

**Illyria Insurance Sh.a.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

WITH INDEPENDENT AUDITORS' REPORT THEREON



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## **INDEPENDENT AUDITOR'S REPORT**

**To the shareholders and management of Illyria Insurance sh.a.**

We have audited the accompanying financial statements of Illyria Insurance sh.a. ("the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give true and fair view of the financial position of the Company as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Report on regulatory requirements of the supervisory authority, the Central Bank of Kosovo, for Solvency Margin and Assets Deemed to Insurance Liabilities

Pursuant to the requirements of the Central Bank of Kosovo ("CBK"), we have read the accompanying Supplementary Schedules of Solvency Margin and Assets Deemed to Back Insurance Liabilities ("Supplementary Schedules"). These Supplementary Schedules prepared by management are not part of accompanying financial statements. The historical financial information, presented in the Supplementary Schedules prepared by management, is consistent, in all material respects, with the annual financial information disclosed in the accompanying financial statements of the Company as of 31 December 2015, prepared in accordance with International Financial Reporting Standards, applicable for insurance companies in Kosovo. Management is responsible for the preparation of the Supplementary Schedules, in accordance with CBK Rule "On deposit of assets as security, capital adequacy, financial reporting, risk management, investments and liquidity" dated 15 May 2015.

*Ernst & Young Certified Auditors Kosovo shpk*

Ernst & Young Certified Auditors Kosovo shpk

Pristina, February 26, 2016

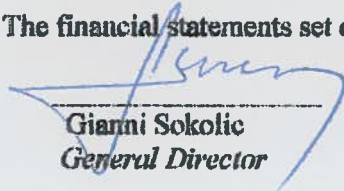
# Kompania e Sigurimeve Illyria Sh.a.

## Statement of financial position

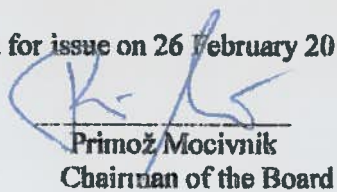
As at 31 December 2015 (in EUR)

	Note	31 December 2015	31 December 2014
<b>Assets</b>			
Cash and cash equivalents	7	1,533,203	1,933,798
Term deposits, net	8	3,765,415	6,832,352
Investment in Government Securities	9	4,291,839	-
Reinsurance share of insurance liabilities	10	489,010	518,340
Property and equipment	11	3,185,377	3,252,611
Intangible assets	12	77,780	98,646
Deferred acquisition costs	13	478,118	459,528
Receivables from agents and customers	15	524,024	517,856
Other assets	16	334,329	247,748
<b>Total assets</b>		<b>14,679,095</b>	<b>13,860,879</b>
<b>Liabilities</b>			
Insurance contract liabilities - Claim reserves	17	6,820,048	5,821,719
Insurance contract liability - Unearned premium	18	2,681,661	2,846,911
Insurance payables	19	498,181	426,015
Deferred revenue	20	54,345	56,965
Other accounts payable	21	768,233	881,036
<b>Total liabilities</b>		<b>10,822,468</b>	<b>10,032,646</b>
<b>Equity</b>			
Share capital	22	5,428,040	5,428,040
Revaluation surplus		753,393	765,996
Accumulated loss		(2,324,806)	(2,365,803)
<b>Total equity</b>		<b>3,856,627</b>	<b>3,828,233</b>
<b>Total liabilities and equity</b>		<b>14,679,095</b>	<b>13,860,879</b>

The financial statements set out on pages 1 to 40 were authorized for issue on 26 February 2016 by:

  
Gianni Sokolic  
General Director



  
Primož Mocivnik  
Chairman of the Board

The notes on pages 5 to 41 are an integral part of these financial statements.

# Kompania e Sigurimeve Illyria Sh.a.

## Statement of comprehensive income

For the year ended 31 December 2015 (in EUR)

	Notes	2015	2014
Gross written premiums	23	8,073,035	8,891,082
Premium tax		(403,174)	(444,577)
Change in the gross provision for unearned premiums	18	165,251	128,724
Net written premiums		7,835,112	8,575,229
Premiums ceded to reinsurers'	24	(720,121)	(684,912)
Reinsurers' share of change in the provision for unearned premiums	10	5,095	24,477
Net insurance premiums revenue		7,120,086	7,914,794
Investment income	8, 9	112,278	154,362
Reinsurance recoveries		224,310	260,598
Reinsurance commission		115,742	100,507
Other income		174,307	26,190
Total revenues		7,746,723	8,456,451
Losses and loss adjustment expenses	17	(4,223,922)	(4,043,740)
Interest expense		(6,596)	(31,200)
Policy acquisition costs	25	(773,438)	(753,852)
Share of expenses of IAK	26	(594,714)	(851,164)
Administrative expenses	27	(2,107,056)	(2,544,839)
Total losses and expenses		(7,705,726)	(8,224,795)
Net profit for the year		40,997	231,656
Other comprehensive income		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		40,997	231,656

The notes on pages 5 to 41 are an integral part of these financial statements.

# **Kompania e Sigurimeve Illyria Sh.a.**

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## **Supplementary Schedules**

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# Kompania e Sigurimeve Illyria Sh.a.

## Supplementary Schedules

Table 1: Minimal Solvency Margin

Description	31 December 2015
1 Net Profit of the year	40,997
2 Net Assets	3,856,627
3 Total Assets	14,679,095
4 Minus: Premium receivables older than 90 days	(282,457)
5 Minus: Other Debtors	-
6 Minus: Advances and prepayments	(111,151)
7 Minus: 25% of Deffered Acquisition Costs	(119,530)
8 Minus: Other non - liquid assets	-
9 Minus: Intangible Assets	(77,780)
10 Minus: Liabilities	(10,822,468)
11 Net Admissible Assets (3+(-4-5-6-7-8-9-10))	3,265,709
12 Required Solvency Margin (as per CBK rule)	600,000
13 Adequacy 13 = 11-12	2,665,709
14 Solvency Position	Solvent

Table 2: Assets Deemed to Back Insurance Liabilities

Description	31 December 2015
1 Total requirements for risk insurance	-
2 Insurance risk 2015	4,359,750
3 Total requirements for risk insurance in 2015 (1+2)	4,359,750
4 Claims paid from Insurance Risk in 2015	-
5 Premiums ceded to reinsures from Insurance risk 2015	-
6 Plus Operational Risk	-
7 Total Variable Collateral (3+(4:6))	4,359,750
8 Minimum Capital Requirement	3,000,000
9 Total required Capital (7+8)	7,359,750
10 Total Cash or near cash assets (11+12)	9,590,457
11 Cash in current account	1,533,203
12 Investments and term deposits (13+14)	8,057,254
13 Variable Capital	4,415,254
14 Other Deposits	8,057,254
15 25% of Variable Collateral Invested in Property (7*25%)	1,089,938
16 Surplus/Deficit (10-9)	2,230,707
17 Status:	Surplus