

**Dechert Kazakhstan Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
for the year ended  
31 December 2021

Company Number: 07978170



# Dechert Kazakhstan Limited

## CONTENTS

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	Page
Directors and advisers	1
Directors' report	2 – 3
Statement of directors' responsibilities in respect of the financial statements	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Accounting policies	12 - 15
Notes to the financial statements	16 - 21

# Dechert Kazakhstan Limited

## DIRECTORS AND ADVISERS

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### DIRECTORS

Laura Brank  
Douglas Getter  
Charles Wynn-Evans  
Patrick Lyons

### REGISTERED OFFICE

160 Queen Victoria Street  
London EC4V 4QQ

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

### BANKERS

Citibank  
Park Palace  
Building A, 2nd floor  
41 Kazybek Bi  
Almaty 050010  
Kazakhstan

HSBC  
60 Queen Victoria Street  
London EC4N 4TR  
England

# Dechert Kazakhstan Limited

## DIRECTORS' REPORT

for the year ended 31 December 2021

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The directors submit their report and the audited financial statements of Dechert Kazakhstan Limited (the Company) for the year ended 31 December 2021.

### PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of a full range of legal services from its office in Kazakhstan.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the results for the year to be as expected. No dividends have been declared or paid in 2021 (2020: nil).

Effective 18 October 2021, the activities of the branch of Dechert Kazakhstan Limited (the "Branch") were terminated, and effective 15 November 2022, the Branch was deregistered in compliance with deregistration requirements of the Republic of Kazakhstan. The directors intend that the Company be dissolved once the winding down activities are completed.

At the time of approval of these financial statements, the ongoing COVID-19 global pandemic and geopolitical situations, and their resulting effects on global supplies and inflation, give rise to additional risk and uncertainty. The Company continues to monitor these situations including risk assessment, readiness evaluation covering all business functions, and robust financial scrutiny. Since the Company utilizes the accrual basis of accounting, the Company does not consider there to be any material changes in the value of assets and liabilities as disclosed in these financial statements.

### GOING CONCERN

At 31 December 2021, the Company had net liabilities of Tenge 1.5 billion which arises primarily from amounts due to related parties to fund historic operating losses. Effective 8 March 2023, written resolutions of the board of directors were signed to issue ordinary shares of capital of the Company to its sole shareholder, Dechert LLP, as consideration for the release of the remaining amounts due to related parties. The Company is a wholly owned subsidiary of Dechert LLP, a limited liability partnership organised in Pennsylvania, USA.

The directors intend that the Company be dissolved once the winding down activities are completed. The directors, after considering the deregistration of the Branch, have concluded that it is therefore appropriate to prepare the financial statements on a non-going concern basis. This conclusion did not change the basis on which the assets and liabilities were valued on the statement of financial position.

### DIRECTORS

The following directors have held office during the year, or subsequent.

Laura Brank  
James Croock (resigned 01 January 2022)  
Douglas Getter  
Charles Wynn-Evans (appointed 05 October 2021)  
Patrick Lyons (appointed 22 July 2021)

# Dechert Kazakhstan Limited

## DIRECTORS' REPORT

for the year ended 31 December 2021

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, will be put to the directors of the Company.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board,



Charles Wynn-Evans, Director

Date: 9 March 2023

## Dechert Kazakhstan Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent; and
- c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Dechert Kazakhstan Limited

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DECHERT KAZAKHSTAN LIMITED

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#### Opinion

We have audited the financial statements of Dechert Kazakhstan Limited (the 'company') for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter – Non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, effective 18 October 2021, the activities of the branch of Dechert Kazakhstan Limited (the "Branch") were terminated, and effective 15 November 2022, the Branch was deregistered in compliance with deregistration requirements of the Republic of Kazakhstan. The directors intend that the Company be dissolved once the winding down activities are completed. The directors, after considering the deregistration of the Branch, have concluded that it is therefore appropriate to prepare the financial statements on a non-going concern basis. This conclusion did not change the basis on which the assets and liabilities were valued on the statement of financial position. Our opinion is not modified in respect of this matter.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Dechert Kazakhstan Limited

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DECHERT KAZAKHSTAN LIMITED

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

# Dechert Kazakhstan Limited

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DECHERT KAZAKHSTAN LIMITED

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In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing tax balances.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing the recognition and valuation of a sample of revenue items with reference to the relevant contractual or other supporting documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Hywel Pegler*

HYWEL PEGLER (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London, EC4A 4AB

Date 13 March 2023

**Dechert Kazakhstan Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2021**

	<i>Notes</i>	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
TURNOVER	2	111,874,866	337,341,775
Operating expenses	3	(365,452,943)	(411,322,096)
LOSS FOR THE FINANCIAL YEAR BEFORE TAXATION		<u>(253,578,077)</u>	<u>(73,980,321)</u>
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR AND COMPREHENSIVE LOSS	11	<u>(253,578,077)</u>	<u>(73,980,321)</u>

Loss for the year arises from the Company's continuing operations.

**Dechert Kazakhstan Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**at 31 December 2021**

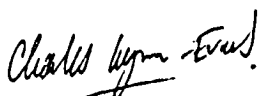
Company Number: 07978170

	<i>Notes</i>	<i>2021 in Tenge</i>	<i>2020 in Tenge</i>
<b>FIXED ASSETS</b>			
Tangible assets	7	-	17,308,190
		<u>-</u>	<u>17,308,190</u>
<b>CURRENT ASSETS</b>			
Debtors	8	-	96,396,205
Cash at bank and in hand		44,687,503	253,731,089
		<u>44,687,503</u>	<u>350,127,294</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	(1,509,940,427)	(1,579,110,331)
		<u>(1,509,940,427)</u>	<u>(1,579,110,331)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,465,252,924)</u>	<u>(1,228,983,037)</u>
<b>NET LIABILITIES</b>		<u>(1,465,252,924)</u>	<u>(1,211,674,847)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	288	288
Retained earnings		(1,465,253,212)	(1,211,675,135)
<b>TOTAL EQUITY</b>		<u>(1,465,252,924)</u>	<u>(1,211,674,847)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 21 were approved by the board of directors and authorised for issue on:  
**9 March 2023**

Signed on behalf of the directors:



Charles Wynn-Evans, Director

**Dechert Kazakhstan Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2021

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	Share capital <i>in Tenge</i>	Retained earnings <i>in Tenge</i>	Total <i>in Tenge</i>
At 1 January 2020	288	(1,137,694,814)	(1,137,694,526)
Comprehensive loss for the year	-	(73,980,321)	(73,980,321)
At 31 December 2020	<u>288</u>	<u>(1,211,675,135)</u>	<u>(1,211,674,847)</u>
Comprehensive loss for the year	-	(253,578,077)	(253,578,077)
At 31 December 2021	<u>288</u>	<u>(1,465,253,212)</u>	<u>(1,465,252,924)</u>

# Dechert Kazakhstan Limited

## STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	<i>Notes</i>	<i>2021 in Tenge</i>	<i>2020 in Tenge</i>
OPERATING ACTIVITIES			
Cash used in operations	11	(210,654,696)	(24,790,342)
NET CASH USED IN OPERATING ACTIVITIES		<u>(210,654,696)</u>	<u>(24,790,342)</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	7	-	(1,917,956)
NET CASH USED IN INVESTING ACTIVITIES		<u>-</u>	<u>(1,917,956)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(210,654,696)	(26,708,298)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		253,731,089	254,719,036
Effect of foreign exchange rate changes		1,611,110	25,720,351
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>44,687,503</u>	<u>253,731,089</u>

# Dechert Kazakhstan Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

Dechert Kazakhstan Limited has prepared financial statements covering the individual entity's results for the year to 31 December 2021.

Dechert Kazakhstan Limited is a limited company incorporated in England and Wales. The address of the Company's registered office is disclosed on page 1 of these financial statements under Directors and Advisers. The Company's principal activity is disclosed on page 2 within the Directors' Report.

### BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006 as applicable to companies subject to small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. Monetary amounts in these financial statements are rounded to the nearest whole Tenge, except where otherwise indicated.

### REDUCED DISCLOSURE

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

### GOING CONCERN

At 31 December 2021, the Company had net liabilities of Tenge 1.5 billion which arises primarily from amounts due to related parties to fund historic operating losses. Effective 8 March 2023, written resolutions of the board of directors were signed to issue ordinary shares of capital of the Company to its sole shareholder, Dechert LLP, as consideration for the release of the remaining amounts due to related parties. The Company is a wholly owned subsidiary of Dechert LLP, a limited liability partnership organised in Pennsylvania, USA.

Effective 18 October 2021, the activities of the branch of Dechert Kazakhstan Limited (the "Branch") were terminated, and effective 15 November 2022, the Branch was deregistered in compliance with deregistration requirements of the Republic of Kazakhstan. The directors intend that the Company be dissolved once the winding down activities are completed.

The directors, after considering the deregistration of the Branch, have concluded that it is therefore appropriate to prepare the financial statements on a non-going concern basis. This conclusion did not change the basis on which the assets and liabilities were valued on the statement of financial position.

# Dechert Kazakhstan Limited

## ACCOUNTING POLICIES

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### FOREIGN CURRENCIES

The financial statements are presented in Tenge, which is the currency of the primary economic environment in which the Company operates. The Tenge is the Company's functional and presentational currency. Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income. In such cases, the related translation gain or loss is also recognised in other comprehensive income.

### TURNOVER

Turnover represents revenue earned, net of third party disbursements and value added tax, under a wide variety of contracts to provide professional services. Revenue is recognised at the fair value of the consideration earned when, and to the extent that, Dechert Kazakhstan Limited obtains the right to consideration in exchange for its performance under these contracts. The fair value of consideration takes into account any settlement discounts.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts, the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed.

Revenue that has not yet been billed to clients, where it is probable that the future economic benefits will flow to the Company, is included in debtors. Client payments on account that are in excess of the relevant amount of revenue are included in creditors.

Revenue that is contingent on events outside of Dechert Kazakhstan Limited's control, where it is not probable that the future economic benefits will flow to the Company, is recognised when the contingent event has occurred.

### OPERATING LEASES

Lease payments under operating leases (excluding costs for services such as insurance and maintenance) are recognised as an expense on a straight line basis over the lease term. Rent-free periods or other incentives received for entering into a lease are recognised as a reduction of expense on a straight line basis over the lease term. Lease term is defined as the non-cancellable period for which the Company has contracted to lease the asset. Lease term also includes any further terms for which the Company has the option to continue to lease the asset, if, at the inception of the lease, it is reasonably certain that the Company will exercise the option. If payments to the lessor are structured to increase in line with expected general inflation to compensate the lessor for expected inflationary cost increases, then the lease payments are recognised as an expense in accordance with the lease payment schedule.

# Dechert Kazakhstan Limited

## ACCOUNTING POLICIES

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### TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold improvements	Over the lesser of the period of the lease or 10 years
Computer equipment	Over a period of four years
Furniture and equipment	Over a period of five years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Set-off occurs only when the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

Financial assets are classified into specific categories depending on the nature and purpose of the financial assets at the time of recognition. Basic financial assets, which include cash, bank balances, and trade and other receivables, are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method. Financial assets that are classified as financing transactions are measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets that are classified as fair value through profit or loss (FVTPL) are measured at fair value.

#### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into.

Financial liabilities are classified into specific categories depending on the nature and purpose of the financial liabilities at the time of recognition. Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost. Financial liabilities that are classified as financing transactions are measured at the present value of the future payments discounted at a market rate of interest. Other financial liabilities that are classified as fair value through profit or loss (FVTPL) are measured at fair value.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

## Dechert Kazakhstan Limited

### ACCOUNTING POLICIES

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#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, and short-term liquid investments with original maturities of three months or less. Bank overdrafts are repayable on demand and are considered an integral part of the Company's cash management. As such, bank overdrafts, if any, are included in cash and cash equivalents.

#### OTHER EMPLOYEE BENEFITS

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### CLAIMS

Provision is made on a case-by-case basis in respect of the estimated cost of defending and/or settling claims against the Company. Separate disclosure is not made of these claims on the grounds that disclosure might seriously prejudice the outcome of the claims.

#### TAXATION

Provision is made for deferred taxation, using the liability method, on timing differences between when items are recognised in the financial statements and when they are included in the tax computation. Deferred taxation is provided at the rate expected to apply when the timing differences are expected to reverse. Deferred tax liabilities are included in all cases, but deferred tax assets are only included when recovery is more probable than not. Deferred taxation is measured on a non-discounted basis.

# Dechert Kazakhstan Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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### 1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Accrued income*

Accrued income is valued at the reporting date based on chargeable hours that have not yet been billed to clients net of an estimated allowance for uncollectible amounts. The estimated allowance is calculated based on a combination of management judgement, current billing and collection data, and historical realization rates.

#### *Trade debtors*

Trade debtors is valued at the reporting date based on amounts billed to clients net of an estimated allowance for uncollectible amounts. The estimated allowance is calculated based on a combination of management judgement, current billing and collection data, and historical realization rates.

#### *Deferred taxation*

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

#### Critical areas of judgement:

#### *Leases*

In categorising leases as finance leases or operating leases, management makes judgments as to whether significant risks and rewards of ownership have transferred from the lessor to the Company, as lessee.

#### *Tangible fixed assets*

In calculating depreciation expense, management makes judgements as to the useful economic life of the associated asset.

**Dechert Kazakhstan Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

**2 TURNOVER**

Turnover comprises amounts rendered, net of third party disbursements and value added tax, and movements in work in progress in respect of the provision of legal services. Revenue is recognised when earned.

An analysis of the geographical location of the Company's turnover was as follows:

	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
Kazakhstan	75,451,724	181,084,940
Rest of world	36,423,142	156,256,835
	<u>111,874,866</u>	<u>337,341,775</u>

**3 ANALYSIS OF OPERATING EXPENSES**

	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
Staff costs (note 4)	266,704,756	359,040,228
Depreciation (note 7)	6,730,149	15,261,294
Other operating charges	92,018,038	37,020,574
	<u>365,452,943</u>	<u>411,322,096</u>

**4 STAFF COSTS**

	2021 No.	2020 No.
The average monthly number of persons employed during the year was:		
Management and lawyers	3	3
Paralegals and other non-lawyers	1	1
Administration	5	6
	<u>9</u>	<u>10</u>

	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
Staff costs incurred during the year in respect of these employees were:		
Salaries	242,858,128	341,696,794
Social security costs	23,846,628	17,343,434
	<u>266,704,756</u>	<u>359,040,228</u>

Included in salaries is directors' remuneration of Tenge nil (2020: Tenge nil). The directors are remunerated by other group entities for their services to the Company. It is not possible to make a reasonable apportionment of the compensation in respect of each of the entities.

**Dechert Kazakhstan Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

5	OPERATING LOSS	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
	Operating loss is stated after charging:		
	Operating lease rentals for land and buildings	15,205,823	29,168,318
	Depreciation (note 7)	6,730,149	15,261,294
	Auditor's remuneration for statutory audit	10,036,800	8,367,077
	Foreign exchange gain	(1,257,946)	(42,623,993)
	Loss on disposal of tangible fixed assets	3,629,129	-
		<u>                    </u>	<u>                    </u>

6 TAXATION

At 31 December 2021, the Company had unutilized tax losses estimated to be Tenge 1.5 billion (2020: Tenge 1.2 billion). These tax losses can be carried forward and used to offset against future taxable income in accordance with applicable United Kingdom tax laws and regulations. A deferred tax benefit has not been recognised on these losses, since its realisation is not certain.

7 TANGIBLE FIXED ASSETS

	Leasehold improvements <i>in Tenge</i>	Furniture and equipment <i>in Tenge</i>	Computer equipment <i>in Tenge</i>	Total <i>in Tenge</i>
Cost				
At 1 January 2021	11,814,545	272,646	54,963,336	67,050,527
Additions	-	-	-	-
Disposals	(11,814,545)	(272,646)	(54,963,336)	(67,050,527)
At 31 December 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Depreciation				
At 1 January 2021	10,427,997	272,646	39,041,694	49,742,337
Charge for the year	1,386,548	-	5,343,601	6,730,149
Disposals	(11,814,545)	(272,646)	(44,385,295)	(56,472,486)
At 31 December 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net book value				
At 31 December 2021	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net book value				
At 31 December 2020	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	1,386,548	-	15,921,642	17,308,190

**Dechert Kazakhstan Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

8	DEBTORS	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
	Trade debtors	-	24,660,757
	Accrued income	-	52,226,922
	Prepayments and other debtors	-	13,185,397
	Non-current security deposit	-	6,323,129
		<u>-</u>	<u>96,396,205</u>
9	CREDITORS: amounts falling due within one year	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
	Amounts due to related parties (note 14)	1,481,070,322	1,552,611,144
	Other taxation and social security costs	16,501,225	2,954,123
	Accruals and other creditors	12,368,880	23,545,064
		<u>1,509,940,427</u>	<u>1,579,110,331</u>
	Amounts due to related parties are unsecured, interest free and due on demand.		
10	SHARE CAPITAL AND RESERVES	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
	Share capital:		
	Issued and outstanding:		
	1 ordinary share of £1 each	288	288
		<u>288</u>	<u>288</u>
11	RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO NET CASH USED IN OPERATIONS	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
	Loss for the year	(253,578,077)	(73,980,321)
	Adjustment for non-cash transactions:		
	Depreciation (note 7)	6,730,149	15,261,294
	Loss on disposal of tangible fixed assets	3,629,129	-
	Adjustment for movements in working capital:		
	Debtors	107,089,178	68,888,960
	Creditors	(74,525,075)	(34,960,275)
	Cash used in operations	<u>(210,654,696)</u>	<u>(24,790,342)</u>

**Dechert Kazakhstan Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

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**12 COMMITMENTS UNDER OPERATING LEASES**

At 31 December, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 <i>in Tenge</i>	2020 <i>in Tenge</i>
Amounts due for land and buildings:		
Within one year	-	12,665,544
Between one and five years	-	-

The Company had an operating lease agreement with its landlord for the office space in Almaty. The lease terminated in 2021.

**13 CONTINGENT LIABILITIES**

The Company may receive claims in the normal course of business, but it is not considered that any further provisions are required in addition to those that may already be included in these financial statements.

**14 RELATED PARTY TRANSACTIONS**

The directors of the Company are also partners of Dechert LLP, a limited liability partnership organised in Pennsylvania, USA. Dechert globally is comprised of separate legal entities. The global partnership agreement, to which all partners are party, provides that each constituent entity shall remain a separate legal entity and will not have legal liability for the obligations of any other constituent entity save where exceptionally a guarantee has been given. The separate legal entities are reported in the schedule that follows, with the Company's ultimate parent company reported under "Entities with control over the Company".

The Company had the following transactions with related parties during the year and the following balances at the reporting date:

	Entities with control over the Company 2021 <i>in Tenge</i>	Other related parties 2021 <i>in Tenge</i>	Total 2021 <i>in Tenge</i>
Cash transfers from related parties	469,064,430	1,753,968	470,818,398
Cash transfers to related parties	656,194,423	-	656,194,423
Fees and receipts by related parties	41,500,821	36,667,046	78,167,867
Fees and receipts on behalf of related parties	11,800,892	52,830,611	64,631,503
Payments made on behalf of related parties	2,524,329	6,694,305	9,218,634
Payments made by related parties	123,538,875	13,051,326	136,590,201
Amounts due to related parties at 31 December (note 9)	1,481,070,322	-	1,481,070,322

**Dechert Kazakhstan Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

**14 RELATED PARTY TRANSACTIONS (continued)**

	Entities with control over the Company 2020 <i>in Tenge</i>	Other related parties 2020 <i>in Tenge</i>	Total 2020 <i>in Tenge</i>
Cash transfers to related parties	86,921,583	-	86,921,583
Fees and receipts by related parties	113,247,000	24,079,598	137,326,598
Fees and receipts on behalf of related parties	1,950,217	77,182,814	79,133,031
Payments made on behalf of related parties	3,042,240	46,669	3,088,909
Payments made by related parties	156,737,494	1,171,941	157,909,435
Amounts due to related parties at 31 December (note 9)	287,054,864	1,265,556,280	1,552,611,144

The amounts outstanding are unsecured, interest free and due on demand. No guarantees have been given or received. There are no provisions for uncollectible receivables related to the amounts outstanding, and no expense has been recognised in the year (2020: nil) in respect of bad debts from related parties. See Note 17, Post Balance Sheet Event, for further information.

**15 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY**

The Company is a wholly owned subsidiary of Dechert LLP, a limited liability partnership organised in Pennsylvania, USA. The results of the Company are consolidated within a group directly and ultimately headed by Dechert LLP.

**16 FOREIGN EXCHANGE RATES**

The following exchange rates can be used to convert the Tenge denominated balances in the financial statements and disclosures into British pounds sterling (1 Tenge = Sterling):

	2021	2020
Assets and liabilities	.00169	.00174
Revenues and expenses	.00170	.00189

**17 POST BALANCE SHEET EVENT**

Effective 8 March 2023, written resolutions of the board of directors were signed to issue ordinary shares of capital of the Company to its sole shareholder, Dechert LLP, as consideration for the release of the remaining amounts due to related parties. This is considered a non-adjusting event and was accounted for post-year end.