CYPRUS INVESTMENT FUNDS ASSOCIATION (CIFA)

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

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CYPRUS INVESTMENT FUNDS ASSOCIATION (CIFA)

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Andreas Yiasemides - President Panikos Teklos - Vice President Spyros Vassiliou - Vice President Maria Panayiotou - Secretary Constantinos Papanastasiou - Treasurer Christoforos Antoniades - Member Andreas Athinodorou - Member Charalambos Fokas - Member Demetris Taxitaris - Member Antonis Antoniou - Member Christos Kalogeris - Member Antonis Rouvas - Member Charalambos Prountzos - Member Elia Nicolaou - Member Marinos Christodoulides - Member Marios Tannousis - Member Omiros Nishiotis - Member
Independent Auditors:	Joannides + Co Limited Certified Public Accountants and Registered Auditors Agiou Prokopiou 13 Egkomi 2406 Nicosia
Registered address:	9 Makarios III Avenue, Severis Building, 4th floor Nicosia 1065 Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Hellenic Bank Public Company Ltd

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of the Cyprus Investment Funds Association (CIFA) (the "Association") presents to the members its Report and audited financial statements of the Association for the year ended 31 December 2022.

Principal activities and nature of operations of the Association
The principal activities of the Association, which are unchanged from last year, are to act as the single unified representative body of the industry in Cyprus, representing the sector in economic missions to promote and support the development of the Cyprus Investment Fund industry, provide support to its members in knowledge building through regular educational programs and encourage maintenance of industry standards and professionalism.

Results
The Association's results for the year are set out on page 6.

Board of Directors
The members of the Association's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2022.

The Electoral General Meeting is held every three years.

Independent Auditors
The Independent Auditors, Joannides + Co Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Maria Panayiotou
Secretary

Nicosia, 8 February 2024

Independent Auditor's Report

To the Members of Cyprus Investment Funds Association (CIFA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Cyprus Investment Funds Association (CIFA) (the "Association"), which are presented in pages 6 to 18 and comprise the statement of financial position as at 31 December 2022, the statements of income and expenses, changes in fund account 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 2022, 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 Articles of Association of the Association, the requirements of the Societies and Institutions and Other Related Matters Law of 2017, and Articles of Association of the Association.

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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

Independent Auditor's Report (continued)

To the Members of Cyprus Investment Funds Association (CIFA)

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 Articles of Association of the Association, the Associations and Foundations and Other Relevant Issues Law of 2017, and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Association's financial reporting process.

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 scepticism 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Board of Directors 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.

Independent Auditor's Report (continued)

To the Members of Cyprus Investment Funds Association (CIFA)

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.

Davinia Ioannidou
Certified Public Accountant and Registered Auditor
for and on behalf of

Joannides + Co Limited
Certified Public Accountants and Registered Auditors

Nicosia, 8 February 2024

STATEMENT OF INCOME AND EXPENSES
For the year ended 31 December 2022

	2022 €	2021 €
INCOME		
Subscriptions and registration fees	**77.550**	68.750
Total revenue	**77.550**	68.750
EXPENSES		
Website expenses	**636**	8.336
Sundry expenses	**350**	350
Stationery and printing	**369**	-
Subscriptions and contributions	**20.926**	12.401
Advertising expenses	**1.593**	11.883
Auditors' remuneration for the statutory audit of annual accounts	**1.190**	1.190
Accounting fees	**4.284**	4.284
Consultancy fees	**15.279**	14.280
Overseas travelling	**16.535**	-
Hospitality and event expenses	**55.161**	5.629
Bank charges	**690**	400
Administration services	**11.223**	-
Net impairment loss/(profit) on financial assets	**16.700**	(8.600)
Total expenses	**144.936**	50.153
(Deficit)/surplus for the year	**(67.386)**	18.597

STATEMENT OF FINANCIAL POSITION
31 December 2022

	Note	**2022**	2021
		€	€
ASSETS			
Current assets			
Trade and other receivables	8	**66.636**	38.400
Cash and cash equivalents	9	**59.713**	181.696
		126.349	220.096
Total assets		**126.349**	220.096
SURPLUS AND LIABILITIES			
Accumulated surplus		**118.545**	185.931
Total surplus		**118.545**	185.931
Current liabilities			
Payables	10	**7.804**	34.165
Total liabilities		**7.804**	34.165
Total surplus and liabilities		**126.349**	220.096

On 8 February 2024 the Board of Directors authorised these financial statements for issue.

....	....
Andreas Yiasemides	Maria Panayiotou
President	Secretary

STATEMENT OF CHANGES IN FUND ACCOUNT
For the year ended 31 December 2022

	Surplus €	Total €
Balance at 1 January 2021	**167.334**	**167.334**
Surplus for the year	18.597	18.597
Balance at 31 December 2021/ 1 January 2022	**185.931**	**185.931**
Deficit for the year	(67.386)	(67.386)
Balance at 31 December 2022	**118.545**	**118.545**

CASH FLOW STATEMENT
For the year ended 31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year		**(67.386)**	18.597
Adjustments for:			
Impairment charge/(reversal of impairment) of trade receivables	8	**16.700**	(8.600)
		(50.686)	9.997
Changes in working capital:			
Increase in trade and other receivables		**(44.936)**	(5.944)
(Decrease)/increase in payables		**(26.361)**	25.654
Cash (used in)/generated from operations		**(121.983)**	29.707
Net (decrease)/increase in cash and cash equivalents		**(121.983)**	29.707
Cash and cash equivalents at beginning of the year		**181.696**	151.989
Cash and cash equivalents at end of the year	9	**59.713**	181.696

The notes on pages 10 to 18 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Cyprus Investment Funds Association (CIFA) (the "Association") was incorporated in Cyprus on 25 April 2013 under the provisions of the Associations and Foundations and Other Relevant Issues Law of 2017, with the purpose to act as a single unified representative body of the industry in Cyprus. Its registered office is at 9 Makarios III Avenue, Severis Building, 4th floor, Nicosia, 1065, Cyprus.

Principal activities

The principal activities of the Association, which are unchanged from last year, are to act as the single unified representative body of the industry in Cyprus, representing the sector in economic missions to promote and support the development of the Cyprus Investment Fund industry, provide support to its members in knowledge building through regular educational programs and encourage maintenance of industry standards and professionalism.

Operating Environment of the Association

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Association largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022 as it is considered as a non-adjusting event.

The Association has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Association. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Association and has concluded that there is no significant impact in the Association's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will take action if required.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention.

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 on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Association.

4. Significant accounting policies

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

The income of the Association is recognised as follows:

Subscription income

Revenue comprises the invoiced amount for subscriptions, net of rebate and discounts, recognised on an accrual basis.

Deferred income

Deferred income represents income receipts which relate to future periods.

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 or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

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.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition (continued)

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, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

The Association assesses on a forward-looking basis the ECL for debt instruments measured at amortised cost. 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 income and expenses 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 carried at amortised cost are presented in the statement of financial position net of the allowance for ECL.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

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

For all other financial instruments that are subject to impairment under IFRS 9, the Association applies general approach - 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"). Refer to note 6, Credit risk section, for a description of how the Association determines when a SICR has occurred. 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. The Association's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Association exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Association may write-off financial assets that are still subject to enforcement activity when the Association seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost 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.

Trade receivables

Trade receivables are amounts due from customers for services performed 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 unless they contain significant financing components, in which case they are recognised at fair value. 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 365 days past due.

Other payables

Payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

4. Significant accounting policies (continued)

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or 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 profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or 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 profit or loss.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Association.

6. Financial risk management

Financial risk factors
The Association is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Association to manage these risks are discussed below:

6.1 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 cash and cash equivalents and trade receivables.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Association has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

These policies enable the Association to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Association has the following types of financial assets that are subject to the expected credit loss model:
- trade receivables
- cash and cash equivalents

The Association's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

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.

6. Financial risk management (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Association defines default as a situation when the debtor is more than 365 days past due on its contractual payments.

The loss allowances for trade receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2022	2021
	€	€
Balance at 1 January	8.400	17.000
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**16.700**	(8.600)
Balance at 31 December	**25.100**	8.400

Cash and cash equivalents

The Association assesses, on a group basis, 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 2022 and 31 December 2021:

Association internal credit rating	**2022**	2021
	€	€
Underperforming	**59.713**	181.696
Total	**59.713**	181.696

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

(iii) Net impairment losses on financial assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	**2022**	2021
	€	€
Impairment charge - trade receivables	**(16.700)**	-
Reversal of impairment - trade receivables	**-**	8.600
Net impairment (loss)/profit on financial assets	**(16.700)**	8.600

6.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Association has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Association's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments 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.

Critical accounting estimates and assumptions

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates 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.

- **Calculation of loss allowance**

  When measuring expected credit losses the Association uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Deferred revenue**

  Deferred income is revenue from subscription and registration fees that have been received by the Association during the year in relation to income of the next year. Therefore, deferred income has been recognised as a liability in the statement of financial position and will be de-recognised during the year the income relates to.

8. Trade and other receivables

	2022	2021
	€	€
Trade receivables	**80.850**	37.700
Less: credit loss on trade receivables	**(25.100)**	(8.400)
Trade receivables - net	**55.750**	29.300
Deposits and prepayments	**8.036**	840
Accrued income	**2.850**	3.500
Deferred expenses	**-**	4.760
	66.636	38.400

Trade receivables represent amounts due from members for subscription and registration fees which are due for receipt on demand.

8. Trade and other receivables (continued)

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Association to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

9. Cash and cash equivalents

Cash balances are analysed as follows:

	2022	2021
	€	€
Current accounts	**59.713**	181.696
	59.713	181.696

The exposure of the Association to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

10. Payables

	2022	2021
	€	€
Accruals	**4.508**	6.664
Other creditors	**3.296**	21.451
Deferred income	**-**	6.050
	7.804	34.165

The fair values of payables due within one year approximate to their carrying amounts as presented above.

11. Contingent liabilities

The Association had no contingent liabilities as at 31 December 2022.

12. Commitments

The Association had no capital or other commitments as at 31 December 2022.

13. Events after the reporting period

As explained in the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Association might experience negative results, and liquidity restraints and incur impairments on its assets in 2023 which relate to new developments that occurred after the reporting period.

The exact impact on the Association's activities in 2023 and thereafter cannot be predicted.

13. Events after the reporting period (continued)

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5