Cyprus International Businesses Association

Report and financial statements
31 December 2021

Contents

Cyprus International Businesses Association

Executive Committee and other officers

Executive Committee

Orthodoxia Nikia Hadjivassiliou (President)
Andreas Andreou (Vice President)
Liudmila Bozhedomova (Member) (resigned 27/08/2022)
Angelina Markari (Member)
Marios Fotiou (Member)
Neil Anthony Smith (Vice President)
Helen Lambrou (Member) (resigned 01/02/2021)
Pavlos Varnavas (Member)
Antoun Massad (Member) (appointed 18/03/2021)
Valentinos Steliou (Member) (appointed 26/10//2021)
Panicos Georgiou (Member) (resigned 26/10/2021)
Pantelis Christofides (Member) (appointed 19/10/2022)
Kirill Korneychuk (Member)

Secretary

Andreas Pishias
10 Pikionis Street
Highsight House
CY-3075 Limassol
Cyprus

Assistant Secretary

Margarita Alexandrou
10 Pikionis Street
Highsight House
CY-3075 Limassol
Cyprus

Registered office

10 Pikionis Street
Highsight House
CY-3075 Limassol
Cyprus

Independent Auditor's Report

To the Members of the Cyprus International Businesses Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cyprus International Businesses Association (the "Association"), which are presented on pages 5 to 26 and comprise the balance sheet as at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Executive Committee for the Financial Statements

The Executive Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the Association'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 Executive Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Executive Committee is responsible for overseeing the Association's financial reporting process.

PricewaterhouseCoopers Ltd, City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus
P O Box 53034, CY-3300 Limassol, Cyprus
T: +357 - 25 555 000, F: +357 - 25 555 001, www.pwc.com/cy

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.

- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Association's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Anna Loizou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 30 May 2023

Statement of comprehensive income for the year ended 31 December 2021

	Note	**2021** €	2020 €
Revenue	7	**82.732**	78.878
Administrative expenses	8	**(86.078)**	(88.692)
Interest income		**19**	47
Deficit of income over expenditure before tax		**(3.327)**	(9.767)
Income tax expense	10	**-**	-
Deficit of income over expenditure for the year		**(3.327)**	(9.767)
Other comprehensive income/(loss):			
Items that will not be classified to profit or loss			
Changes in the fair value of equity investments designated at fair value through other comprehensive income		**307**	(485)
Other comprehensive income/(loss) for the year		**307**	(485)
Total comprehensive loss for the year		**(3.020)**	(10.252)

There is no income tax relating to components of other comprehensive income.

The notes on pages 9 to 26 are an integral part of these financial statements.

Cyprus International Businesses Association

Balance sheet
at 31 December 2021

	Note	2021 €	2020 €
Assets			
Non-current assets			
Property, plant and equipment	11	**1.843**	1.622
Intangible assets	12	**384**	417
Financial assets at fair value through other comprehensive income	13	**1.085**	778
Deferred income tax assets		**311**	311
		3.623	3.128
Current assets			
Other non-financial assets	14	**4.515**	2.247
Trade receivables	13	**1.888**	681
Cash and cash equivalents	15	**59.421**	65.265
		65.824	68.193
Total assets		**69.447**	71.321
Equity and liabilities			
Reserves			
Fair value reserve		**(1.558)**	(1.865)
Retained earnings		**67.869**	71.196
Total equity		**66.311**	69.331
Current liabilities			
Trade and other payables	16	**232**	72
Contract liabilities		**2.904**	1.918
		3.136	1.990
Total equity and liabilities		**69.447**	71.321

On 30 May 2023 the Board of Directors of Cyprus International Businesses Association authorised these financial statements for issue.

Orthodoxia Nikia Hadjivassiliou, President

Andreas Andreou, Vice President

The notes on pages 9 to 26 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2021

	Fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2020	(1.380)	80.963	79.583
Comprehensive loss			
Loss for the year	-	(9.767)	(9.767)
Other comprehensive loss			
Financial assets at fair value through other comprehensive income:			
Fair value loss	(485)	-	(485)
Total other comprehensive loss	(485)	-	(485)
Total comprehensive loss for the year	(485)	(9.767)	(10.252)
Balance at 31 December 2020/1 January 2021	(1.865)	71.196	69.331
Comprehensive loss			
Loss for the year	-	(3.327)	(3.327)
Other comprehensive income			
Financial assets at fair value through other comprehensive income:			
Fair value gain	307	-	307
Total other comprehensive income	307	-	307
Total comprehensive loss for the year	307	(3.327)	(3.020)
Balance at 31 December 2021	(1.558)	67.869	66.311

The notes on pages 9 to 26 are an integral part of these financial statements.

Cyprus International Businesses Association

Statement of cash flows for the year ended 31 December 2021

	Note	**2021** €	2020 €
Cash flows from operating activities			
Deficit of income over expenditure before tax		**(3.327)**	(9.767)
Adjustments for:			
Depreciation of property, plant and equipment	11	**426**	297
Amortisation of intangible assets	12	**483**	333
Interest income		**(19)**	(47)
		(2.437)	(9.184)
Changes in working capital:			
Trade receivables		**(1.207)**	(336)
Other non-financial assets		**(2.268)**	1.496
Trade and other payables		**161**	56
Contract liabilities		**986**	(3.109)
Net cash used in operating activities		**(4.765)**	(11.077)
Cash flows from investing activities			
Purchases of property, plant and equipment	11	**(648)**	-
Purchases of intangibles	12	**(450)**	-
Interest received		**19**	47
Net cash (used in)/from investing activities		**(1.079)**	47
Net decrease in cash and cash equivalents		**(5.844)**	(11.030)
Cash and cash equivalents at beginning of year		**65.265**	76.295
Cash and cash equivalents at end of year	15	**59.421**	65.265

The notes on pages 9 to 26 are an integral part of these financial statements.

1 General information

Country of incorporation

The Association was incorporated in Cyprus as a company limited by guarantee in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at 10 Pikionis Street, Highsight House, CY-3075, Limassol, Cyprus.

Principal activities

The principal activities of the Association, which are unchanged from last year, are the promotion of Cyprus abroad as a regional and international business centre and the promotion and protection of the interests of its members both nationally and internationally.

Member's liability

In accordance with the Association's Memorandum of Association every member undertakes to contribute to the assets of the Association in the event of the same being wound up such amount as may be required, not exceeding €171.

Operating environment of the Association

The year 2021 was marked by the continuous effects of the COVID-19 pandemic, the emergence of new variants and the associated measures implemented by various governments globally with a view to delay the spread of the disease, safeguard public health and ensure the economic survival of working people, businesses, vulnerable groups and the economy at large. To this end, the government of the Republic of Cyprus extended some of the measures in place since 2020 and, in some cases, introduced new, economically costly, measures with the aim of protecting the population from further spread of the disease.

These measures have, among other things, severely restricted economic activity globally and they have negatively impacted, and could continue to negatively impact, businesses, market participants as well as the global economies as they persist for an unknown period of time.

The future effects of the COVID-19 pandemic and of the above measures on the Cyprus and global economies, and consequently on the future financial performance, cash flows and financial position of the Association, are difficult to predict and the Executive Committee's current expectations and estimates could differ from actual results. The Executive Committee believes that it is taking all the necessary measures to maintain the viability and development of the Association.

2 Basis of preparation

The financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

2 Basis of preparation (continued)

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2021 and are relevant to the Association's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires the Executive Committee to exercise its judgement in the process of applying the Association's accounting policies. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

3 Adoption of new or revised standards and interpretations

During the current year the Association adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2021. This adoption did not have a material effect on the accounting policies of the Association.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue

Recognition and measurement

Revenue is measured at fair value of the consideration received or receivable and represents members' annual subscriptions, income from banners on website and income from events and sponsoring. Revenues earned by the Association are recognised on the following bases:

(i) Subscription Income / Income from banners on website

Subscription income / Income from banners on website is recognised over time on an accrual basis in the accounting period which it relates to. If the subscription payments made by a member exceed the membership fee relating to the accounting period, a contract liability is recognised.

(ii) Income from events and sponsoring

Income from organised events and sponsoring is recognised at a point in time when the brochure is issued or the event takes place.

4 Summary of significant accounting policies (continued)

Employee benefits

The Association and the employees contribute to the Government Social Insurance Fund based on employees’ salaries. The Association's contributions are expensed as incurred and are included in staff costs. The Association has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Association's financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Euro (€), which is the Association's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Association operates and generates taxable income. The Executive Committee periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Association where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Furniture and fixtures	10
Office equipment	15
Computer equipment	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other losses – net" in profit or loss.

Leases

The Association is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Association, with limited exceptions as set out below.

As an exception to the above, payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an exepnse in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4 Summary of significant accounting policies (continued)

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Association and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Financial assets

Financial assets - Classification

The Association classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Association's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Association may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Association has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date when the Association commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Association measures a financial asset at its fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

The subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the cash flow characteristics of the asset. The Association classifies its debt instruments at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in ‘interest income’. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise cash and cash equivalents and trade receivables.

Equity instruments

The Association subsequently measures all equity investments at fair value. Where the Association's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments continue to be recognised in profit or loss when the Association's right to receive payments is established.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets – impairment – credit loss allowance for expected credit losses

The Association assesses on a forward-looking basis the expected credit losses (ECL) for debt instruments measured at AC. The Association measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'net impairment losses on financial assets'.Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at amortised cost are presented in the balance sheet net of the allowance for ECL.

The impairment methodology applied by the Association for calculating expected credit losses depends on the type of financial instrument assessed for impairment. Refer to Note 6, Credit risk section for a description of impairment methodology applied by the Association for calculating expected credit losses for financial assets that are subject to impairment under IFRS 9.

Classification as trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Association holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9.The Association applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Association, and a failure to make contractual payments for a period of greater than 180 days past due.

4 Summary of significant accounting policies (continued)

Classification as cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as “interest income”. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Association or the counterparty.

Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4 Summary of significant accounting policies (continued)

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Association has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Association. Other prepayments are written off to the statement of comprehensive income when the services relating to the prepayments are received. If there is an indication that the services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the statement of comprehensive income.

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Association.

6 Financial risk management

(i) Financial risk factors

The Association's activities expose it to market risk (including price risk) and credit risk.

The Association does not have a formal risk management policy. Risk management is carried out and approved by the Association's Executive Committee.

- **Market risk**

Price risk

Exposure

The Association is exposed to equity securities price risk because of investments held and classified on the balance sheet as fair value through other comprehensive income.

The Association's equity investments that are publicly traded are included in the London Stock Exchange FTSE.

Sensitivity

At 31 December 2021, if the FTSE index had increased/decreased by 20% with all other variables held constant and all the Association's equity instruments moved according to the historical correlation with the index, other comprehensive income would increase/decrease by €217 (2020: €156) as a result of gains/losses on equity securities classified as financial assets at fair value through other comprehensive income.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

- **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from trade receivables and cash and cash equivalents.

(i) Risk management

For banks and financial institutions, only known parties with a history of transactions with the Association are accepted.

(ii) Impairment of financial assets

The Association has two types of financial assets that are subject to the expected credit loss model:

- trade receivables; and
- cash and cash equivalents.

The impairment methodology applied by the Association for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Association applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

- For all other financial assets that are subject to impairment under IFRS 9, the Association applies general approach – three stage model for impairment. The Association applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Association identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Association determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Significant increase in credit risk. The Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Association compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating or external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty; and
- significant changes in the expected performance and behaviour of the counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Default. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Association. The Association categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Association continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income.

The Association’s exposure to credit risk for each class of asset subject to the expected credit loss model is set out below.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Trade receivables

The Association applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Association does not hold any collateral as security for any trade receivable balances.

Based on the assessment performed by the Executive Committee as at 31 December 2021 and 2020, the expected credit loss allowance of trade receivables was not significant to be recognised.

Cash and cash equivalents

The Association assesses its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available. The gross carrying amounts below represent the Association's maximum exposure to credit risk on these assets as at 31 December 2021 and 2020:

	External credit rating(1)	2021 €	2020 €
Performing	**BBB-B**	59.277	64.679
Total cash and cash equivalents		59.277	64.679

(1)Moody's credit ratings

The rest of the balance sheet item 'cash and cash equivalents' is cash on hand.

Based on the assessment performed by the Executive Committee as at 31 December 2021 and 2020, the identified expected credit losses on cash and cash equivalents was not significant to be recognised.

(ii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

6 Financial risk management (continued)

(ii) Fair value estimation (continued)

The following table presents the Association's financial assets that are measured at fair value at 31 December 2021.

	Level 1 €
31 December 2021	
Assets	
Financial assets at fair value through other comprehensive income:	
- Equity securities	1.085

The following table presents the Association's financial assets that are measured at fair value at 31 December 2020.

	Level 1 €
31 December 2020	
Financial assets at fair value through other comprehensive income:	
- Equity securities	778

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Association is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily London Stock Exchange equity investments classified as financial assets at fair value through other comprehensive income.

(iii) Offsetting financial assets and liabilities

The Association does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

7 Revenue

	2021 **€**	2020 €
Subscriptions received from members	**79.804**	77.963
Revenue from organised events and sponsorships	**1.811**	-
Revenue from banners on website	**1.117**	915
Total revenue from contracts with customers	**82.732**	78.878

The Association's main income is generated from membership fees. There are two classes of membership; i) full and ii) supporting. Each member must meet certain criteria in order to be entitled to subsribe under each of these categories, but the membership fee is the same for both categories.

7 Revenue (continued)

The Association also generates income from the organisation of events and sponsorships. Such income is recognised when the brochure is issued or the event takes place.

(i) Assets and liabilities related to contracts with customers

The Association has recognised the following liabilities related to contracts with customers:

	2021 €	2020 €
Total contract liabilities – advances from members	**2.904**	1.918

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior year:

	2021 €	2020 €
Revenue recognised that was included in the contract liability balance at the beginning of the period	**1.918**	5.025

8 Expenses by nature

	2021 €	2020 €
Depreciation, amortisation and impairment charges (Notes 11 and 12)	**909**	630
Staff costs (Note 9)	**70.486**	72.567
Other expenses	**1.668**	1.418
Events and seminars	**447**	1.263
Professional fees	**-**	2.100
Printing and circulation	**2.769**	526
Annual levy	**350**	350
Website expenses	**550**	1.200
Telephone	**796**	861
Expenses relating to leases	**7.973**	7.666
Bank charges	**130**	111
Total cost of goods sold, selling and marketing costs, administrative expenses and other expenses	**86.078**	88.692

The Association's statutory audit firm did not charge any fees during 2021 (2020: Nil).

9 Staff costs

	2021 €	2020 €
Salaries	**59.410**	61.410
Social insurance costs	**8.852**	8.951
Other staff costs	**2.224**	2.206
	70.486	72.567
Average number of staff employed during the year	**2**	2

10 Income tax expense

The tax on the Association's deficit of income over expenditure before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2021	2020
	€	€
Deficit of income over expenditure before tax	**(3.327)**	(9.767)
Tax calculated at the applicable corporation tax rate of 12,5%	**(416)**	(1.221)
Tax effect of expenses not deductible for tax purposes	**114**	79
Tax effect of allowances and income not subject to tax	**(82)**	(50)
Tax effect of tax losses for which no deferred tax asset was recognised	**384**	1.192
Income tax charge	**-**	-

The Association is subject to income tax on taxable profits at the rate of 12,5%.

Under certain conditions, interest may be exempt from income tax and only subject to special defence contribution at the rate of 30%.

At 31 December 2021, the Association had tax losses carried forward amounting to €31.980 (2020: €28.907) for which no deferred tax was recognised as profits for future periods against which these losses can be utilised could not be estimated with sufficient reliability. Brought forward losses of only five years may be utilised.

In June 2016, the Association's application to be recognised as a non-profit organisation received a negative response by the Ministry of Finance. The Executive Committee's opinion is that the Association should be recognised as a non-profit organisation by the Cyprus Tax Authorities and as a result the Association's income should be exempt from income tax.

11 Property, plant and equipment

	Plant and machinery	Furniture and fittings	Computer equipment	Total
	€	€	€	€
At 1 January 2020				
Cost	780	15.738	14.189	30.707
Accumulated depreciation	(20)	(15.498)	(13.270)	(28.788)
Net book amount	760	240	919	1.919
Year ended 31 December 2020				
Opening net book amount	760	240	919	1.919
Depreciation charge (Note 8)	(120)	(117)	(60)	(297)
Closing net book amount	640	123	859	1.622
At 31 December 2020				
Cost	780	15.738	14.189	30.707
Accumulated depreciation	(140)	(15.615)	(13.330)	(29.085)
Net book amount	640	123	859	1.622

11 Property, plant and equipment (continued)

	Office equipment €	Furniture and fittings €	Computer equipment €	**Total €**
Year ended 31 December 2021				
Opening net book amount	640	123	859	**1.622**
Additions	-	-	647	**647**
Depreciation charge (Note 8)	(117)	(60)	(249)	**(426)**
Closing net book amount	523	63	1.257	**1.843**
At 31 December 2021				
Cost	780	15.738	14.836	**31.354**
Accumulated depreciation	(257)	(15.675)	(13.579)	**(29.511)**
Net book amount	523	63	1.257	**1.843**

12 Intangible assets

	Computer software €
At 1 January 2020	
Cost	1.000
Accumulated amortisation and impairment	(250)
Net book amount	750
Year ended 31 December 2020	
Opening net book amount	750
Amortisation charge (Note 8)	(333)
Closing net book amount	417
At 31 December 2020	
Cost	1.000
Accumulated amortisation and impairment	(583)
Net book amount	417
Year ended 31 December 2021	
Opening net book amount	417
Additions	450
Amortisation charge (Note 8)	(483)
Closing net book amount	384
At 31 December 2021	
Cost	1.450
Accumulated amortisation and impairment	(1.066)
Net book amount	384

13 Financial assets

(a) Trade receivables

	2021 €	2020 €
Current assets		
Trade receivables from contracts with customers	**1.888**	681

13 Financial assets (continued)

(a) Trade receivables (continued)

(i) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

Information about the current year impairment of trade receivables and the Association's exposure to credit risk can be found in Note 6.

The carrying amounts of the Association's trade receivables are denominated in Euro.

(b) Financial assets at fair value through other comprehensive income

Investments at FVOCI comprise the following individual investments:

	2021	2020
	€	€
Equity investments designated at FVOCI		
Listed equity securities:		
Bank of Cyprus Holdings PLC	**1.085**	778

The equity investment is not held for trading by the Association and as such the Association made an irrevocable election at initial recognition to measure the investment as financial assets at fair value through other comprehensive income.

(i) Amounts recognised in other comprehensive income

During 2021 and 2020, the following gains/(losses) were recognised in other comprehensive income.

	2021	2020
	€	€
Gains/(losses) recognised in other comprehensive income	**307**	(485)

(ii) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value and sensitivity of the assets to price risk are provided in Note 6.

Financial assets at FVOCI are denominated in Euro.

14 Other non-financial assets

	2021	2020
	€	€
Prepayments	**1.200**	1.200
VAT recoverable	**3.315**	1.047
	4.515	2.247

15 Cash and bank balances

	2021 €	2020 €
Cash at bank and in hand	**7.794**	13.651
Short-term bank deposits	**51.627**	51.614
	59.421	65.265

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2021 €	2020 €
Cash and bank balances	**59.421**	65.265

Cash and cash equivalents are denominated in Euro.

16 Trade and other payables

	2021 €	2020 €
Other payables	**232**	72

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

The carrying amounts of the Association's trade and other payables are denominated in Euro.

17 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 2 to 4.