

Public charity fund «BF MEREKE»

Special purpose report

*For the year ended 31 December 2022,
with independent auditor's report*



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Special purpose report

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Астана қ., Z10H9E3
Қазақстан Республикасы
Сарыарқа даңғылы, 6
«Арман» БО, 317 кеңсе
Тел.: + 7 717 2792 586

Республика Казахстан
г. Астана, Z10H9E3 пр.
Сарыарқа, 6
БЦ «Арман», офис 317
Тел.: + 7 717 2792 586

6 Saryarka ave.
BC Arman, office 317
Astana, Z10H9E3
Republic of Kazakhstan
Tel.: + 7 717 2792 586

INDEPENDENT AUDITOR'S REPORT

To the Management of Charity Fund BF Mereke

Opinion

We have audited the Special purpose financial statements of Charity Fund BF Mereke (the "Fund"), which comprise the balance sheet as at December 31, 2022, the income statement for the year then ended, and notes to the Special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Special purpose financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance for the year then ended in accordance with accounting policies disclosed in Note 2 approved by the steering committee of the Fund.

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 responsibility for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Important Circumstances Basic Accounting Principles and Restrictions on Use and Distribution

We draw attention to Note 2 to the Special purpose financial statements, which sets out the main accounting principles. The Special purpose financial statements have been prepared for the purpose of disclosing information on the Fund's total receipts and expenditures, and the balance sheet of the Fund. Accordingly, this Special purpose financial statements may not be applicable for other purposes. Our audit report is intended solely for the Management and participants of the Fund, as well as for the sponsors of the Fund, and should not be used by any other party or transmitted to any other party than the specified parties. Our opinion has not been modified in relation to this circumstance.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies disclosed in Note 2 to the Special purpose financial statements, 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.

Those charged with governance are responsible for overseeing the preparation of the Fund's Special purpose financial statements.

Auditor's responsibility 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.

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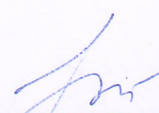
aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special purpose financial statements.


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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, 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.


The partner in charge of the audit resulting in this independent auditor's report is Nurbol Tleuov.


Nurbol Tleuov
Auditor/Director
TGS Saryarqa LLP



Auditor qualification certificate No. МФ-0002029 dated February 20, 2020

State audit license for audit activities on the territory of the Republic of Kazakhstan No. 20014819 issued by the State internal audit committee of the Ministry of Finance of the Republic of Kazakhstan on October 7, 2020



6, Saryarka Ave., BC Arman, office 317, Astana
Z10H9E3, Republic of Kazakhstan

March 3, 2023

SPECIAL PURPOSE REPORT OF ACTIVITIES

<i>In thousands of tenge</i>	Note	2022	2021
Contributions	4	76,321	21,615
Expenses:			
Operating services	5	(58,610)	(11,691)
General and administrative expenses	6	(14,354)	(7,657)
Total expenses		(72,988)	(19,348)
Income tax expenses		-	-
Surplus/(deficit) of contributions over expenses		3,357	2,267

Director



Kairat A.T.

SPECIAL PURPOSE REPORT OF FINANCIAL POSITION

<i>In thousands of tenge</i>	Note	31 December, 2022	31 December, 2021
Current assets			
Inventories		184	141
Other current assets		100	7
Cash and cash equivalents	3	4,934	1,321
Total current assets		5,217	1,470
Non-current assets			
Property, plant and equipment		1,084	1,432
Total non-current assets		1,084	1,432
Total assets		6,301	2,902
Equity and liabilities			
Equity			
Contributions surplus/ (accumulated loss)		6,124	2,767
Total equity		6,124	2,767
Current liabilities			
Trade accounts payable		25	25
Other taxes payable		56	45
Other current liabilities		96	66
Total current liabilities		177	136
Total equity and liabilities		6,301	2,903

Director



Kairat A.T.

NOTES TO THE SPECIAL PURPOSE REPORT

1. GENERAL INFORMATION

Public charity fund «BF MEREKE» (hereinafter – the «Fund») was founded in 20 November, 2020 in accordance with laws of the Republic of Kazakhstan. The Fund is a non-governmental and non-profit organization. The mission of the Fund is to involve society in the culture of charity, contribute to the formation of a healthy lifestyle for young people, as well as promote the further development of the Republic of Kazakhstan through educated and well-mannered youth.

The main activity of the Fund is the implementation of projects in such areas as: education, sports, as well as charitable assistance to socially vulnerable, poor people.

The Participants of the Fund are the following individuals:

- Meyirmanov Maksat Bayizovich;
- Serikova Gulshat Kayirzhanova.

The Members of the Board of Trustees of the Fund are the following individuals:

- Iliyov Arli Gubezovich;
- Dashina Irina Nikolayevna;
- Ali Zhansaya Aidoskyzy.

The registered office of the Fund is located at: Republic of Kazakhstan, Astana city, Esil district, Uly Dala street, building №3/3, NRP 8.

These special purpose reports of the Fund were approved by the Director of the Fund on 3 March, 2023.

2. BASIS OF PREPARING SPECIAL PURPOSE REPORT AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

These special purpose reports have been prepared in accordance with the approved accounting policies of the Fund.

The report have been prepared for the purpose of disclosing information on the financial position and on the activities of the Fund for 2022. These reports may not be applicable for any other purpose, nor does the report contain information on changes in the Fund's cash flows as at and for the years ended 31 December, 2021 and 2022.

The report are presented in tenge, which is the functional currency of the Fund.

Classification of assets and liabilities as current and non-current

In the special purpose report of financial position, the Fund presents assets and liabilities based on their classification as current and non-current in the statement of financial position. An asset is current if:

- it is supposed to be realized or it is intended for sale or consumption within the normal operating cycle;
- it is intended primarily for trading purposes;
- it is supposed to be implemented within 12 (twelve) months after the end of the reporting period; or
- it represents cash or cash equivalents, unless there are restrictions on its exchange or use to pay off obligations for at least 12 (twelve) months after the end of the reporting period.

All other assets are classified as non-current.

Liabilities are current, if:

- it is supposed to be extinguished within the normal operating cycle;
- it is held mainly for trading purposes;
- it is repayable within 12 (twelve) months after the end of the reporting period; or
- the Company does not have an unconditional right to defer repayment of the obligation for at least 12 (twelve) months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE SPECIAL PURPOSE REPORT (continued)

2. BASIS OF PREPARING SPECIAL PURPOSE REPORT AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Inventories

Inventories are carried at the lower of either the cost or net realizable value. The cost of inventories, other than those represented by real estate, is accounted for using the weighted average cost method. The cost of inventories represented by real estate relating to individual residential properties is determined using the object cost identification method.

The cost of inventories includes all costs incurred in the ordinary course of business to bring them to the site and bring them to their present condition. The value of inventories represented by real estate is the cost of their construction, including an appropriate portion of overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs to sell.

Cash and cash equivalents, bank deposits

Cash and cash equivalents include cash in banks and on hand.

Property plant and equipment*Recognition and evaluation*

Items of property, plant and equipment are valued at cost less accumulated depreciation. The cost of property, plant and equipment consists of the purchase price of the asset, import duties and taxes (other than reimbursable taxes), less trade discounts. The cost of transporting an asset to the right place and bringing it into a condition necessary for operation, including the costs of employee benefits that are directly related to the construction or acquisition of the asset, are not included in the cost of the asset and are recognized as expenses in the period in which they are incurred.

The initial valuation of independently created items of property, plant and equipment, the production period, construction of which is less than one year, is determined on the basis of the same principles as when purchasing, and includes the purchase price of raw materials and materials spent on the production of items of property, plant and equipment, import duties, taxes (except reimbursed).

When property, plant and equipment is acquired in exchange for another asset, the actual cost of the item received is assumed to be equal to the carrying amount of the item given up, adjusted for the amount of cash or cash equivalents paid.

Depreciation

The cost of property, plant and equipment is systematically expensed over its useful life through depreciation. Depreciation charges for each period are recognized as an expense. Depreciation of items of property, plant and equipment is charged from the first day of the month following the month in which the asset becomes available for use and continues to accrue until it is disposed of and if the asset has not been used for a certain period of time.

Typically, each component of an item of property, plant and equipment is depreciated on a straight-line basis over its expected useful life, as this method most accurately reflects the expected consumption of the future economic benefits embodied in the asset, and the depreciation charge is included in profit or loss for the period.

Depreciation of property, plant and equipment is calculated by the straight-line method over the following useful lives:

	In years
Computers	4
Copying equipment (printers, copier, fax)	5
Furniture	10
Other property, plant and equipment	10

The expected useful lives and residual values of property, plant and equipment are reviewed periodically. If subsequent calculations differ significantly from previous calculations, then depreciation charges for the current and future periods are adjusted.

NOTES TO THE SPECIAL PURPOSE REPORT (continued)

2. BASIS OF PREPARING SPECIAL PURPOSE REPORT AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Contributions**

Contributions are transfers from legal entities and individuals without a specific indication of the project and the purpose of spending. Contributions are recognized when funds are received from sponsors and are used to finance the Fund's projects within the Fund's mission, as well as to fund general and administrative expenses.

Program services and general and administrative expenses

Expenses are recognized upon receipt of services, transfer of goods and materials to institutions in the reporting period to which they occur, based on the order of the board of trustees and the signed act of acceptance of the transfer. Unused funds are accumulated in bank accounts or in the Fund's cash desk.

Payroll payments and related taxes

Payroll expenses, contributions to the pension fund and social insurance fund, paid annual leave and sick leave, and non-monetary benefits are accrued for the year in which the employees of the fund perform the relevant work. On behalf of its employees, the Fund pays such pension contributions and severance benefits, provided for by the requirements of the legislation of the Republic of Kazakhstan. Such payments are expensed as incurred. Fund volunteers do not receive wages from the fund or other compensation payments.

Other operational expenses and incomes

Other operating income and expenses include foreign exchange differences on transactions and balances of monetary assets and liabilities denominated in foreign currencies, as well as interest income on unused funds placed on deposits.

3. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Cash on current accounts	4,784	1,197
Cash on hand	150	124
	4,934	1,321

The following table shows the balance of cash placed with banks at the reporting date using Standard&Poor credit ratings:

Banks	Location	Rating		2022	2021
		2022	2021		
ForteBank JSC	Kazakhstan	B-/Negative	B+/Positive	2,389	1,092
Kaspi Bank JSC	Kazakhstan	BB-/Positive	BB-/Positive	2,024	-
Halyk Bank JSC	Kazakhstan	BB+/Stable	BB+/Stable	364	-
Bank RBK JSC	Kazakhstan	B2/Positive	B2/Positive	7	-
Bank CenterCredit JSC	Kazakhstan	B1/Positive	BB/Stable	-	105
				4,784	1,197

4. CONTRIBUTIONS

<i>In thousands of tenge</i>	2022	2021
Donations from individuals	72,540	20,435
Donations from legal entities	3,781	1,180
	76,321	21,615

During 2022, the Fund received the bulk of the funds from general sponsors, as well as from legal entities and individuals in cash and non-cash.

In 2022, the following legal entities provided charitable assistance: Bau Engineering LLP, McKinsey & Company Kazakhstan LLP, Green Story LLP, Sagymbayev A.E. IE and others. Contributions from individuals were accepted through the cash desk, donation boxes and through mobile applications Kaspi.kz and Homebank.kz.

NOTES TO THE SPECIAL PURPOSE REPORT (continued)

5. OPERATING SERVICES

<i>In thousands of tenge</i>	2022	2021
Project "Non-project assistance"	16,215	–
Project "Orphanage"	9,720	–
Project BLAGO – distribution of food to low-income families	8,823	6,525
Project "Scholarship program"	5,510	–
Project "Help to the people of Ukraine"	4,599	–
Project "Path to school"	4,104	1,961
Project "Warm winter"	2,756	–
Project "Gift of warmth"	2,293	2,016
Project "Summer camp"	1,100	–
Project "Sports sponsorship"	970	–
Project "Boxing club"	909	–
Project "Wonderful day"	762	823
Profession training	299	100
Project "Sewing training"	246	66
Project "Donor's day"	239	–
Project "Family helps family"	36	–
Project "New Year's miracle"	29	–
Project " Help to WWII veterans"	–	200
	58,610	11,691

Short description of the Fund's key and largest projects:

- **One-off projects** include actions by the target audience, which in 2022 were social workers (doctors, teachers) and other public funds. In particular, the doctors of the Multidisciplinary Children's Hospital No. 2 in Astana received financial support to improve their living conditions. In December 2022, an incentive bonus was paid to the 10 best medical workers of this institution.
- **Repairs in the Orphanage:** in the period April-June 2022, the Fund provided support to the State Institution "Specialized Orphanage" in Astana by carrying out repair work, in particular, they reconstructed the playground, dismantled and installed paving stones, insulated windows and doors, replaced floor coverings and several doors in children's groups.
- **BLAGO:** The Fund distributed food baskets and meat products in the amount of more than 9825 kg to more than 750 families in need.
- **Scholarship program** is a financial incentive and support for the most successful 34 students of Nazarbayev University and students of the PF "Altynsarin Academy" by providing monthly scholarships for a period of one academic year with the right to further prolongation, subject to maintaining academic performance.
- **Warm winter and Gift of warmth:** during the winter months, warm clothes were purchased and distributed for more than 100 children, and more than 50 families were provided with coal (2-3 tons each).
- **Sports sponsorship and Boxing club:** these projects are aimed at developing the boxing school "Alash Boxing Club", as well as financing individual athletes.
- **Profession training:** The Fund conducts training courses followed by job offers for the unemployed from socially vulnerable families. In 2022, more than 20 people completed training courses for tower crane operators, seamstresses, etc.
- **Family helps family:** about 700 families received assistance in the form of clothing and household expenses (the total amount is more than 5500 kg.) as part of the communication of the store, which operates in the office of the Fund.

NOTES TO THE SPECIAL PURPOSE REPORT (continued)

6. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	2022	2021
Payroll expenses and related taxes	7,014	2,977
Office lease	4,972	3,060
Audit services	—	350
Marketing expenses	858	100
Inventories	458	542
Depreciation	349	176
Internet services	302	200
Bank commissions	236	92
Other expenses	165	160
	14,354	7,657

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