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**THE RUSSIAN ORTHODOX CHURCH
"ST NICHOLAS" FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

REPORT AND FINANCIAL STATEMENTS

31 December 2021

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THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

EXECUTIVE COMMITTEE AND OTHER OFFICERS

Executive Committee:

Vadim Pankov (Resigned on 12/07/2022)
Petros Valko (Resigned on 16/11/2022)
Valery Gusev (Resigned on 24/11/2022)
Oleg Lapoushkin (Resigned on 24/11/2022)
Yuri Pinykh (Resigned on 24/11/2022)
Anton Sevryuk
Gleb Klimov

Company Secretary:

Cyproservus Co. Ltd
284 Arch. Makarios III Avenue
3rd floor, flat 32
Limassol, Cyprus

Independent Auditors:

Cube Audit Limited
Certified Public Accountants and Registered Auditors
Tsigarides Building
Office 203
2042 Nicosia
Cyprus

Registered office:

284, Arch. Makariou III Ave.
Fortuna Court, Block B
3105, Limassol
Cyprus

Registration number:

HE88190

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee presents its report and audited financial statements of the Fund for the year ended 31 December 2021.

Principal activity and nature of operations of the Fund

The principal activity of the Fund, is the provision of operational and financial support to the Russian Orthodox Church (Moscow Patriarchate) for the construction and development of the Russian Orthodox Church "St Nicholas" in Limassol.

Review of current position, future developments and performance of the Fund's business

The Fund's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Fund are disclosed in notes 7, 8 and 20 of the financial statements.

Results

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

Executive Committee

The members of the Fund's Executive Committee as at 31 December 2021 and at the date of this report are presented on page 1. All of them were members of the Executive Committee throughout the year ended 31 December 2021. Mr. Vadim Pankov who was director resigned on 12 July 2022, Mr. Petros Valko who was director resigned on 16 November 2022 and also Mr Valery Gusev, Mr Oleg Lapoushkin and Mr Yuri Pinykh who were directors resigned on 24 November 2022.

In accordance with the Fund's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Executive Committee.

Operating Environment of the Fund

Any significant events that relate to the operating environment of the Fund are described in note 20 to the financial statements.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

Related party transactions

Disclosed in note 21 of the financial statements.

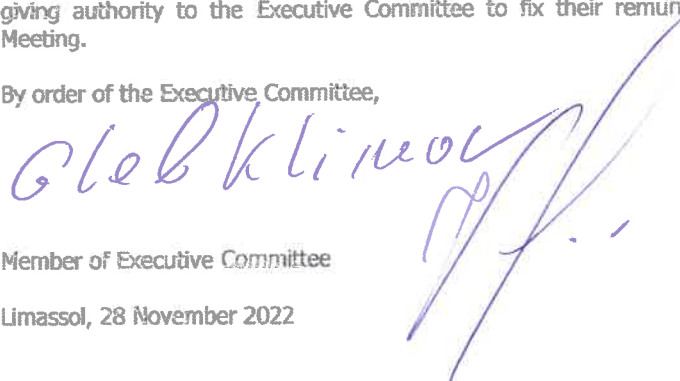
Independent Auditors

The Independent Auditors, Cube Audit Limited, have expressed their willingness to continue in office and a resolution giving authority to the Executive Committee to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Executive Committee,

Member of Executive Committee

Limassol, 28 November 2022



Independent Auditor's Report

To the Members of The Russian Orthodox Church "St Nicholas" Fund

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of The Russian Orthodox Church "St Nicholas" Fund (the "Fund"), which are presented in pages 6 to 24 and comprise the statement of financial position as at 31 December 2021 and 2020, and the statements of income and expenses and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021 and 2020, 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 Qualified Opinion

The deposits in FBME Bank amounting to € 532.268 and which are presented in Note 18 of the financial statements for the year ended 31 December 2021 have restrictions imposed and we were unable to obtain the relevant bank statements as at 31 December 2021. Therefore, we are unable to satisfy ourselves as to the valuation, existence and accuracy of this amount.

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 Fund 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 qualified opinion.

Other information

The Executive Committee is responsible for the other information. The other information comprises the information included in the Report of the Executive Committee, 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.

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.

Independent Auditor's Report (continued)

To the Members of The Russian Orthodox Church "St Nicholas" Fund

Responsibilities of the Executive Committee for the Financial Statements (continued)

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

The Executive Committee is responsible for overseeing the Fund'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 Fund'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 Fund'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 Fund 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Executive Committee report, whose preparation is the responsibility of the Executive Committee, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Executive Committee Report.

Independent Auditor's Report (continued)

To the Members of The Russian Orthodox Church "St Nicholas" Fund

Other Matter

This report, including the opinion, has been prepared for and only for the Fund'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.

Nicolas Yiallourous
Certified Public Accountant and Registered Auditor
for and on behalf of
Cube Audit Limited
Certified Public Accountants and Registered Auditors
Tsigarides Building
Office 203
2042 Nicosia
Cyprus

Nicosia, 28 November 2022

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

STATEMENT OF INCOME AND EXPENSES

31 December 2021

	2021 €	2020 €
INCOME		
Member's subscriptions	340	340
Donations	351.575	1.577.658
Other income	29.539	-
Total revenue	381.454	1.577.998
EXPENSES		
Expenses relating to construction of Church	289.182	1.610.625
Change in fair value of financial assets at fair value through profit or loss	-	5.561
Finance expenses	2.038	3.532
Common expenses	181	964
Annual levy	350	385
Sundry expenses	926	467
Telephone and postage	458	497
Stationery and printing	66	-
Subscriptions and contributions	200	18.510
Auditors' remuneration for the statutory audit of annual accounts	2.500	2.500
Auditors' remuneration - prior years	-	119
Other professional fees	13.685	-
Other administrative expenses	9.682	11.274
Other expenses	322	47.314
Amortisation of computer software	536	536
Total expenses	320.126	1.702.284
Result for the year	61.328	(124.286)

The notes on pages 9 to 24 form an integral part of these financial statements.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Cash at bank and in hand		532.268	506.535
Intangible assets	15	-	536
		532.268	507.071
Current assets			
Receivables	16	1.922	1.752
Financial assets at fair value through profit or loss	17	12.332	8.528
Cash at bank and in hand	18	83.341	110.703
		97.595	120.983
Total assets		629.863	628.054
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		627.245	565.916
Total equity		627.245	565.916
Current liabilities			
Trade and other payables	19	2.618	62.138
		2.618	62.138
Total equity and liabilities		629.863	628.054

On 28 November 2022 the Executive Committee of The Russian Orthodox Church "St Nicholas" Fund authorised these financial statements for issue.



 Member of Executive Committee

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 Member of Executive Committee

The notes on pages 9 to 24 form an integral part of these financial statements.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

CASH FLOW STATEMENT

31 December 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		61.328	(124.286)
Adjustments for:			
Amortisation of computer software	15	536	536
Fair value (gains)/losses on financial assets at fair value through profit or loss		(3.804)	5.561
		58.060	(118.189)
Changes in working capital:			
(Increase)/decrease in receivables		(170)	550
Decrease in trade and other payables		(59.515)	(46.015)
Cash used in operations		(1.625)	(163.654)
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net decrease in cash and cash equivalents		(1.625)	(163.654)
Cash and cash equivalents at beginning of the year		617.238	780.892
Cash and cash equivalents at end of the year	18	615.613	617.238

The notes on pages 9 to 24 form an integral part of these financial statements.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. Incorporation and principal activities

Country of incorporation

The Russian Orthodox Church "St. Nicholas" Fund (the "Fund") was incorporated in Cyprus on 12 August 1997 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 284, Arch. Makariou III Ave., Fortuna Court, Block B, 3105, Limassol, Cyprus.

Principal activity

The principal activity of the Fund, is the provision of operational and financial support to the Russian Orthodox Church (Moscow Patriarchate) for the construction and development of the Russian Orthodox Church "St Nicholas" in Limassol.

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) and the requirements of the Cyprus Companies Law, Cap. 113. 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 and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Executive Committee to exercise its judgment in the process of applying the Fund'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 Executive Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Fund.

4. Adoption of new or revised standards and interpretations

During the current year the Fund 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 2021. This adoption did not have a material effect on the accounting policies of the Fund.

5. 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.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Fund expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Fund includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Fund's experience with similar contracts and forecasted sales to the customer.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. Significant accounting policies (continued)

Revenue recognition (continued)

The Fund recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Fund can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Fund's future cash flows is expected to change as a result of the contract), it is probable that the Fund will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Fund's contracts with customers.

The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Fund considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of income and expenses in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

The Fund assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Fund's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Fund expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Fund recognises revenue when it transfers control of a product or service to a customer.

- **Income from subscriptions**

Income from subscriptions is recognised on an accrual basis in the accounting period in which the subscriptions are earned.

- **Income from Donations**

Donations are credited to the Statement of income and expenses in the year in which they are received.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. Significant accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency

Items included in the Fund'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 Fund's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

The Fund is a not for profit organisation and is not subject to corporation tax in Cyprus.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. Significant accounting policies (continued)

Website

Costs that are directly associated with identifiable and unique computer software products controlled by the Fund 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 programs 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 programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Financial assets - Classification

The Fund 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 Fund's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Fund 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.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Fund 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). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

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 Fund 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).

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. 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 Fund 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 Fund has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Fund 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 Fund assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Fund 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 and contract 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. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

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

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Fund applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

For all other financial instruments that are subject to impairment under IFRS 9, the Fund applies general approach - three stage model for impairment. The Fund 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 Fund 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 7, Credit risk section, for a description of how the Fund determines when a SICR has occurred. If the Fund 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 Fund's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

Additionally the Fund has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, Credit risk section for a description of how the Fund determines low credit risk financial assets.

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

Financial assets - modification

The Fund sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Fund assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate and change in the currency denomination.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Fund derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand. 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.

THE RUSSIAN ORTHODOX CHURCH "ST NICHOLAS" FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. Significant accounting policies (continued)

Financial assets (continued)

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Fund. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are 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 assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities - Modifications

An exchange between the Fund and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Fund incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Fund and the costs can be measured reliably.

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5. Significant accounting policies (continued)

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.

Share capital

The Fund is limited by guarantee without share capital up to the amount of € 1.710.

6. 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 Executive Committee expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Fund.

7. Financial risk management

Financial risk factors

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Fund to manage these risks are discussed below:

7.1 Market price risk

The Fund is exposed to equity securities price risk because of equity investments held by the Fund and classified on the statement of financial position either as fair value through other comprehensive income or at fair value through profit or loss. The Fund is not exposed to commodity price risk.

The Fund's equity investments that are publicly traded are included in the Cyprus Stock Exchange General Index.

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

7.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Fund's income and operating cash flows are substantially independent of changes in market interest rates as the Fund has no significant interest-bearing assets. The Fund is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Fund to cash flow interest rate risk. Borrowings issued at fixed rates expose the Fund to fair value interest rate risk. The Fund's Executive Committee monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2021 €	2020 €
Variable rate instruments		
Financial assets	83.341	110.699
	83.341	110.699

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7. Financial risk management (continued)

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 201 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit.

	Profit or loss	
	2021	2020
	€	€
Variable rate instruments	833	1.107
	<u>833</u>	<u>1.107</u>

7.3 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, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Risk management

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

If wholesale customers are independently rated, these ratings are used. Otherwise, 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. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Executive Committee. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

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

The Fund's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

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

(ii) Impairment of financial assets

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

- cash and cash equivalents

7.4 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 Fund 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.

The following tables detail the Fund's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay. The table includes both interest and principal cash flows.

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7. Financial risk management (continued)

7.4 Liquidity risk (continued)

31 December 2021	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	2.520	2.520	-	2.520	-	-
	2.520	2.520	-	2.520	-	-

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	62.104	62.104	-	62.104	-	-
	62.104	62.104	-	62.104	-	-

7.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Fund's measurement currency. The Fund is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Russian Rouble. The Fund's Executive Committee monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Fund's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2021	Assets 2020
	€	€
United States Dollars	334.183	308.448
Russian Roubles	100	274
	334.283	308.722

Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2019 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit.

	2021	Profit or loss 2020
	€	€
United States Dollars	(30.380)	(28.041)
Russian Roubles	(9)	(25)
	(30.389)	(28.066)

8. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Executive Committee to exercise its judgment in the process of applying the Fund'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 Executive Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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8. Critical accounting estimates and judgments (continued)

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 Fund 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 Fund 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.

Critical judgements in applying the Fund's accounting policies

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Fund uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

- **Impairment of intangible assets**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Fund estimates the recoverable amount of the cash generating unit in which the asset belongs to.

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17. Financial assets at fair value through profit or loss (continued)

On 18 January 2017, the shares in Bank of Cyprus were converted into shares in Bank of Cyprus Holding Public Limited, at a rate of 1:20, therefore the 232.678 shares in Bank of Cyprus, were converted into 11.634 shares in Bank of Cyprus Holding Public Limited.

The market value of the shares in Bank of Cyprus Holding Public Limited was €2,428 per share as at 31 December 2017.

The market value of the shares has decreased to €1,551 per share as at 31 December 2018, therefore a revaluation loss amounting to €10.203 has been recorded.

The market value of the shares has decreased to €1,211 per share as at 31 December 2019, therefore a revaluation loss amounting to €3.955 has been recorded.

The market value of the shares has decreased to €0,733 per share as at 31 December 2020, therefore a revaluation loss amounting to €5.561 has been recorded.

The market value of the shares has increased to €1,06 per share as at 31 December 2021, therefore a revaluation gain amounting to €3.804 has been recorded.

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of income and expenses, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of income and expenses, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income. Refer to note 9 regarding change in accounting policy in relation to Financial assets at fair value through profit or loss.

18. Cash at bank and in hand

Cash balances are analysed as follows:

	2021	2020
	€	€
Cash at bank and in hand	615.613	617.238
	615.613	617.238

	2021	2020
	€	€
Maturity analysis:		
On demand	83.345	110.703
Within one and five years	532.268	506.535
	615.613	617.238

The deposits in FBME Bank amounting to €532.268 (2020: €506.535) have been presented as non current assets in the Statement of Financial Position since due to restrictions imposed they are not expected to be realised within the year 2022.

The exposure of the Fund to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

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19. Trade and other payables

	2021	2020
	€	€
Prepayments from members	102	34
Accruals	2.516	3.255
Other creditors	-	58.849
	<u>2.618</u>	<u>62.138</u>

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

20. Operating Environment of the Fund

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Fund's operations and financial position. Management is taking necessary measures to ensure sustainability of the Fund's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The Fund's Management has assessed:

(1) The ability of the Fund to continue as a going concern

The Fund's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Fund.

On the basis of the evaluation performed, the Fund's management has concluded that no provisions or impairment charges are necessary. The Fund's Management believes that it is taking all the necessary measures to maintain the viability of the Fund and the smooth conduct of its operations in the current business and economic environment.

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21. Related party transactions

The following transactions were carried out with related parties:

21.1 Member's subscriptions

	2021	2020
	€	€
Member's subscriptions	340	340
	<u>340</u>	<u>340</u>

As per Memorandum and Articles of Association of the Fund, each member is obliged to pay the annual subscription amounting to €34.

21.2 Subscriptions receivable (Note 16)

	2021	2020
	€	€
Annual subscriptions by members receivable	272	102
	<u>272</u>	<u>102</u>

21.3 Subscriptions payable (Note 19)

	2021	2020
	€	€
Prepaid annual subscriptions by members	102	34
	<u>102</u>	<u>34</u>

22. Contingent liabilities

The Fund had no contingent liabilities as at 31 December 2021.

23. Commitments

The Fund had no capital or other commitments as at 31 December 2021.

24. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements, except from the below :

The Fund 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 Fund. 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 Fund and has concluded that there is no significant impact in the Fund's profitability position. The event is not expected to have an immediate material impact on the Fund operations. Management will continue to monitor the situation closely and will assess the need for any additional actions in case the crisis becomes prolonged.

Independent auditor's report on pages 3 to 5