



**2017 Annual Financial Statements
Of**

**THE BUREAU OF BULGARIAN
MOTOR INSURERS**

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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 2017, 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 2017, 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 2017 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.



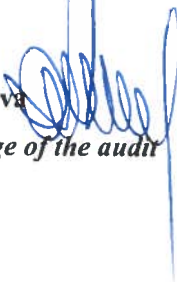
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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

27 June 2018

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 2017.

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
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NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS

PROFIT AND LOSS STATEMENT

for the year ended 31 December 2017

	Note	2017 BGN '000	2016 BGN '000
1. Operating revenue	3.1	272	273
2. Operating expenses	4	600	469
RESULT (1 - 2)		(328)	(196)
3. Finance income	6.1.	69	107
4. Finance costs	6.1.	-	2
5. Profit from business activities		317	816
RESULT (1 - 2 + 3 - 4 + 5)		58	725

The accompanying notes on pages 6 to 26 form an integral part of these financial statements.

Chairman of the Management Committee: _____

Orlin Penev

Chief Accountant (preparer): _____

Darina Marinova



Audited by AEA

27.06.2018

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
 PROFIT AND LOSS STATEMENT ON BUSINESS ACTIVITIES
 for the year ended 31 December 2017

	Note	2017 BGN '000	2016 BGN '000
A. Expenses			
1. Expenses on raw materials, consumables and hired services, including:			
a) raw materials and consumables	5.1.	119	162
b) hired services	5.2.	10	15
2. Personnel costs, including:		109	147
a) remuneration expense		437	375
b) social security contributions, including:		378	329
aa) related to pensions		59	46
3. Depreciation/amortisation expense and impairment loss, including:		37	28
a) depreciation/amortisation expense and impairment loss on tangible fixed and intangible assets, including:		14	15
aa) depreciation/amortisation expense		14	15
b) Other expenses:		14	15
aa) depreciation/amortisation expense		1	1
b) foreign currency exchange losses		13	14
Total operating expenses (1 + 2 + 3 + 4)		570	553
5. Impairment loss on financial assets, including investments, recognised as current (short-term) assets		380	
6. Interest expense and other finance costs, including:		28	20
a) losses from dealing in financial assets		21	15
b) foreign currency exchange losses		4	2
Total finance costs (5 + 6)	6.2.	408	20
Total expenses (1 + 2 + 3 + 4 + 5 + 6)		978	573
7. Accounting profit for the year (total revenues - total expenses)		371	891
8. Tax expense on profit		(54)	(75)
9. Net profit for the year (7 + 8)		317	816
Grand total (Total expenses - 8 + 9)		1 349	1 464
B. Revenues			
1. Net revenue from:			
a) services		963	905
2. Other revenue:		56	20
Total operating revenues (1 + 2)	3.2.	1 019	925
3. Interest income and other finance income, including:	6.2.	330	539
a) gains from dealing in financial assets		209	371
b) foreign currency exchange gains		11	5
Total finance income (3)		330	539
Total revenues (1 + 2 + 3)		1 349	1 464
Grand total (Total revenues)		1 349	1 464

The accompanying notes on pages 6 to 26 form an integral part of these financial statements

Chairman of the Management Committee:

Orlin Pongov

Chief Accountant (preparer):

Darina Marinova



AUDITED BY AEA

27.06.2018

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
BALANCE SHEET
as at 31 December 2017

	Note	31.12.2017 BGN '000	31.12.2016 BGN '000	Note	31.12.2017 BGN '000	31.12.2016 BGN '000
ASSETS						
A. Non-current (long-term) assets						
I. Tangible fixed assets						
I. Other	7	17	33	16	22 574	22 584
Group I total:		17	33		3 457	3 399
Section A total:		17	33	17	3 457	3 399
B. Current (short-term) assets						
I. Debtors						
1. Receivables under demanded claims	8	1 910	3 173	18	5 327	719
2. Receivables under undemanded claims	9	8 230	1 842		3 317	719
3. Advances paid to suppliers	10	-	72		10	-
4. Other receivables	11	95	56	19	74	70
Group I total:		10 235	5 143		74	70
II. Investments				20	161	194
1. Financial assets held for trading	12	5 217	2 979		161	194
Group II total:		5 217	2 979		42	35
III. Bank deposits	13	-	5 040		42	35
IV. Cash at bank and in hand, including:		16 028	13 701		63	60
- cash in hand		3	1		63	60
- in non-term accounts and deposits	14	16 025	13 700		5 562	983
Group IV total:		16 028	13 701		5 552	983
Section B total:		31 480	26 863		10	-
C. Deferred expenses	15	96	70		31 593	26 966
TOTAL ASSETS (A + B + C)		31 593	26 966		31 593	26 966
LIABILITIES						
B. Creditors						
1. Payables under demanded claims, including:						
up to 1 year						
over 1 year						
2. Accounts payable, including:						
up to 1 year						
3. Other liabilities, including:						
up to 1 year						
- payables to personnel, including:						
up to 1 year						
- tax payables, including:						
up to 1 year						
Section B total, including:						
up to 1 year						
over 1 year						
TOTAL NET ASSETS AND LIABILITIES (A + B)		31 593	26 966		31 593	26 966

The accompanying notes on pages 6 to 26 form an integral part of these financial statements.
The financial statements on pages 1 to 26 were approved by the Management Committee and signed on 27.06.2018 by:

Chairman of the Management Committee:

Orlin Penev

Chief Accountant (preparer):

Dorina Marinova

AUDITED BY AIA

27.06.2018

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS

CASH FLOW STATEMENT

for the year ended 31 December 2017

	Note	2017 BGN '000	2016 BGN '000
I. CASH AVAILABLE AT THE BEGINNING OF THE PERIOD		13 701	13 528
II. Cash flows from non-profit activities			
A. Proceeds from non-profit activities			
1. Proceeds from Green Cards issuing		3 795	3 419
2. Proceeds from membership fees		272	268
3. Recovered long-term bank deposits		5 040	-
4. Interest received		75	111
5. Other proceeds		2	1
Total cash flows from non-profit activities		9 184	3 799
B. Payments under non-profit activities			
1. Payments related to Green Cards issuing		(3 795)	(3 419)
2. Payments on services and fixed assets acquisition		(279)	(15)
3. Cash flows related to labour remuneration		(769)	(667)
4. Long-term bank deposits		-	(40)
5. Other payments		(28)	(32)
Total payments under non-profit activities		(4 871)	(4 173)
C. Net cash flows from / (used in) non-profit activities		4 313	(374)
III. Cash flows from business activities			
A. Proceeds from business activities			
1. Proceeds from demanded claims		30 349	30 793
2. Proceeds from transactions with financial instruments		-	5 957
3. Interest received		115	156
Total proceeds from business activities		30 464	36 906
B. Payments under business activities			
1. Payments under demanded claims		(29 193)	(30 390)
2. Purchases of financial instruments		(2 094)	(5 222)
3. Taxes paid (except income taxes)		(328)	(340)
4. Income tax paid		(101)	(39)
5. Cash paid to suppliers		(717)	(356)
6. Other payments		(17)	(12)
Total payments under business activities		(32 450)	(36 359)
C. Net cash flows (used in) / from business activities		(1 986)	547
IV. Cash available at the end of the period	14	16 028	13 701
V. Change in the cash flows for the period		2 327	173

The accompanying notes on pages 6 to 26 form an integral part of these financial statements.

Chairman of the Management Committee:

Orlin Penev

Chief Accountant (preparer):

Darina Marinova

AUDITED BY AIA

27.06.2018

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 December 2017

	Note	Guarantee Fund of the Bureau BGN '000	Other reserves BGN '000	Total net assets BGN '000
Balance at 1 January 2017		<u>22 584</u>	<u>3 399</u>	<u>25 983</u>
Damages covered by the Guarantee Fund of the Bureau	17	(10)		(10)
Operating result for the year including: profit from business activities result from non-profit activities			<u>58</u> <u>317</u> <u>(259)</u>	<u>58</u> <u>317</u> <u>(259)</u>
Balance at 31 December 2017	17, 18	<u>22 574</u>	<u>3 457</u>	<u>26 031</u>

The accompanying notes on pages 6 to 26 form an integral part of these financial statements.

Chairman of the Management Committee:

Orlin Penev

Chief Accountant (preparer):

Darina Marinova



Audited by AEA
AUDITED BY AEA

27.06.2018

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 management body is a Management Board (Management Committee), which consists of seven members.

As at 31 December 2017, 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 Velez, 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 2017, the average number of personnel of the Bureau hired under labour contracts, is 12 employees (2016: 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.

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- 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.
- It notifies its members about claims received by insurers or national insurance bureaux in relation to insurance events which occurred under Motor Third Party Liability insurance policies concluded and issued by members of the Bureau, and controls them in accordance with the Internal Regulations of the Council of Bureaux.
- It pays on its behalf and on behalf of its members, within the deadlines specified in the Motor Third Party Liability insurance, compensations due for damages incurred, and reimburses on its behalf and at its members' expense costs incurred by insurers or national bureaux that processed damaged under Motor Third Party Liability insurance policies concluded and issued by those members of the Bureau who fail to meet their payment obligations in a timely manner.

1.3. Going concern principle

These statements have been prepared based on the assumption of going concern.

In 2017, two of the Bureau's members delayed and/or discontinued payment of claims by foreign insurers and/or bureaux. As a result, the General Assembly of the Council of Bureaux dated June 2017 gave a mandate to the Management Board of the Council of Bureaux to place under monitoring the Bulgarian Bureau at all times, if its solvency is endangered. As a result of the systematic refusal to pay claims made by a foreign entity to these Bureau members, and of their refusal to provide coverage for the policies issued thereby, on 13 November 2017 the Council of Bureaux sent a letter to NBBMI, informing it that these cases constitute a precedent and that such actions threaten the Bureau's financial stabilities and the basic principles of the Green Card system. On 11 December 2017, the Management Board of the Council of Bureaux sent a second letter, informing NBBMI that it has identified material pending risk on NBBMI's solvency, and made a decision for the Bureau to establish in its favour a bank guarantee at the amount of EUR 4,000 thousand. The guarantee was established in 2018.

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

As at 31 December 2017, the Bureau's receivables from the two insurance companies that refuse to make payments related to insurance claims paid on their behalf or claimed, amount at BGN 4,646 thousand.

The management has taken the following measures which it believes will result in improving the Association's financial stability and ensure its liquidity:

- (1) BNNMI members who delay or refuse payment of claims are placed under monitoring, in accordance with Art. 38b of the Bureau's Statutes.
- (2) On 19 December 2017, an Extraordinary General Meeting of Bureau Members was held, at which:
 - a decision was made to amend the Statutes of the NBBMI to increase the bank guarantees for members placed under monitoring, in accordance with their market share;
 - the Management Board was given mandate, in case of shortage of funds in the Bureau's Guarantee Fund, to order the deposit of additional contributions by each member, in accordance with their market share, by determining a contribution of BGN 10 per each vehicle insured, as of 1 February 2018.
- (3) By means of Protocol dated 10 January 2018 the Management Board made a decision to deposit an additional one-off contribution at the amount of EUR 4,000 thousand by the Bureau's members, in accordance with their market share, in order to provide funds for establishing a bank guarantee in favour of the Council of Bureaus. Following the decision of the General Meeting, a decision was made for additional monetary contribution to the Bureau's Guarantee Fund at the amount of BGN 10 for a period of 12 months for each vehicle for which Motor Third Party Liability insurance has been concluded. This is a temporary measure that aims to ensure the Bureau's financial stability so that it can perform its activity as guarantor of payments by its members with respect to policies concluded for Motor Third Party Liability insurance and trans-border Third Party Liability insurance for events occurring on the territory of another EU member state and caused by a Bulgarian vehicle holding a valid policy with the respective company.

For each of the Bureau members placed under monitoring, a guarantee has been determined at the amount of EUR 5,000 thousand, in accordance with Art. 38b of the Bureau's Statutes. Further to this decision, a bank guarantee has been established for one of the members which was still under monitoring as at the date of issuing the Bureau's financial statements (Note 22).

1.4. Main indicators of the economic environment

The main economic indicators of the business environment that have affected the Association activities throughout the period 2015 – 2017, are presented in the table below:

Indicator	2015	2016	2017
GDP in million levs	88,571	94,130	99,080 *
Actual growth of GDP	3.6 %	3.9%	3.8%*
Year-end inflation	-0.9%	-0.5%	1.8%

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Average exchange rate of USD for the year	1.76	1.77	1.71
Exchange rate of the USD at year-end	1.80	1.86	1.63
Basic interest rate at year-end	0.01	0.00	0.00
Unemployment rate at year-end	10.0%	8.0%	7.1%

*BNB forecast for 2017, source: BNB

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 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.

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 Association 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 and the notes thereto is presented in thousand Bulgarian Levs (BGN'000). These annual financial statements have been prepared on a historical cost basis, *with the exception of financial assets held for trading*, which have been measured at fair value.

Based on criteria set in the Accountancy Act, the Company is classified in the category of small undertakings.

With regard to small undertakings the law provides relief options for the preparation of statutory financial statements. The Company's management has made a decision to not apply these reliefs and keep the annual financial statements layout.

Under the Accountancy Act, the Association retains the categorization made as at 1 January 2016 for at least two reporting periods, even if a change in criteria occurs. Therefore, the first year in which there may be change in categorization, commences on 1 January 2018. There is no change in the Association's category as of 1 January 2018.

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

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

or complexity or where the assumptions and accounting estimates are material for the financial statements, are disclosed in Note 2.14.

2.2. Comparatives

The Association 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.

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*.

NBBMI's activities under Art. 1 of the Commercial Act, carried out as per trade, aimed at generating permanent income, which is directly related to the non-profit activity на Бюроото, as per the Statutes of the NBBMI, the Internal Regulations of the Council of Bureaus, and the Insurance Code. 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 Bureaus as well as revenue from handling claims of its members under payments by the Bureau when a NBBMI member discontinues performing their obligations for payments to foreign national Bureaus or insurance event counterparts in events that occurred outside the territory of Bulgaria.

NATIONAL BUREAU OF BULGARIAN MOTOR INSURERS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 related to determining the amount of compensation, 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. Debtors

Receivables under claims made are recognised and carried at the original invoice amount (cost) and a Statement of Claim letter less any allowance for uncollectable debts. Receivables under claims not brought are stated at the amount of costs incurred to settle damages, which are subsequently claimed to a foreign national bureau, the Guarantee Fund, insurer or counterpart. An estimate allowance for doubtful and bad debts is made when significant uncertainty exists as to the collectability of the full

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amount or a part of it. Bad debts are fully written-off when the legal grounds for this are available (are identified).

2.8. 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.

2.9. 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.

2.10. 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).

2.11. 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.

2.12. 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: induction contributions for each of the members (Art. 41a, Para 1 of the Statutes of the NBBMI).

By means of a decision of the Management Board, the Bureau may stipulate additional monetary contributions by each Bureau member. Such contribution was stipulated by a protocol dated 22 March 2018 for each vehicle for which Motor Third Party Liability insurance and trans-border Third Party Liability insurance has been concluded. Contributions to the Guarantee Fund are made under a decision of the Management Board and serve to make payments by the Bureau under Art. 22 of the Statutes of NBBMI.

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 (2) payments of claims on behalf of the Bureau in relation to untrue, fake or forged Green Card certificates, (3) payments which in accordance with the Internal Regulations of the Council of Bureaus should be made on behalf of the Bureau and at the expense of each insurer who is a member of the Bureau and has failed to make a payment in accordance with the rules and deadlines stipulated in the Internal Regulations of the Council of Bureaus.

2.13. 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 2017 was 10% (2016: 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.

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

2.14.1. 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

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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 'costs for impairment of financial assets'. In case of subsequent recovery of impairment loss, it is stated in 'other 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 272 thousand (2016: BGN 273 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

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to motorists in the Republic of Bulgaria in accordance with the provisions of this Code. Their number was 17 as at 31 December 2017 (31 December 2016: 17).

3.2. Revenue from business activities

Revenue from business activities, amounting to BGN 1,019 thousand (2016: BGN 925 thousand) includes:

- handling fees – BGN 963 thousand (2016: BGN 905 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 processing claims of the Bureau's members in the cases of payments made by the Bureau when a member of NBBMI stops performing its obligations for payment to foreign national bureaus or counterparts under insurance events which occurred outside the territory of Bulgaria. In 2017, revenue from this field amounts at BGN 541 thousand (2016: BGN 401 thousand).
- other income from written-off liabilities – BGN 8 thousand (2016: BGN 12 thousand), deferral interest – BGN 48 thousand (2016: other income – BGN 8 thousand).

4. EXPENSES ON NON-PROFIT ACTIVITIES

Expenses on non-profit activities include:

	<i>2017</i> <i>BGN '000</i>	<i>2016</i> <i>BGN '000</i>
Personnel costs	298	260
Other expenses	234	133
Administrative expenses	68	76
	600	469

Personnel costs include:

	<i>2017</i> <i>BGN '000</i>	<i>2016</i> <i>BGN '000</i>
Expenses on remuneration	288	253
Expenses on social security contributions	10	7
	298	260

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Other expenses include:

Legal services	116	-
Membership fee to the Council of Bureaux	65	73
Business trip costs	24	15
Bank fees and charges	8	9
Conferences, seminars and workshops	6	16
Other expenses	15	20
	<u>234</u>	<u>133</u>

Administrative expenses include:

	<i>2017</i> <i>BGN '000</i>	<i>2016</i> <i>BGN '000</i>
Expenses on materials	3	4
Hired services expense	26	34
Expenses on remuneration	32	32
Expenses on social security contributions	3	2
Depreciation and amortisation expense	4	4
	<u>68</u>	<u>76</u>

5. EXPENSES ON BUSINESS ACTIVITIES

5.1. Expenses on raw materials and consumables

	2017 <i>BGN '000</i>	2016 <i>BGN '000</i>
Electric energy, heat energy and water	5	6
Office equipment and stationery	4	3
Other expenses	1	5
	10	15

5.2. Hired services expense

	2017 <i>BGN '000</i>	2016 <i>BGN '000</i>
Rentals	65	78
Translation and copy services	12	9
Legal and audit services	8	26
Telecommunication and courier services	9	10
Bank fees and charges	7	7
Other	8	17
	109	147

The expenses for performing independent financial audit, allocated between expenses for business and non-profit activities, amount at BGN 10 thousand (2016: BGN 10 thousand).

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 69 thousand for 2017 (2016: BGN 107 thousand). Financial expenses for 2016 include foreign currency exchange losses amount of 2 thousand.

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6.2. Finance income and costs on business activities

Finance income from business activities includes:

	<i>2017</i>	<i>2016</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Effect from fair value measurement of government securities	209	78
Interest on government securities	110	163
Effects from transactions with government securities	-	293
Foreign exchange differences	11	5
	<u>330</u>	<u>539</u>

Finance costs on business activities include:

	<i>2017</i>	<i>2016</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Impairment of receivables	380	-
Effect from fair value measurement of government securities	21	15
Foreign exchange differences	4	2
Interest under past due tax liabilities	3	3
	<u>408</u>	<u>20</u>

7. TANGIBLE FIXED ASSETS

	<i>Computer hardware</i>		<i>Furniture and fixtures</i>		<i>TFA in progress and advances granted</i>		<i>Total</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</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>
<i>Book value</i>								
Balance at 1 January	50	66	94	101	-	13	144	180
Additions	2	2	-	10	-		2	12
Transfer		6		7		(13)		-
Disposals	-	(24)	-	(24)		-	-	(48)
Balance at 31 December	52	50	94	94	-	-	146	144

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<i>Accumulated depreciation</i>									
Balance at 1 January	37	50	74	90	-	-	111	140	
Depreciation charge for the year	14	15	4	4	-	-	18	19	
Written-off depreciation for the year	-	(24)		(24)	-	-	-	(48)	
Balance at 31 December	51	41	78	70	-	-	129	111	
<i>Carrying amount at 31 December</i>	1	13	16	20	-	-	17	33	
<i>Carrying amount at 1 January</i>	13	16	20	7	-	-	33	33	

Other data

As at 31 December 2017 there are no liens (pledges) on the Bureau's tangible fixed assets (31 December 2016: none).

8. RECEIVABLES UNDER DEMANDED CLAIMS

Receivables under demanded claims as at 31 December 2017 amount to BGN 1,910 thousand (31 December 2016: BGN 3,173 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 processing claims of the Bureau's members in the cases of payments made by the Bureau when a member of NBBMI stops performing its obligations for payment to foreign national bureaus or counterparts under insurance events which occurred outside the territory of Bulgaria.

As at the date when these financial statements were approved for issue, more than 69% of the *receivables under demanded claims* had been settled.

9. RECEIVABLES UNDER UNDEMANDED CLAIMS

Receivables under undemanded claims as at 31 December 2017 amount to BGN 8,230 thousand (31 December 2016: BGN 1,842 thousand) and include: (1) receivables under traffic accidents occurred on

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the territory of another older EU Member State the fault for which is that of a driver with uninsured vehicle with Bulgarian registration plate, paid by the Bureau; (2) indemnities and accompanying 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; (4) guarantees for suspending court rulings; (5) claims paid by the NBBMI in relation to processing claims of the Bureau's members in the cases of payments made by the Bureau when a member of NBBMI stops performing its obligations for payment to foreign national bureaus or counterparts under insurance events which occurred outside the territory of Bulgaria.

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

10. ADVANCES PAID TO SUPPLIERS

The advances paid to suppliers as at 31 December 2016 represent advances under a contract for legal services at the amount of BGN 72 thousand (31 December 2017: none).

11. OTHER RECEIVABLES

Other short-term receivables include mainly the receivables from interest charged on government securities at the amount of BGN 81 thousand (31 December 2016: BGN 6 thousand), taxes refundable – BGN 10 thousand (31 December 2016: BGN 6 thousand) and receivables from Bureau members – BGN 4 thousand (2016: BGN 4 thousand).

12. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading available as at 31 December, amounting to BGN 5,217 thousand (31 December 2016: BGN 2,979 thousand), represent investments in government securities – bonds, as follows:

31 December 2017:

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%	110 BGN	100 BGN	100
BG2030013119	BGN	23.01.2013	23.01.2018	3.00%	294 BGN	281 BGN	281
BG2030014117	BGN	30.01.2013	23.01.2019	2.50%	446 BGN	444 BGN	444
BG2040114212	EUR	12.02.2014	12.02.2021	3.00%	22 EUR	23 EUR	46
XS1208855616	EUR	23.03.2015	23.03.2022	2.00%	1 087 EUR	1 068 EUR	2 126
							5 217

31 December 2016:

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

13. BANK DEPOSITS

Bank deposits as at 31 December 2016 represent money placed in a term deposit with UniCredit Bulbank AD with maturity of 1 year. The deposit is denominated in BGN. As at 31 December 2017, the deposit was closed.

14. CASH AT BANK AND IN HAND

The *cash* available as at 31 December 2017 amounts to BGN 16,028 thousand (31 December 2016: BGN 13,701 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:

	<i>31.12.2017</i> <i>BGN'000</i>	<i>31.12.2016</i> <i>BGN'000</i>
Cash at current bank accounts	16 025	13 700
Cash in hand	3	1
Cash and cash equivalents	16 028	13 701

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

- in BGN: BGN 15,751 thousand (31 December 2016: BGN 7,992 thousand);
- in foreign currency: BGN 277 thousand (31 December 2016: BGN 5,709 thousand).

15. DEFERRED EXPENSES

Deferred expenses include the following components:

<i>31.12.2017</i> <i>BGN'000</i>	<i>31.12.2016</i> <i>BGN'000</i>

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Membership fee to the Council of Bureaux	65	65
Insurance	29	3
Subscriptions	2	1
Total	96	70

16. GUARANTEE FUND OF THE BUREAU

The amounts in the Guarantee Fund of NBBMI are set aside from property contributions by each of the members (contributions under Art. 41, para 3 of the NBBMI Articles of Association). Each newly joined Bureau member makes an induction contribution to the Bureau's Guarantee Fund. As at 31 December 2017 the Guarantee Fund of the Bureau amounts to BGN 22,574 thousand (31 December 2016: BGN 22,584 thousand).

In 2017, 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 10 thousand.

17. 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 2017, they amount to BGN 3,457 thousand (31 December 2016: BGN 3,399 thousand).

18. PAYABLES UNDER DEMANDED CLAIMS

Payables under demanded claims as at 31 December 2017 amount to BGN 5,327 thousand (31 December 2016: BGN 719 thousand). These are related to the activities for claims made by the 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 payments made by the Bureau for processing claims of its members in the cases when a member of NBBMI stops performing its obligations for payment to foreign national bureaus or counterparts under insurance events which occurred outside the territory of Bulgaria. As at the date when these financial statements were approved for issue, 99% of the *payables under demanded claims* had been settled.

19. 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 2017, amounting to BGN 74 thousand (31 December 2016: BGN 70 thousand), represent the amount due by the Bureau to the Council of Bureaux

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for the membership fee set for 2018, as well as regular payments related to regulating damages under the Bureau's main activity.

20. OTHER CURRENT LIABILITIES

Other current liabilities include:

	<i>31.12.2017</i>	<i>31.12.2106</i>
	<i>BGN '000</i>	<i>BGN '000</i>
Payables to personnel, including:	42	35
<i>Accruals on unused compensated leaves</i>	42	35
Payables for taxes, including	63	60
<i>Value Added Tax</i>	48	-
<i>Taxes on profit</i>	<u>12</u>	<u>59</u>
<i>Other tax payables</i>	<u>3</u>	<u>1</u>
Other payables	<u>56</u>	<u>99</u>
Total	<u><u>161</u></u>	<u><u>194</u></u>

21. 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 Extraordinary General Meeting of NBBMI Members dated 19 December 2017, the amount of the bank guarantee for members placed under monitoring was increased in accordance with their market share, and the highest guarantee amount may reach EUR 5,000 thousand. As at 31 December 2017 two of the Bureau's members were placed under monitoring and the amount of their bank guarantee, as per NBBMI's Statutes, was set at EUR 1,200 thousand.

22. POST BALANCE SHEET DATE EVENTS

By means of Protocol dated 10 January 2018, the Management Board:

(1) made a decision for extraordinary monetary contributions by NBBMI's members to the Bureau's Guarantee Fund at a total amount of EUR 4,000 thousand in order to collect funds to establish a bank guarantee in favour of the Council of Bureaus. The individual contribution of each member is determined in accordance with their market share.

(2) stipulated an additional monetary contribution to the Bureau's Guarantee Fund at the amount of BGN 10 for a period of 12 months for each vehicle for which Motor Third Party Liability insurance has been concluded.

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(3) determined a bank guarantee in favour of NBBMI for Bureau members under monitoring procedure, at the amount of EUR 5,000, in accordance with Art. 38b, Para 7 of the Bureau's Statutes.

By means of a decision of the Management Board dated 12 February 2018, on the grounds of Art. 38b, Para 10 of the Statutes of NBBMI, the monitoring procedure imposed on one of the two Bureau members placed under monitoring in 2017 was terminated, and the amount of the bank guarantee for the insurance company was reduced to the usual amount of BGN 600 thousand.

On 9 March 2018 NBBMI established a bank guarantee at the amount of EUR 4,000 in favour of the Council of Bureaus.

On 10 May 2018 the Financial Supervision Commission announced that it made a decision to impose a compulsory administrative measure on Insurance Company Olympic – Bulgaria Branch (member of NBBMI), thus imposing a ban on the conclusion of new insurance and re-insurance contracts under all classes of insurance, extending the period of concluded contracts and extending their coverage, as well as on the free disposal of assets of the Branch on the territory of the Republic of Bulgaria. The decision was made in relation to withdrawing the license of Insurance Company Olympic JSC in Cyprus and the granting of a special license that only envisages the possibility to continue activities under already concluded contracts, settling pending claims and collecting premiums due to the company, as well as meeting other obligations.