SF Bulgaria

An Independently Owned and Operated Member of Morison International

Interim Financial Statements

BRITISH BULGARIAN BUSINESS ASSOCIATION

31 August 2016

BRITISH BULGARIAN BUSINESS ASSOCIATION

INTERIM FINANCIAL STATEMENTS

JANUARY – AUGUST 2016

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BRITISH BULGARIAN BUSINESS ASSOCIATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 8 MONTH PERIOD JANUARY – AUGUST 2016

	Notes	8 months ended 31 August 2016 BGN '000	8 months ended 31 August 2015 BGN '000
Business operations	5	16	2
Non-for-profit operations	5	74	60
Total Income		**90**	**62**
Expenses for materials	6	(2)	(2)
Expenses for hired services	7	(45)	(56)
Depreciation expenses	4	(1)	-
Employee benefits expenses	9	(30)	-
Other operating expenses	8	(6)	(4)
Operating profit		**6**	**-**
Finance income and cost		(1)	-
Profit before tax		**5**	**-**
Income tax expenses	14	-	-
Total comprehensive income for the year		**5**	**-**

Prepared by: ____________________
/Margarita Nikolova/

General Manager:_________________
/Desislava Miteva /

Date: 09.09.2016

BRITISH BULGARIAN BUSINESS ASSOCIATION

BRITISH BULGARIAN BUSINESS ASSOCIATION

STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31ST 2016

	Notes	31 August 2016 BGN '000	31 December 2015 BGN '000
Non-current assets			
Computers and equipment	4	2	-
Non-current assets		**2**	**-**
Current Assets			
Trade and other receivables	10	5	5
Prepaid expenses		3	3
Cash and cash equivalents	11	26	6
Total current assets		**34**	**14**
TOTAL ASSETS		**36**	**14**
EQUITY AND LIABILITY			
Accumulated loss		(4)	-
Result from non-profit activity		(18)	-
Profit for the period		5	(22)
Equity		**(17)**	**(22)**
Current liabilities			
Pension and other employee obligations	9	5	-
Trade and other payables	12	12	6
Deferred income	13	36	30
Total current liabilities		**53**	**36**
TOTAL EQUITY AND LIABILITIES		**36**	**14**

Prepared by: ____________________
/Margarita Nikolova/

General Manager:_________________
/Desislava Miteva /

Date: 09.09.2016

BRITISH BULGARIAN BUSINESS ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE 8 MONTH PERIOD ENDED AUGUST 31ST 2016

	Notes	8 months ended 31 August 2016 BGN '000	8 months ended 31 August 2015 BGN '000
Cash flows from operating activities			
Cash receipts from clients		21	4
Cash receipts from membership fees		76	73
Cash receipts from donations		3	-
Cash paid to suppliers		(45)	(65)
Cash paid to employees and insurance institutions		(26)	-
Other cash receipts		3	-
Other cash payments		(9)	(1)
Net cash flow from operating activities		**23**	**11**
Cash flows from investing activities			
Purchase computers and equipment		(3)	-
Net cash flow from investing activities		**(3)**	**-**
Net increase in cash and cash equivalents		**20**	**11**
Cash and cash equivalents at beginning of period		6	-
Cash and cash equivalents at end of period	11	**26**	**11**

Prepared by: ____________________
/Margarita Nikolova/

General Manager:_________________
/Desislava Miteva /

Date: 09.09.2016

BRITISH BULGARIAN BUSINESS ASSOCIATION

STATEMENT OF CHANGES IN EQUITY
AS AT AUGUST 31ST 2016

All amounts are in BGN thousand	Retained earnings	Accumulated loss	Total
At 1 January 2016	**-**	**(22)**	**(22)**
Profit for the period	5	-	5
Total comprehensive income	**5**	**-**	**5**
At 31 August 2016	**5**	**(22)**	**(17)**

	Retained earnings	Accumulated loss	Total
At 1 January 2015	**-**	**-**	**-**
Profit for the period	-	-	-
Total comprehensive income	**-**	**-**	**-**
At 31 August 2015	**-**	**-**	**-**

Prepared by: ____________________
/Margarita Nikolova/

General Manager:________________
/Desislava Miteva /

Date: 09.09.2016

BBBA
BRITISH BULGARIAN BUSINESS ASSOCIATION

BRITISH BULGARIAN BUSINESS ASSOCIATION

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(In all notes all amounts are shown in BGN unless otherwise stated)

1. General information

The British Bulgarian Business Association (BBBA/Association) was set up in Bulgaria by decision of Sofia City Court, the chamber case № 728/2014 as a not-for-profit organisation, with the support of the British Embassy, to stimulate and support mutually beneficial business and investment business between the United Kingdom and Bulgaria.

The aim of BBBA is:

- to increase trade and investment activity between the United Kingdom and Bulgaria;
- to facilitate business relationships, economic development and sharing of knowledge for the benefit of both countries and the growth and success of BBBA members;
- to be the first place to look for help when planning United Kingdom/ Bulgarian business;
- to upgrade the knowledge and skills of members;
- to be self-funding.

BBBA will support and represent the interests of its members in relations between British and Bulgarian authorities, with economic agencies, business companies, public institutions and non-governmental organisations.

2. Basis for the preparation of the individual financial statements

The financial statements have been prepared using the measurement bases specified by the International Financial Reporting Standards, as endorsed by the European Union (IFRS, as adopted for use in the EU) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Association. All amounts are presented in thousand Bulgarian leva (BGN‘000) (including comparative information for 2015) unless otherwise stated.

The financial statements are prepared under the going concern principle.
After making enquiries, the directors have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. Summary of accounting policies

3.1. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Association has elected to present the statement of profit or loss and other comprehensive income as a single statement.

3.3. Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

3.4. Revenue

Revenue arises from not-for-profit operations and rendering of services. Revenues are presented in note 4.

Revenue is measured by reference to the fair value of consideration received or receivable by the Association for services provided, excluding VAT, rebates and trade discounts.

Revenue is recognized, provided all of the following conditions are satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Association;
- The costs incurred or to be incurred can be measured reliably; and
- When the criteria for each of the Association's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

3.4.1. Revenue from not-for-profit operations

Revenue from not-for-profit operations includes proceeds from membership fees. Revenue is deferred and is recognised on a straight-line basis over the period for which the membership fee relates. This deferred income is included in 'Deferred income'.

3.4.2. Revenue from rendering of services

Revenue from rendering of services includes revenue related to business operations of the organisation such as arrangement of conferences and seminars, advertisements in events and publications of BBBA. Revenue from rendering of services is recognized when the services are provided by reference to the stage of completion of the contract at the reporting date.

3.5. Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin in accordance with the accrual and matching principle. The expenses of the Association are grouped in two categories – expenses for not-for-profit operations and expenses for business operations. The expenses from the two categories are presented in note 6, 7 and 8.

The allocation of operating expenses as relating to not-for-profit operations and business operations is based on the following:

Fixed administrative costs are allocated periodically based on the proportion of revenue generated from the two operations.

Directly attributable expenses relating to a specific operation are accrued and recognised as incurred.

Directly attributable expenses for not-for-profit operations include expenses for organization of business meetings and specific events of the Association, meetings of the members, membership fees and business trips.

Directly attributable expenses for business operations include arrangement and organization of conferences and events, the income of which is included in the income from business operations and expenses for preparation, publication and distribution of the publications of the BBBA, for which income for advertisement are accumulated.

3.6. Intangible assets

The Intangible assets are accounted for using the cost model. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use, whereby capitalized costs are amortized on a straight line basis over their estimated useful lives, as these assets are considered finite.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the statement of profit or loss/statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

Residual values and useful lives are reviewed at each reporting date.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Software 2 years

Amortization has been included within 'Depreciation, amortization and impairment of non-financial assets'.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of an intangible asset are capitalized provided they meet the following recognition requirements:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Association intends to complete the intangible asset and use or sell it;
- The Association has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalization are expensed as incurred.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset, and is recognized in profit or loss within 'Gain/ (Loss) on sale of non-current assets'.

The recognition threshold adopted by the Association for the intangible assets amounts to BGN 700.

3.7. Property, plant and equipment

Property, plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, the property, plant and equipment are carried at their cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the statement of profit or loss/statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of the it's originally assessed standard of performance. All other subsequent expenditure is recognized as incurred.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

• Buildings	25 years
• Machines	3.3 years
• Vehicles	5 years
• Fixtures & Fittings	6.7 years
• IT equipment	2 years

Depreciation has been included within 'Depreciation, amortization and impairment of non-financial assets'.

Gains or losses arising on the disposal of machinery and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'Gain/(Loss) on sale of non-current assets'.

The recognition threshold adopted by the Association for property, plant and equipment amounts to BGN 700.

3.8. Impairment testing of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Association's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.9. Financial instruments

Financial assets and financial liabilities are recognized when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their transaction date.

Financial assets and financial liabilities are subsequently measured as described below.

3.9.1. Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within 'Finance costs', 'Finance income' or 'Other financial items', except for impairment of trade receivables which is presented within 'Other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. The

Association’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'Other expenses'.

3.9.2. Financial liabilities

The Association's financial liabilities include trade and other payables.

Financial liabilities are recognized when the Association becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavourable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'Finance costs' or 'Finance income'.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

3.10. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Association and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Association has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.11. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts, demand deposits and deposits up to X months, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.12. Post-employment benefits and short-term employee benefits

The Association reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

In accordance with Labour Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Association is obliged to pay him/her compensation at the amount of up to six gross wages.

The Association has not developed and implemented post-employment benefit plans.

3.13. Equity and reserves

Retained earnings/ Accumulated losses include all current and prior period retained profits and uncovered losses.

All transactions with founders of the Association are recorded separately within equity.

3.14. Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Association and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Possible inflows of economic benefits to the Association that do not yet meet the recognition criteria of an asset are considered contingent assets.

3.15. Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Association that have the most significant effect on the financial statements. Critical estimation uncertainties are described below.

3.15.1. Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Association's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Association operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

3.16. Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

3.16.1. Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Association's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

3.16.2. Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

3.16.3 Impairment of loans and receivables

The management assesses the appropriateness of this provision based on ageing analysis of the receivables, historical experience as to the write-off rates of bad debts, as well analysis of the solvency of the respective customer, changes in the contractual payment terms, etc. If the financial position and performance of the customers deteriorate (in excess of the expected) the amount of the receivables to be written off in the next reporting periods may be higher than the one estimated at the reporting date.

4. Computers and equipment

Association's intangible assets comprise computers. The carrying amount can be analysed as follows:

	Computers BGN '000	Total BGN '000
Gross carrying amount		
Balance at 1 January 2016	-	-
Additions	3	3
Balance at 31 August 2016	3	3
Depreciation		
Balance at 1 January 2016	-	-
Depreciation	(1)	(1)
Balance at August 2016	(1)	(1)
Carrying amount at 31 August 2016	**2**	**2**

In 2016 or 2015 there were no material contractual commitments related to acquisition of items of computers and equipment.

The Association has no computers and equipment pledged as security for its liabilities.

5. Revenue from rendering services:

	8 months ended 31 August 2016 BGN '000			8 months ended 31 August 2015 BGN '000		
	Not-for-profit operations	Business operations	Total	Not-for-profit operations	Business operations	Total
Revenue from events	-	4	4	-	2	2
Sponsorship and advertising	-	12	12	-	-	-
Revenue from membership fees	71	-	71	60	-	60
Revenue from donations	3	-	3	-	-	-
	74	**16**	**90**	**60**	**2**	**62**

6. Expenses for materials:

	8 months ended 31 August 2016 BGN '000			8 months ended 31 August 2015 BGN '000		
	Not-for-profit operations	Business operations	Total	Not-for-profit operations	Business operations	Total
Office supplies and materials	2	-	2	2	-	2
	2	**-**	**2**	**2**	**-**	**2**

7. Expenses for hired services:

	8 months ended 31 August 2016 BGN '000			8 months ended 31 August 2015 BGN '000		
	Not-for-profit operations	Business operations	Total	Not-for-profit operations	Business operations	Total
Administrative and consulting fees	6	4	10	27	1	28
Rental office and telecommunications services	7	1	8	7	1	8
Expenses for events	9	10	19	9	3	12
IT services, internet website and hosting	3	1	4	5	-	5
Subscription and membership	-	-	-	1	-	1
Training and seminars	1	-	1	1	-	1
Courier services	-	-	-	1	-	1
Professional services	2	1	3	-	-	-
	28	**17**	**45**	**51**	**5**	**56**

8. Other operating expenses:

	8 months ended 31 August 2016 BGN '000			8 months ended 31 August 2015 BGN '000		
	Not-for-profit operations	Business operations	Total	Not-for-profit operations	Business operations	Total
VAT partial tax credit	4	1	5	4	-	4
Business trips	1	-	1	-	-	-
	5	**1**	**6**	**4**	**-**	**4**

9. Employee remuneration

9.1. Employee benefits expense

Expenses recognized for employee benefits include:

	8 months ended 31 August 2016 BGN'000	8 months ended 31 August 2015 BGN'000
Wages, salaries	(26)	-
Social security costs	(4)	-
Employee benefits expense	**(30)**	**-**

9.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognized in the statement of financial position consist of the following amounts:

	31 August 2016 BGN'000	31 December 2015 BGN'000
Current:		
Other pension and other employee obligations	3	-
Social security	2	-
Employee benefits expense	**5**	**-**

The current portion of these liabilities represents the Association's obligations to its current and former employees that are expected to be settled during September 2016.

10. Trade and other receivables:

	31 August 2016 BGN '000	31 December 2015 BGN '000
Trade receivables	3	1
Deposit for rent	-	4
Petty cash advances	1	-
VAT receivable	1	-
	5	**5**

11. Cash and cash equivalents:

	31 August 2016 BGN '000	31 December 2015 BGN '000
Cash at bank accounts	26	6
	26	**6**

12. Trade and other payables

	31 August 2016 BGN '000	31 December 2015 BGN '000
Payables to suppliers	9	4
Other payables	2	-
Received advances	1	2
	12	**6**

13. Deferred income

Deferred income amounting to BGN 36 thousand (BGN 30 thousands for 2015) includes membership fees collected in advance in 2016 that relate to the next financial year.

14. Income tax expenses

The relationship between the expected tax expense based on the applicable tax rate in Bulgaria of 10 % (2015: 10 %) and the reported tax expense actually in profit or loss can be reconciled as follows:

	31 August 2016 BGN '000	31 August 2015 BGN '000
Profit before tax	5	-
Result from business operations	(3)	-
Tax rate	10%	10%
Expected tax expense	-	-
Current income tax expense	**-**	**-**
Income tax expense	**-**	**-**

Income tax is payable only for profit from business operations.

15. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Association considers as a related party Tectrice Consult EOOD with which it has an agreement for management services.

As of August 31, 2016 and 2015 receivables/ payables to the abovementioned company are as follows:

Balances with related parties	31 August 2016 BGN '000	31 December 2015 BGN '000
Payables	-	4

Transactions	8 months ended 31 August 2016 BGN '000	8 months ended 31 August 2015 BGN '000
Purchase of services	8	26
Purchase of materials	-	1

16. Contingent assets and contingent liabilities

During the year, no warranty and legal actions were brought against the Association.

17. Financial instrument risk

17.1 Risk management objectives and policies

The Association is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and liquidity risk.

The Association's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the Association's short to medium-term cash flows by minimizing the exposure to financial markets.

The Association does not engage in the trading of financial assets for speculative purposes, nor does it write options.

The most significant financial risks to which the Association is exposed are described below.

17.2 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Association. The Association is exposed to this risk for trade receivables. The Association's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date.

The Association continuously monitors trade and other receivables. The Association is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

17.3 Liquidity risk

Liquidity risk is the risk arising from the Association not being able to meet its obligations. The Association manages its liquidity needs by monitoring liquidity needs in various time bands. This analysis shows that the Association does not expect liquidity deficiencies.

18. Events after the reporting date

No events have incurred after the reporting date, which require additional corrections and/or disclosures in the financial statements of the Association for the period ended 31 August 2016.