalo-Kolova  
Evgeni Ignatov  
Konstantin Velev  
Peter Avramov  
Ivan Todorov**

**Chairman of the  
Management Committee:**

**Orlin Penev**

**Secretary General:**

**Tatyana Chonkova**

**Chief Accountant:  
(preparer)**

**Darina Marinova**

**Seat and Registered Office:**

**Sofia  
2, Graf Ignatiev Street, Floor 2**

**Lawyers:**

**Attorneys at Law Antoaneta Dimolarova,  
Rozalina Gradinarova and Partners**

**Bankers:**

**Allianz Bank Bulgaria AD  
UniCredit Bulbank AD  
Raiffeisenbank EAD  
Societe Generale Expressbank AD  
DSK Bank AD**

**Auditors:**

**AFA OOD**

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## INDEPENDENT AUDITOR'S REPORT

**TO**

**THE BOARD OF DIRECTORS OF**

**NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS ASSOCIATION**

### **Opinion**

We have audited the financial statements of the National Bureau of Bulgarian Motor Insurers Association (the Bureau), which comprise the balance sheet as at 31 December 2016, and the profit and loss statement, profit and loss statement on business activities, statement of changes in net assets and cash flow statement for the year then ended, and note to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bureau in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Other Matters**

The financial statements of the National Bureau of Bulgarian Motor Insurers Association as at 31 December 2016 are not subject to a statutory financial audit under Art. 37, paragraph 1 and paragraph 3 of the Accountancy Act and the Company is not required to prepare a management report in accordance with Art. 42, paragraph 1 of the same law. Therefore, our independent financial audit is voluntary within the meaning of Art. 6 of IFAA and does not involve procedures to form an opinion on a management report.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NAS applicable in Bulgaria 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 Bureau'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 Bureau or to cease operations, or has no realistic alternative but to do so.

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

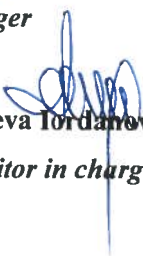
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Bureau 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 management 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.

  
**AFA OOD**

*Audit Firm*

  
**Valia Iordanova Iordanova**  
*General Manager*

  
**Renny Georgieva Iordanova**  
*Registered auditor in charge of the audit*

**9 June 2017**

**38, Oborishte Street  
1504-Sofia, Bulgaria**

*This is a translation from Bulgarian of the Independent Auditor's Report on the Financial Statements of the National Bureau of Bulgarian Motor Insurers Association for the year ended 31 December 2016.*

**NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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**NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS**  
**PROFIT AND LOSS STATEMENT**  
for the year ended 31 December 2016

	Note	2016 BGN '000	2015 BGN '000
1. Operating revenue	3.1	273	288
2. Operating expenses	4	469	765
<b>RESULT (1 - 2)</b>		<b>(196)</b>	<b>(477)</b>
3. Finance income	6.1.	107	179
4. Finance costs		2	-
5. Profit from business activities		816	199
<b>RESULT (1 - 2 + 3 - 4 + 5)</b>		<b>725</b>	<b>(99)</b>

The accompanying notes on pages 6 to 25 form an integral part of these financial statements.

Chairman of the Management Committee: \_\_\_\_\_

Orlin Penev

Chief Accountant (preparer): \_\_\_\_\_

Darina Marinova



AUDITED BY AFA  
09.06.2017



NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS  
 PROFIT AND LOSS STATEMENT ON BUSINESS ACTIVITIES  
 for the year ended 31 December 2016

	Note	2016 BGN '000	2015 BGN '000	Note	2016 BGN '000	2015 BGN '000
<b>A. Expenses</b>						
1. Expenses on raw materials, consumables and hired services, including:						
a) raw materials and consumables	5.1.	162	96		905	531
b) hired services	5.2.	15	10		905	531
2. Personnel costs, including:		147	86		20	65
a) remuneration expense		375	301		925	596
b) social security contributions, including:		329	262	3.2.		
aa) related to pensions		46	39			
3. Depreciation/amortisation expense and impairment loss, including:		28	19	6.2.	539	49
a) depreciation/amortisation expense and impairment loss on tangible fixed and intangible assets, including:		15	9		371	9
aa) depreciation/amortisation expense		15	9			
4. Other expenses:		15	9		5	-
aa) depreciation/amortisation expense		15	9			
4. Other expenses:		2	3			
<b>Total operating expenses (1 + 2 + 3 + 4)</b>		<b>553</b>	<b>406</b>		<b>539</b>	<b>49</b>
5. Interest expense and other finance costs, including:	6.2.	20	18			
a) losses from dealing in financial assets		15	15			
b) foreign currency exchange losses		2	3			
<b>Total finance costs (5)</b>		<b>20</b>	<b>18</b>			
<b>Total expenses (1 + 2 + 3 + 4 + 5)</b>		<b>573</b>	<b>424</b>		<b>1 464</b>	<b>645</b>
6. Accounting profit for the year (total revenues - total expenses)		891	221			
7. Tax expense on profit		(75)	(22)			
8. Net profit for the year (6 + 7)		816	199			
<b>Grand total (Total expenses + 7 + 8)</b>		<b>1 464</b>	<b>645</b>		<b>1 464</b>	<b>645</b>
<b>B. Revenues</b>						
1. Net revenue from:						
a) services					905	531
2. Other revenue:					20	65
<b>Total operating revenues (1 + 2)</b>	3.2.				925	596
3. Interest income and other finance income, including:	6.2.				539	49
a) gains from dealing in financial assets					371	9
b) foreign currency exchange gains					5	-
<b>Total finance income (3)</b>					539	49
<b>Total revenues (1 + 2 + 3)</b>					<b>1 464</b>	<b>645</b>
<b>Grand total (Total revenues)</b>					<b>1 464</b>	<b>645</b>

The accompanying notes on pages 6 to 25 form an integral part of these financial statements.

Chairman of the Management Committee:

Orlin Penev

Chief Accountant (preparer):

Darina Marinova



AUDITED BY AFA  
 09.06.2017

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS  
BALANCE SHEET  
as at 31 December 2016

	Note	31.12.2016 BGN '000	31.12.2015 BGN '000	31.12.2015 BGN '000
<b>ASSETS</b>				
<b>A. Non-current (long-term) assets</b>				
<b>I. Intangible assets</b>				
2. Concessions, patents, licences, trademarks, software and other similar rights and assets	7	-	1	
<b>Group I total:</b>				
<b>II. Tangible fixed assets</b>				
1. Other		33	27	
2. Advances granted and tangible fixed assets in progress		-	13	
<b>Group II total:</b>	8	33	40	
<b>Section A total:</b>		33	41	
<b>B. Current (short-term) assets</b>				
<b>I. Debtors</b>				
1. Receivables under demanded claims	9	3 173	2 322	
2. Receivables under undemanded claims	10	1 842	2 441	
3. Advances paid to suppliers	11	72	-	
4. Other receivables	12	56	43	
<b>Group I total:</b>		5 143	4 806	
<b>II. Investments</b>				
1. Financial assets held for trading	13	2 979	3 359	
<b>Group II total:</b>		2 979	3 359	
<b>III. Bank deposits</b>				
IV. Cash at bank and in hand, including:	14	5 040	5 000	
- cash in hand	15	13 701	13 528	
- in non-term accounts and deposits		1	1	
<b>Group IV total:</b>		13 700	13 527	
<b>Section B total:</b>		13 701	13 528	
<b>C. Deferred expenses</b>	16	70	72	
<b>TOTAL ASSETS (A + B + C)</b>		26 966	26 806	
<b>NET ASSETS AND LIABILITIES</b>				
<b>A. NET ASSETS</b>				
I. Guarantee Fund of the Bureau	17	22 584	22 636	
<b>II. Reserves</b>				
1. Other reserves	18	3 399	2 674	
<b>Group II total:</b>		3 399	2 674	
<b>Section A total:</b>		25 983	25 310	
<b>LIABILITIES</b>				
<b>B. Creditors</b>				
1. Payables under demanded claims, including:	19	719	1 234	
up to 1 year		719	1 234	
2. Accounts payable, including:	20	70	74	
up to 1 year		70	74	
3. Other liabilities, including:	21	194	188	
up to 1 year		194	188	
- payables to personnel, including:		35	29	
up to 1 year		35	29	
- tax payables, including:		60	32	
up to 1 year		60	32	
<b>Section B total, including:</b>		983	1 496	
up to 1 year		983	1 496	
<b>TOTAL NET ASSETS AND LIABILITIES (A + B)</b>		26 966	26 806	

*[Signature]*  
AUDITED BY AIA  
09.06.2017

The accompanying notes on pages 6 to 25 form an integral part of these financial statements  
The financial statements on pages 1 to 25 were approved by the Management Committee and signed on 09.06.2017 by:

Chairman of the Management Committee:

*[Signature]*  
Orlin Penev

Chief Accountant (preparer):

*[Signature]*  
Dorina Marinova

**NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS**

**CASH FLOW STATEMENT**

for the year ended 31 December 2016

	Note	2016 BGN '000	2015 BGN '000
<b>I. CASH AVAILABLE AT THE BEGINNING OF THE PERIOD</b>		<b>13 528</b>	<b>4 364</b>
<b>II. Cash flows from non-profit activities</b>			
<b>A. Proceeds from non-profit activities</b>			
1. Proceeds from Green Cards issuing		3 419	1 024
2. Proceeds from membership fees		268	292
3. Proceeds from contributions to Guarantee Fund		-	1 340
4. Recovered long-term bank deposits		-	12 140
5. Interest received		111	120
6. Other proceeds		1	1
<b>Total cash flows from non-profit activities</b>		<b>3 799</b>	<b>14 917</b>
<b>B. Payments under non-profit activities</b>			
1. Payments related to Green Cards issuing		(3 419)	(1 056)
2. Payments on services and fixed assets acquisition		(15)	(444)
3. Cash flows related to labour remuneration		(667)	(630)
4. Long-term bank deposits		(40)	(5 000)
5. Other payments		(32)	(14)
<b>Total payments under non-profit activities</b>		<b>(4 173)</b>	<b>(7 144)</b>
<b>C. Net cash flows (used in)/from non-profit activities</b>		<b>(374)</b>	<b>7 773</b>
<b>III. Cash flows from business activities</b>			
<b>A. Proceeds from business activities</b>			
1. Proceeds from demanded claims		30 793	23 095
2. Proceeds from transactions with financial instruments		5 957	430
3. Interest received		156	25
<b>Total proceeds from business activities</b>		<b>36 906</b>	<b>23 550</b>
<b>B. Payments under business activities</b>			
1. Payments under demanded claims		(30 390)	(19 563)
2. Purchases of financial instruments		(5 222)	(2 462)
3. Taxes paid (except income taxes)		(340)	(110)
4. Income tax paid		(39)	-
5. Cash paid to suppliers		(356)	(5)
6. Other payments		(12)	(19)
<b>Total payments under business activities</b>		<b>(36 359)</b>	<b>(22 159)</b>
<b>C. Net cash flows from business activities</b>		<b>547</b>	<b>1 391</b>
<b>IV. Cash available at the end of the period</b>	15	<b>13 701</b>	<b>13 528</b>
<b>V. Change in the cash flows for the period</b>		<b>173</b>	<b>9 164</b>

The accompanying notes on pages 6 to 25 form an integral part of these financial statements.

Chairman of the Management Committee:

Orlin Penev

Chief Accountant (preparer):

Darina Marinova



AUDITED BY AFA  
09.06.2017

**NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 31 December 2016

	Note	Guarantee Fund of the Bureau BGN '000	Other reserves BGN '000	Total net assets BGN '000
Balance at 1 January 2016		22 636	2 674	25 310
Damages covered by the Guarantee Fund of the Bureau	17	(52)		(52)
Operating result for the year			725	725
including: profit from business activities			816	816
result from non-profit activities			(91)	(91)
Balance at 31 December 2016	17, 18	22 584	3 399	25 983

The accompanying notes on pages 6 to 25 form an integral part of these financial statements.

Chairman of the Management Committee:

*Orlin Penev*  
Orlin Penev

Chief Accountant (preparer):

*Dafina Marinova*  
Dafina Marinova



*AFA*  
AUDITED BY AFA  
09.06.2017

## 1. BACKGROUND INFORMATION ON THE BUREAU

### 1.1. Establishment and management

The National Bureau of Bulgarian Motor Insurers (the Bureau, NBBMI) is part of the international Green Card System. It was established on 1 April 2002 and in the same year it became a full member of the Council of Bureaux, based in London.

Until 2002, the functions of a National Bureau had been performed by Bulstrad PLC

The legal status of the Bureau is that of a non-profit association, registered under the provisions of the Non-Profit Legal Entities Act and in compliance with Art. 282 of the Insurance Code.

By the resolution of the National Insurance Council in the Republic of Bulgaria, dated 28 November 2001, the NBBMI is acknowledged as the sole organisation entitled to act as a representative before the international insurance organisations with respect to the activities settled in international insurance treaties regulating the Third Party Liability of motor vehicle owners, users, holders and drivers.

On the accession of the Republic Bulgaria to the European Union on 1 January 2007, NBBMI signed Annex No 3 whereby becoming a signatory Bureau to the Multilateral Guarantee Agreement of the member states of the European Economic Area (EEA).

In accordance with the Articles of Association of the NBBMI the supreme management body of the Bureau is the General Assembly of its members.

The Bureau is managed by a Management Board (Management Committee), Chairman and Secretary General.

As at 31 December 2016, the Management Committee of NBBMI comprises: Orlin Tsenkov Penev – Chair of the MC, Tatyana Yordanova Chonkova – Secretary General and Members: Evgenia Maksimova Kalo-Kolova, Evgeni Svetoslavov Ignatov, Konstantin Stoychev VeleV, Peter Veselinov Avramov, Ivan Georgiev Todorov. The Bureau management is represented by Orlin Tsenkov Penev – Chair of the MC and Tatyana Yordanova Chonkova – Secretary General. They represent the Association jointly and severally.

As at 31 December 2016, the average number of personnel of the Bureau, hired under labour contracts, is 12 employees (2015: 12 employees).

### 1.2. Objectives and principal activities

The objectives and principal activities of the National Bureau of Bulgarian Motor Insurers – NBBMI are as follows:

- It organizes, administers and controls the preparation, print out and issuance of the international certificates for motor insurance referred to as Green Card certificate as well as frontier insurance.

- It protects the interests of its members before the Council of Bureaux and its authorities, before the competent authorities of the European Union and the Member States, before central and local administration authorities, legal authorities, as well as before third parties, by reasons and in connection with the Third Party Liability Insurance of Motorists and the Green Card Certificate.
- It enters into agreements with national insurance bureaux, compensation bodies and guarantee funds of Member States in connection with the functioning of the Third Party Liability Insurance of Motorists.
- It accepts notices of injured persons on damages and injuries caused to them on the territory of Republic of Bulgaria, by motor vehicles normally based on the territory of a Member State or a third country.
- It assists for the due payment by Bureau Members of any indemnities for damages caused abroad.
- It pays indemnities as a Compensation Body in the cases stipulated in the Insurance Code and the Articles of Association of NBBMI.

**1.3. Main indicators of the economic environment**

The main economic indicators of the business environment that have affected the Association activities throughout the period 2014 – 2016, are presented in the table below:

Indicator	2014	2015	2016
GDP in million levs	83,634	88,571	92,635
Actual growth of GDP	1.3%	3.6%	3.4%
Year-end inflation	(2.0)	(0.9)	(0.5)
Average exchange rate of USD for the year	1.47	1.76	1.77
Exchange rate of the USD at year-end	1.61	1.79	1.86
Basic interest rate at year-end	0.02	0.01	0.00
Unemployment rate at year-end	10.7%	10.0%	8.0%
Source: BNB, NSI			

**2. PRINCIPLES APPLIED IN THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS**

**2.1. Basis for preparation of the financial statements**

The financial statements of NBBMI Association (the Bureau) have been prepared in accordance with the (new) Accountancy Act effective as of 1 January 2016 (SG 95/08.12.2015) and National Accounting Standards (NAS), approved by the Council of Ministers by CMD No 46/2005 (SG 30/07.04.2005) and amended and supplemented by CMD No 251/2007 (SG 86/26.10.2007) and CMD 394/2015 (SG 3/12.01.2016), in force as of 1 January 2016.

Until 31 December 2015, the Bureau had been applying these standards as well, but under the name National Financial Reporting Standards for Small- and Medium-sized Enterprises (NFRSSME). The latter had been approved by the Council of Ministers by CMD No 46/2005 (SG 30/07.04.2005) and amended and supplemented by CMD No 251/2007 (SG 86/26.10.2007), in force as of 1 January 2008 in their edition effective until 31 December 2015.

The Bureaus keeps its accounting books in Bulgarian Levs (BGN) and prepares its official financial statements in accordance with Bulgarian accounting legislation. The data in the annual financial statements are presented in thousand Bulgarian Levs (BGN'000). These annual financial statements have been prepared on a historical cost basis except for financial assets held for trading, which have been measured at fair value.

*Initial application of the new Accountancy Act, effective as of 1 January 2016, and the new and amended existing National Accounting Standards, in force as of 1 January 2016*

Starting from 1 January 2016 there is a new Accountancy Act in force, which revokes entirely the Accountancy Act effective until 31 December 2015. With the new law, the rules and requirements of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, are transposed into the national accounting legislation. The amendments that affect the financial statements of the Bureau in relation to the application of the new Accountancy Act refer to:

- On the basis of criteria, set by the Law, the Bureau is classified in the category of small undertakings according to the data in the financial statements for 2015. With regard to small undertakings the Law provides relief options for the preparation of statutory financial statements. Small undertakings are exempt from the preparation of equity statement and cash flow statement and shall mandatorily draw up only an abridged balance sheet and abridged profit and loss statement, by sections and group, and a note. Bureau's management has taken a decision and has kept the full financial statements model applied until 31 December 2015.

In relation to the new law and the implementation of the provisions of Directive 2013/34/EU, amendments to the national standards have been endorsed, with effect as of 1 January 2016, by Decree No 394/30.12.2015 on the amendment and supplementation of National Financial Reporting Standards for Small- and Medium-sized Enterprises, now referred to as 'National Accounting Standards'.

The adoption of the new and amended standards has not caused any changes in Bureau's accounting policies, except for some insignificant changes in the form of the financial statements and the expansion of already existing disclosures, however, not resulting in other changes in the classification or measurement of individual reporting items and transactions.

The new and/or amended standards include:

- AS 1 "Presentation of Financial Statements" – changes are made in the layout of the financial statements as well as in the disclosure requirements.
- AS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" – there are changes in some definitions (parent and subsidiary undertaking). The standard includes provisions regarding the obligation to prepare/be exempt from preparation of consolidated financial statements. AS 24 "Related Party Disclosures" – amended definition for related parties. The scope of related parties has been determined on the basis of IAS rules, and in particular IAS 24 "Related Party Disclosures".
- AS 42 "First-time Adoption of National Accounting Standards" – a new standard.

### ***Uncertainty of accounting estimates***

The presentation of the financial statements in accordance with National Accounting Standards requires the management to make best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, revenue and expenses, and the disclosure of contingent receivables and payables as at the date of the financial statements. These estimates, accruals and assumptions are based on the information, which is available at the date of the financial statements, and therefore, the future actual results might be different from them. The items presuming a higher level of subjective assessment or complexity or where the assumptions and accounting estimates are material for the financial statements, are disclosed in Note 2.15.

### **2.2. Comparatives**

The Company presents comparative information in these financial statements for the period from 1 January to 31 December of the prior reporting year 2015. Where necessary, comparative data is reclassified for the purpose of achieving comparability in view of the current year presentation changes. As far as the Bureau has made a change in the applied model of annual financial statements, the comparative data for 2015 are presented in line with the new model.

### **2.3. Functional and reporting currency**

The functional and reporting currency of the Bureau is the Bulgarian Lev (BGN). The Bulgarian Lev is fixed to the Euro, under the BNB Act, at the ratio of BGN 1.95583:EUR 1.

Cash, receivables and payables, denominated in a foreign currency, are recorded at the BGN equivalent on the transaction date and are revalued on a monthly basis by applying the official exchange rate as quoted by the Bulgarian National Bank (BNB) for the last working day of the respective month. At 31 December they are stated at the closing exchange rate quoted by BNB.

Foreign exchange differences on revaluation are treated as current income and expenses and are included in the profit and loss statement as 'finance income /(costs)'.



#### 2.4. Revenue

Revenue is recognised on accrual basis and to the extent that it is probable that the economic benefits will flow to the Bureau and as far as the revenue can be reliably measured. Revenue is accrued as originated, regardless of the timing of receipt of the actual cash proceeds.

Membership fees received for the period, as set by the Bureau's General Assembly, as well as other revenue from regulated activities, carried out for the purpose of attaining the Bureau's goals, are recognised as current revenue from *non-profit activities*.

The NBBMI activities under Art. 1 of the Commercial Act, carried out as per trade, aimed at generating permanent income, which is closely related to the non-profit activity, is recognised as *business activities*. The object of the business activities of the Bureau is related to claims handling and payment in its capacity as Compensation Body or in relation to traffic accidents occurring on the territory of the Republic of Bulgaria in the cases set out in the Internal Regulations of the Council of Bureaux as well as revenue from handling claims of its members under annulled thereby Third Party Liability policies in cases of car accidents occurred abroad.

Upon rendering of services, revenue is recognised by reference to the stage of completion of the transaction at the balance sheet date, if this stage as well as the transaction and completion costs, can be measured reliably.

#### 2.5. Expenses

Expenses are recognised by the Bureau as they are incurred, following the accrual and matching concepts.

Expenses on non-profit activities are reported analytically by line of expense to account 611 "Operating expenses". Expenses on business activities are recorded separately so as to enable their matching to the revenue from business activities.

The administrative expenses represent costs related to servicing the overall activities of the Bureau and are allocated respectively to business and non-profit activities on the basis of revenue.

Deferred expenses are put off and recognised as current expenses in the period when the contracts, whereto they refer, are performed.

Finance income and costs are included in the profit and loss statement and are comprised of interest income and expense, foreign exchange differences and gains and losses from transactions with financial instruments.

Bank fees and charges for current servicing of Bureau's operations are presented as hired services.

Claims paid, liquidation expenses, bank and finance charges related to the handling of claims incurred on the territory of the country, the fault for which is that of a foreign motor vehicle, claims paid and expenses related to the handling of claims by NBBMI in its capacity as Compensation Body, as well as expenses related to the payment of claims of foreign National Bureaux and insurance companies in relation to events occurring with uninsured motor vehicles with Bulgarian registration plates on the territory of another EU Member State, are not recognised as expenses of the Bureau. Auxiliary

expenses related to the handling of the claim, such as translation of documents, expenses on inquiries, bank fees and commissions, etc. are not recognised as expenses as well. The latter are reported only as cash flows and are subject to refunding from a Guarantee Fund or by an insurance company.

Amounts paid in relation to business trips abroad (travel expenses, accommodation and daily allowances) of officers taking part in international meetings related to the defence and representation of the Bureau's members, for which they cover the stay of the participants, are not recognised as an expense of the Bureau. They are recognised as a receivable from the respective member of the NBBMI and are subject to refunding.

#### **Profit and loss statement**

The Bureau prepares a profit and loss statement, which is general and combines the revenues, expenses and results of its business and non-profit activities.

#### **2.6. Tangible fixed assets**

##### ***Initial measurement***

Tangible fixed assets (property, plant and equipment) are stated in the balance sheet at acquisition cost less the accumulated depreciation and any impairment losses in value.

The *acquisition cost* comprises the purchase price, including any directly attributable costs of bringing the asset to working condition. Directly attributable costs include initial delivery and handling costs, installation costs, professional fees for people involved in the project, non-refundable taxes etc.

The Bureau has set a value threshold of BGN 200, below which the acquired assets, regardless of having the features of fixed assets, are treated as current expense at the time of their acquisition.

##### ***Subsequent costs***

Subsequent costs, related to tangible fixed assets, resulting in improvement of the future economic benefits from the assets are stated as increase in its carrying amount.

On replacement of a differentiated part of a tangible fixed asset, the replaced part is written-off while the expense incurred on replacement or improvement is accounted for as acquisition of a separate asset.

##### ***Depreciation methods***

The Bureau applies the straight-line depreciation method for tangible fixed assets. The depreciation rates by group of assets are as follows:

- computers and computer hardware – 50%;
- furniture and fixtures – 15%.

### ***Review for impairment***

The carrying amounts of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount might significantly differ from their recoverable amount. If any such indications exist that the estimated recoverable amount of an asset is lower than its carrying amount, the latter is adjusted to the recoverable amount of the asset. The recoverable amount of an item of tangible fixed assets is the higher of the net market price and the value in use. 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 conditions and assessments of the time value of money and the risks specific to the particular asset. Impairment losses are recognised in the profit and loss statement.

### **2.7. Intangible assets**

Intangible assets are stated in the financial statements at acquisition cost (cost) less accumulated amortisation and any impairment losses in value. Cost is the fair value of the respective asset as at the date of acquisition and includes purchase price and any other directly attributable transaction costs. They include software (library software).

The Bureau applies the straight-line amortisation method for the intangible assets with determined useful life of 2 years.

The carrying amount of the intangible assets is subject to review for impairment when events or changes in the circumstances indicate that the carrying amount might exceed their recoverable amount. Then impairment is recognised as an expense in the income comprehensive for the year.

### **2.8. Debtors**

Receivables are recognised and carried at the original invoice amount (cost) and a Statement of Claim letter less any allowance for uncollectable debts. An estimate allowance for doubtful and bad debts is made when significant uncertainty exists as to the collectability of the full amount or a part of it. Bad debts are fully written-off when the legal grounds for this are available (are identified).

### **2.9. Cash and cash equivalents**

NBBMI considers as cash and cash equivalents all highly liquid and freely available financial assets in the form of cash in hand, cash at current bank accounts and deposits with original maturities of up to 90 days.

For the purposes of the cash flow statement:

- Cash proceeds from and cash payments for membership fees and contributions to the Guarantee Fund of NBBMI are presented as part of cash flows (used in) / from regulated activities;
- Cash proceeds from customers and cash paid to suppliers are presented at gross amount, including value added tax (20%);

- Permanently blocked cash and interest accrued, but not endorsed on the Bureau's account, on non-matured deposits are not treated as cash and cash equivalents for the purposes of presentation in the cash flow statement.

#### **2.10. Financial asset held for trading**

The Bureau recognises a financial asset on the date on which it becomes party to the contract. All purchases and sales are initially recognised on the trade date, which is the date on which the Bureau has become party to the instrument's contractual terms and conditions (the date when the Bureau commits to purchase or sell the respective asset).

Financial assets held for trading are initially recognised at cost, being the fair value of the consideration given including the acquisition costs.

Financial assets held for trading are measured subsequently at fair value. The effects of remeasurement to fair value are taken to profit and loss as current finance income or current finance costs.

#### **2.11. Accounts payable and other liabilities**

Payables to suppliers, clients and other current amounts payable are carried at original invoice amount and/or Statement of Claim letter (cost).

#### **2.12. Pensions and other payables to personnel under the social security and labour legislation**

The employment and social security relations with the employees of the Bureau are based on the provisions of the Labour Code and the effective social security legislation in the Republic of Bulgaria.

The major duty of the Bureau as an employer in Bulgaria is to make the mandatory social security contributions for the hired employees to the Pensions Fund, the Supplementary Mandatory Pension Security (SMPS) Fund, to the General Diseases and Maternity (GDM) Fund, the Unemployment Fund, the Labour Accident and Professional Diseases (LAPD) Fund, and for health insurance. The rates of the social security and health insurance contributions are defined annually in the Law on the Budget of State Social Security and the Law on the Budget of National Health Insurance Fund for the respective year. The contributions are split between the employer and employee in line with rules of the Social Security Code (SSC) at the ratio 60:40 (2014: 60:40).

These pension plans, applied by the NBBMI in its capacity as an employer, are defined contribution plans. Under these plans, the employer pays defined monthly contributions to the government funds as follows: Pensions Fund, GDM Fund, Unemployment Fund, LAPD Fund as well as to universal and professional pension funds – on the basis of rates fixed by law, and has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient means to pay the respective individuals the benefits they have worked-out over the period of their service. The obligations referring to health insurance are analogous.

Short-term employee benefits in the form of remunerations, bonuses and social payments and benefits (payable within 12 months after the end of the period when the employees have rendered the service or

has met the required terms and requirements) are recognised as an expense in the profit and loss statement in the period when the service thereon has been rendered or the requirements for their receipt have been met and as a current liability (less any amounts already paid and deductions due) at their undiscounted amount. The obligations for social security and health insurance of the Bureau are recognised as a current expense and liability at their undiscounted amount together with the relevant benefits and within the period of the respective income to which they are related.

At the end of each reporting period, the Bureau measures the estimated costs on the accumulating compensated absences, which amount is expected to be paid as a result of the unused entitlement. The measurement includes the estimated expenses on the employee's remuneration and the statutory social security and health insurance contributions due by the employer thereon.

### **2.13. Net assets of the Bureau**

As a non-profit legal entity the Bureau does not belong to the category of capital companies, obliged to register a certain minimal amount of capital (share capital) in the Commercial Register.

In accordance with its Articles of Association the Bureau sets aside a *Guarantee Fund*. The sources for this cash fund include:

- (1) initial inception contributions by each of the members (Art. 41, para 3 of the Articles of Association of NBBMI), and
- (2) cash contributions by each member of the Bureau made for each Green Card certificate, Third Party Liability insurance and frontier insurance requested. By Minutes No 171 on Bureau's MC session, held on 17 December 2016, a decision was taken to drop-off this source for accumulating money to the Guarantee Fund.

According to the Articles of Association (Art. 36, item 23) amounts available in this Fund are managed and invested by the Management Committee and may be used mainly in case of: (1) payments on behalf of the Bureau and at the expense of each member whose licence to underwrite Third Party Liability insurance has been revoked, has been placed in bankruptcy or is undergoing liquidation proceedings, or has been terminated or is in default with respect to any payment, and (2) payments of claims on behalf of the Bureau in relation to untrue, fake or forged Green Card certificates.

### **2.14. Taxes on profit**

The Bureau is subject to taxation with respect to the results of its business activities carried out during the year. *Current taxes on profit* from business activities are determined in accordance with the requirements of the Bulgarian tax legislation – the Corporate Income Taxation Act (CITA). The nominal tax rate for year 2016 was 10% (2015: 10%).

Deferred taxes are determined using the liability method on all temporary differences, existing at the date of the financial statements, between the carrying amounts of the individual assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and the carry-forward of unused tax losses, to the extent that it is probable that they will reverse and sufficient taxable profit will be generated in the future or taxable temporary differences might occur, against which these deductible temporary differences can be utilised, with the exception of the differences arising from the initial recognition of an asset or liability, which has affected neither the accounting nor taxable profit (loss) at the transaction date.

The carrying amount of all deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that they will reverse and sufficient taxable profit will be generated or taxable temporary differences will occur in the same period, from which they could be deducted.

**2.15. Critical accounting judgments on applying the Bureau's accounting policies. Key estimates and assumptions of high uncertainty.**

**2.15.1. Impairment of receivables**

Losses from doubtful and bad debts are estimated at the end of each reporting period on an individual basis. Where difficulties in collecting certain receivables are observed, they are subject to analysis in order to determine the actually collectable portion therefrom while the remaining portion to the nominal value is recognised in the profit and loss statement as impairment.

In the judgment of collectability of receivables, the management performs analysis of the total exposure of each counterpart in order to estimate the actual recoverable portion and not only at the level of past due individual receivables of a counterpart, including the possibilities of collecting interest for delay. Receivables or parts of them assessed by the management, based on its experience, as highly uncertain in terms of their collectability, are treated as uncollectable and are impaired. The carrying amount of a receivable is adjusted through the use of an allowance account for accumulating all impairments and the amount of the impairment loss for the period is recognised in the profit and loss statement within 'other operating expenses'. In case of subsequent recovery of impairment loss, it is stated in decrease of impairment loss on the line 'other operating income' against a decrease in the allowance account.

### 3. REVENUE

#### 3.1. Revenue from non-profit activities

*Membership fees* reported in the year amount to BGN 273 thousand (2015: BGN 288 thousand).

Members of the Bureau are all insurers that have licences under Section II, Item A, point 10.1 of Appendix No 1 to the Insurance Code or insurers offering the mandatory Third Party Liability insurance to motorists in the Republic of Bulgaria in accordance with the provisions of this Code. Their number was 17 as at 31 December 2016 (31 December 2015: 17).

#### 3.2. Revenue from business activities

*Revenue from business activities*, amounting to BGN 925 thousand (2015: BGN 596 thousand) includes:

- handling fees – BGN 905 thousand (2015: BGN 531 thousand), charged by the Bureau in relation to handling and payment for claims in its capacity as Compensation Body or in relation to traffic accidents occurring on the territory of the Republic of Bulgaria in the cases set out in the Internal Regulations of the Council of Bureaux. Further to a decision of the Management Committee, dated 3 November 2011, handling fees are charged in relation to paid by the Bureau claims under annulled Third Party Liability policies of motorists in cases of car accidents occurred abroad at the account of its members. As at 31 December 2016, the revenue from the latter amounted to BGN 401 thousand (2015: BGN 92 thousand);
- other income from written-off liabilities – BGN 12 thousand (2015: BGN 15 thousand) and other income – BGN 8 thousand (2015: reversal of derecognised receivables – BGN 50 thousand).

### 4. EXPENSES ON NON-PROFIT ACTIVITIES

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Personnel costs	260	264
Other expenses	133	363
Administrative expenses	76	138
	<b>469</b>	<b>765</b>

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*Personnel costs include:*

	<i>2016</i> <i>BGN '000</i>	<i>2015</i> <i>BGN '000</i>
<b>Personnel costs:</b>		
Expenses on remuneration	253	252
Expenses on social security contributions	7	12
	<b>260</b>	<b>264</b>
	<b>260</b>	<b>264</b>

*Other expenses include:*

Membership fee to the Council of Bureaux	73	70
Conferences, seminars and workshops	16	-
Business trip costs	15	20
Bank fees and charges	9	7
Legal services	-	137
Expenses on Green Cards (old forms) destruction	-	111
Other expenses	20	18
	<b>133</b>	<b>363</b>
	<b>133</b>	<b>363</b>

*Administrative expenses include:*

	<i>2016</i> <i>BGN '000</i>	<i>2015</i> <i>BGN '000</i>
Expenses on materials	4	7
Hired services expense	34	52
Expenses on remuneration	32	66
Expenses on social security contributions	2	6
Depreciation and amortisation expense	4	7
	<b>76</b>	<b>138</b>
	<b>76</b>	<b>138</b>



## 5. EXPENSES ON BUSINESS ACTIVITIES

### 5.1. *Expenses on raw materials and consumables*

	<i>2016</i> <i>BGN '000</i>	<i>2015</i> <i>BGN '000</i>
Electric energy, heat energy and water	6	5
Office equipment and stationery	3	4
Other expenses	5	1
	<u>15</u>	<u>10</u>

### 5.2. *Hired services expense*

	<i>2016</i> <i>BGN '000</i>	<i>2015</i> <i>BGN '000</i>
Rentals	78	59
Legal and audit services	26	-
<i>including audit services</i>	10	-
Telecommunication and courier services	10	9
Translation and copy services	9	2
Bank fees and charges	7	6
Other	17	10
	<u>147</u>	<u>86</u>

## 6. FINANCE INCOME AND COSTS

### 6.1. *Finance income and costs on non-profit activities*

Finance income from non-profit activities includes the accrued interest on deposits at the amount of BGN 107 thousand for 2016 (2015: BGN 179 thousand). Financial expenses for 2016 includes foreign currency exchange losses amount of 2 thousand (2015: none).

**6.2. Finance income and costs on business activities**

Finance income from business activities includes:

	<i>2016</i> <i>BGN '000</i>	<i>2015</i> <i>BGN '000</i>
Interest on government securities	163	-
Effects from transactions with government securities	293	40
Effect from fair value measurement of government securities	78	9
Foreign exchange differences	5	-
	<u>539</u>	<u>49</u>

Finance costs on business activities include:

	<i>2016</i> <i>BGN '000</i>	<i>2015</i> <i>BGN '000</i>
Effect from fair value measurement of government securities	15	15
Foreign exchange differences	2	-
Interest under past due tax liabilities	3	3
	<u>20</u>	<u>18</u>

**7. INTANGIBLE ASSETS**

	<i>Software</i>		<i>Total</i>	
	<i>2016</i> <i>BGN'000</i>	<i>2015</i> <i>BGN'000</i>	<i>2016</i> <i>BGN'000</i>	<i>2015</i> <i>BGN'000</i>
<b>Book value</b>				
Balance at 1 January	26	25	26	25
Additions	-	1	-	1
Disposals	(10)	-	(10)	-
Balance at 31 December	16	26	16	26
<b>Accumulated amortisation</b>				
Balance at 1 January	25	22	25	22
Amortisation charge for the year	1	3	1	3
Written-off amortisation for the year	(10)	-	(10)	-
Balance at 31 December	16	25	16	25
<b>Carrying amount at 31 December</b>	-	1	-	1
<b>Carrying amount at 1 January</b>	1	3	1	3

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**8. TANGIBLE FIXED ASSETS**

	<i>Computer hardware</i>		<i>Furniture and fixtures</i>		<i>TFA in progress and advances granted</i>		<i>Total</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
<b><i>Book value</i></b>								
<b>Balance at 1 January</b>	66	55	101	99	13	-	180	154
Additions	2	11	10	3	-	-	12	14
Transfer	6	-	7	-	(13)	13	-	13
Disposals	(24)	-	(24)	(1)	-	-	(48)	(1)
<b>Balance at 31 December</b>	<b>50</b>	<b>66</b>	<b>94</b>	<b>101</b>	<b>-</b>	<b>13</b>	<b>144</b>	<b>180</b>
<b><i>Accumulated depreciation</i></b>								
<b>Balance at 1 January</b>	50	40	90	88	-	-	140	128
Depreciation charge for the year	15	10	4	3	-	-	19	13
Written-off depreciation for the year	(24)	-	(24)	(1)	-	-	(48)	(1)
<b>Balance at 31 December</b>	<b>41</b>	<b>50</b>	<b>70</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>140</b>
<b>Carrying amount at 31 December</b>	<b>9</b>	<b>16</b>	<b>24</b>	<b>11</b>	<b>-</b>	<b>13</b>	<b>33</b>	<b>40</b>
<b>Carrying amount at 1 January</b>	<b>16</b>	<b>15</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>26</b>

***Other data***

As at 31 December 2016 there are no liens (pledges) on the Bureau's tangible fixed assets (31 December 2015: none).

## 9. RECEIVABLES UNDER DEMANDED CLAIMS

*Receivables under demanded claims* as at 31 December 2016 amount to BGN 2,322 thousand (31 December 2015: BGN 2,322 thousand). They are related to provided services and in relation to: (1) activity on handling and payment of claims by the Bureau in its capacity as Compensation Body; (2) traffic accidents occurring on the territory of the Republic of Bulgaria in the cases set out in the Internal Regulations of the Council of Bureaux; 3) activities related to the payment on claims by the National Bureaux for property and non-property damage as a result of traffic accidents caused by motor vehicles with foreign registration plates; and (4) claims from foreign insurance companies or National Bureaux in relation to unlawfully annulled Third Party Liability policies or coverage not given within the set timeline by a Bulgarian insurance company – a member of the Bureau.

As at the date when these financial statements were approved for issue, more than 86% of the *receivables under demanded claims* had been settled.

## 10. RECEIVABLES UNDER UNDEMANDED CLAIMS

*Receivables under undemanded claims* as at 31 December 2016 amount to BGN 1,842 thousand (31 December 2015: BGN 2,441 thousand) and include: (1) receivables under traffic accidents occurred on the territory of another older EU Member State the fault for which is that of a driver with Bulgarian registration plate, paid by the Bureau; (2) indemnities and expenses on outstanding claims in a process of court proceedings for events occurred on the territory of the country the fault for which is that of a motor vehicle with a foreign registration plate in the Green Card System; (3) expenses on outstanding claims in a process of court proceedings for events in which the Bureau acts as a Compensatory Body; and (4) claims from foreign insurance companies or National Bureaux in relation to unlawfully annulled Third Party Liability policies or coverage not given within the set timeline by a Bulgarian insurance company – a member of the Bureau.

As at the date when these financial statements were approved for issue, more than 50 % of the *undemanded claims* had been settled.

## 11. ADVANCES PAID TO SUPPLIERS

The advances paid to suppliers represent advances under a contract for legal services at the amount of BGN 72 thousand (2015: none).

## 12. OTHER RECEIVABLES

*Other short-term receivables* include mainly the receivables from interest charged on deposits with banking institutions and government securities at the amount of BGN 46 thousand (31 December 2015: BGN 43 thousand) as well as taxes refundable – BGN 6 thousand (31 December 2015: none) and receivables from Bureau members – BGN 4 thousand (2015: none).

### 13. FINANCIAL ASSETS HELD FOR TRADING

*Financial assets held for trading* available as at 31 December, amounting to BGN 2,979 thousand (31 December 2015: BGN 3,359 thousand), represent investments in government securities – bonds, as follows:

#### 31 December 2016:

Issue	Currency	Issue date	Maturity date	Coupon interest	Nominal	Fair value	Fair value
				%	'000	'000	BGN'000
BG2040008216	BGN	16.01.2008	16.01.2018	4.50%	BGN 110	BGN 105	105
BG2030013119	BGN	23.01.2013	23.01.2018	3.00%	BGN 294	BGN 287	287
BG2030014117	BGN	30.01.2013	23.01.2019	2.50%	BGN 446	BGN 452	452
BG2040114212	EUR	12.02.2014	12.02.2021	3.00%	EUR 22	EUR 23	46
XS1208855616	EUR	23.03.2015	23.03.2022	2.00%	EUR 1,043	EUR 1,068	2,089
							2,979

#### 31 December 2015:

Issue	Currency	Issue date	Maturity date	Coupon interest	Nominal	Fair value	Fair value
				%	'000	'000	BGN'000
BG2040008216	BGN	16.01.2008	16.01.2018	4.50%	BGN 110	BGN 108	108
BG2030013119	BGN	23.01.2013	23.01.2018	3.00%	BGN 294	BGN 295	295
BG2030014117	BGN	30.01.2013	23.01.2019	2.50%	BGN 446	BGN 456	456
BG2040114212	EUR	12.02.2014	12.02.2021	3.00%	EUR 22	EUR 23	46
XS1083844503	EUR		03.09.2024	2.95%	EUR 1,268	EUR 1,254	2,454
							3,359

### 14. BANK DEPOSITS

Bank deposits represent money placed in a term deposit with UniCredit Bulbank AD with maturity of 1 year. The deposit is denominated in BGN.

### 15. CASH AT BANK AND IN HAND

The *cash*, available as at 31 December 2016, amount to BGN 13,701 thousand (31 December 2015: BGN 13,528 thousand) and is at accounts with the following banks: Commercial Bank Allianz Bank Bulgaria AD, UniCredit Bulbank AD, Raiffeisenbank AD, DSK Bank AD.

Cash includes:

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	<i>31.12.2016</i>	<i>31.12.2015</i>
	<i>BGN'000</i>	<i>BGN'000</i>
Cash at current bank accounts	13,700	13,527
Cash in hand	1	1
<b>Cash and cash equivalents</b>	<b>13,701</b>	<b>13,528</b>

The currency structure of *cash in banks* is as follows:

- in BGN: BGN 7,992 thousand (31 December 2015: BGN 13,055 thousand);
- in foreign currency: BGN 5,709 thousand (31 December 2015: BGN 473 thousand).

## 16. DEFERRED EXPENSES

Deferred expenses include the following components:

	<i>31.12.2016</i>	<i>31.12.2015</i>
	<i>BGN'000</i>	<i>BGN'000</i>
Membership fee to the Council of Bureaux	65	72
Insurance	3	-
Subscriptions	1	-
<b>Total</b>	<b>70</b>	<b>72</b>

## 17. GUARANTEE FUND OF THE BUREAU

The amounts in the Guarantee Fund of NBBMI are set aside from initial inception contributions by each of the members (contributions under Art. 41, para 3 of the NBBMI Articles of Association). In 2014, amounts were set aside to the Fund also from cash contributions of each Bureau member made for each Third Party Liability insurance, frontier insurance and each Green Card certificate requested. By decision of the Management Committee, dated 1 January 2015, the payment of these contributions was terminated. As at 31 December 2015 the Guarantee Fund of the Bureau amounts to BGN 22,584 thousand (31 December 2015: BGN 22,636 thousand).

In 2016, following a decision of the Management Committee, claims of foreign National Bureaux were paid at the expense of the Guarantee Fund of the Bureau under occurred accidents the fault for which being that of drivers of motor vehicles with Bulgarian registration plates and a fake Green Card certificate – at the amount of BGN 52 thousand.

## 18. OTHER RESERVES

The other reserves of the Bureau are set aside from the result of the ordinary (regulated) activities, as well as the business activities carried out. The final result (profit or loss) is reported as an increase / decrease of other reserves. As at 31 December 2016, they amount to BGN 3,399 thousand (31 December 2015: BGN 2,674 thousand).

## 19. PAYABLES UNDER DEMANDED CLAIMS

*Payables under demanded claims* as at 31 December 2016 amount to BGN 719 thousand (31 December 2015: BGN 1,234 thousand). These are related to the activities for payment of claims to National Bureaux and foreign insurance companies for property and non-property damages paid by them as a result of traffic accidents caused by uninsured motor vehicles with Bulgarian registration plates as well as claims from foreign insurance companies or National Bureaux in relation to unlawfully annulled Third Party Liability policies or coverage not given within the set timeline by a Bulgarian insurance company – a member of the Bureau. As at the date when these financial statements were approved for issue, 100% of the *payables under demanded claims* had been settled.

## 20. ACCOUNTS PAYABLE

The accounts payable represent current payables to counterparts in relation to supply of goods and services rendered. The accounts payable as at 31 December 2016, amounting to BGN 70 thousand (31 December 2015: BGN 74 thousand), represent the amount due by the Bureau to the Council of Bureaux for the membership fee set for 2017.

## 21. OTHER CURRENT LIABILITIES

Other current liabilities include:

### 21.1. PAYABLES TO PERSONNEL AND FOR SOCIAL SECURITY

	<i>31.12.2016</i>	<i>31.12.2104</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Payables to personnel, including:		
<i>accruals on unused compensated leaves</i>	35	28
Payables for social security, including		
<i>accruals for unused compensated leaves</i>	35	28
	-	1
<b>Total</b>	<u>35</u>	<u>29</u>

**21.2. TAX PAYABLES**

Tax payables as at 31 December 2016 amount to BGN 60 thousand (31 December 2015: BGN 32 thousand) and represent:

	<i>31.12.2016</i>	<i>31.12.2015</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Value added tax	-	9
Taxes on profit	59	22
Other tax payables	1	1
<b>Total</b>	<b>60</b>	<b>32</b>

**22. CONTINGENT ASSETS**

Each of the eighteen members of the Bureau has established an irrevocable, indivisible and payable on demand bank guarantee amounting to EUR 600 thousand in favour of the NBBMI. By a decision of the Management Committee No 181, dated 7 October 2015, one of the members of the Bureau was placed under monitoring and its guarantee was increased to EUR 1,200 thousand.

**23. POST BALANCE SHEET DATE EVENTS**

On the grounds of Art. 38b, para 10 of NBBMI's Articles of Association and following a decision of the Management Committee, dated 22 February 2017, the monitoring procedure imposed on IC Lev INS AD was terminated and the amount of the bank guarantee of the insurance company was decreased to the usual amount of EUR 600 thousand.