

SOPHIA FOR CHILDREN

FINANCIAL STATEMENTS

31 December 2022

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SOPHIA FOR CHILDREN

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Marina Shacola President
Nopi Tilemachou Vice president
Panayiota Panayiotou Treasurer
Irena Alonefti Secretary
Andreas Vasiliou
Demetris Vattis
Pieris Panayi
Anna Stylianou
Christina Prastiti

Registered address:

48 Themistoklis Dervis Avenue
Office 401
1066 Nicosia

Registration number:

3250

Independent Auditor's Report

To the Members of SOPHIA FOR CHILDREN

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SOPHIA FOR CHILDREN (the "Society"), which are presented in pages 4 to 11 and comprise the statement of financial position as at 31 December 2022, the statements of income and expenses 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 Society 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 Society, the requirements of the Societies and Institutions and Other Related Matters Law of 2017, and Articles of Association of the Society.

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 Society in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the 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 Society, the requirements of the Societies and Institutions and Other Related Matters Law of 2017, and Articles of Association of the Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Society'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.

Independent Auditor's Report (continued)

To the Members of SOPHIA FOR CHILDREN

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

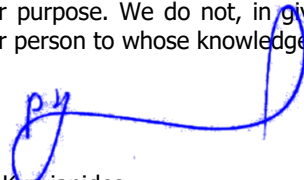
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 Society'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 Society'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 Society 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Society's members as a body 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.



Pola Kyprianides
Certified Public Accountant and Registered Auditor
for and on behalf of
KYPRIANIDES & ASSOCIATES LTD
CHARTERED ACCOUNTANTS

Lefkosia, 12 December 2023

SOPHIA FOR CHILDREN

STATEMENT OF INCOME AND EXPENSES

31 December 2022

	2022	2021
	€	€
INCOME		
Donations and contributions	142,417	74,723
Sponsorships of children in Kenya	363,233	352,058
Income from events	119,818	136,349
African crafts sales proceeds	351,181	281,233
"Food for Food" programme proceeds	13,026	6,643
Donations for feeding programmes in Cyprus	82,810	83,664
Total revenue	<u>1,072,485</u>	<u>934,670</u>
EXPENSES		
Staff salaries	77,963	79,214
Costs of actions and programmes in Kenya	601,997	549,853
Costs of feeding programmes in Cyprus	152,547	134,642
Events' organising expenses	41,032	65,469
Cost of african crafts sold	183,204	116,557
Electricity	1,978	2,081
Repairs and maintenance	82	2,101
Telephone and postage	329	363
Courier expenses	389	165
Stationery and printing	2,695	2,003
Computer supplies and maintenance	2,442	7,705
Legal fees	-	100
Motor vehicle running costs	9,288	2,890
Miscellaneous expenses	2,403	4,224
Promotional expenses	6,392	5,550
Bank Charges	5,664	5,620
Depreciation	459	166
Total expenses	<u>1,088,864</u>	<u>978,703</u>
Deficit for the year	<u>(16,379)</u>	<u>(44,033)</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

SOPHIA FOR CHILDREN

STATEMENT OF FINANCIAL POSITION 31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	8	<u>1,669</u>	662
		<u>1,669</u>	662
Current assets			
Receivables	9	-	15,000
Cash at bank and in hand	10	<u>95,589</u>	86,952
		<u>95,589</u>	101,952
Total assets		<u><u>97,258</u></u>	<u>102,614</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		<u>71,090</u>	87,468
Total equity		<u>71,090</u>	87,468
Current liabilities			
Trade and other payables	11	<u>26,168</u>	15,146
		<u>26,168</u>	15,146
Total equity and liabilities		<u><u>97,258</u></u>	<u>102,614</u>

On 12 December 2023 the Board of Directors authorised these financial statements for issue.

.....
Marina Shacola
Chairperson

.....
Panayiota Panayiotou
Treasurer

The notes on pages 7 to 11 form an integral part of these financial statements.

SOPHIA FOR CHILDREN

CASH FLOW STATEMENT

31 December 2022

	2022	2021
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(16,379)	(44,033)
Adjustments for:		
Depreciation of property, plant and equipment	8 <u>459</u>	166
	(15,920)	(43,867)
Changes in working capital:		
Decrease/(increase) in receivables	15,000	(15,000)
Increase/(Decrease) in trade and other payables	<u>11,022</u>	<u>(13,275)</u>
Cash generated from/(used in) operations	<u>10,102</u>	<u>(72,142)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	8 <u>(1,466)</u>	(828)
Net cash used in investing activities	<u>(1,466)</u>	(828)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	8,636	(72,970)
Cash and cash equivalents at beginning of the year	<u>86,952</u>	<u>159,922</u>
Cash and cash equivalents at end of the year	10 <u><u>95,589</u></u>	<u><u>86,952</u></u>

The notes on pages 7 to 11 form an integral part of these financial statements.

SOPHIA FOR CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. Incorporation and principal activities

Country of incorporation

SOPHIA FOR CHILDREN (the "Society") was incorporated in Cyprus on 14 September 2009 under the provisions of the requirements of the Societies and Institutions and Other Related Matters Law of 2017. Its registered office is at, 48 Th.Dervis Avenue Office 401, 1066 Nicosia.

Principal activities

The principal activities of the Society, which are unchanged from last year, are the cooperation and joint action with organisations in Cyprus and abroad for the provision of free health, medical and any other humanitarian aid to individuals and groups of people in need.

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 Society 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 Society.

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 Society is recognised as follows:

- **Income from sponsorships, donations and events is recognised when the right of the Foundation to receive payment is established.**

Finance costs

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

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Motor vehicles	20
Computer Hardware	20

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Society. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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.

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 Society.

6. 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 Society'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 judgements in applying the Society's accounting policies

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial 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 Society estimates the recoverable amount of the cash generating unit in which the asset belongs to.

SOPHIA FOR CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

6. Critical accounting estimates and judgments (continued)

- **Useful live of depreciable assets**

The Board of Directors assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Society. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

7. Finance costs

	2022 €	2021 €
Sundry finance expenses	<u>5,664</u>	5,620
Finance costs	<u>5,664</u>	<u>5,620</u>

8. Property, plant and equipment

	Motor vehicles €	Computer Hardware €	Total €
Cost			
Balance at 1 January 2021	2,500	-	2,500
Additions	<u>-</u>	<u>828</u>	<u>828</u>
Balance at 31 December 2021/ 1 January 2022	2,500	828	3,328
Additions	<u>500</u>	<u>966</u>	<u>1,466</u>
Balance at 31 December 2022	<u>3,000</u>	<u>1,794</u>	<u>4,794</u>
Depreciation			
Balance at 1 January 2021	2,500	-	2,500
Charge for the year	<u>-</u>	<u>166</u>	<u>166</u>
Balance at 31 December 2021/ 1 January 2022	2,500	166	2,666
Charge for the year	<u>100</u>	<u>359</u>	<u>459</u>
Balance at 31 December 2022	<u>2,600</u>	<u>525</u>	<u>3,125</u>
Net book amount			
Balance at 31 December 2022	<u>400</u>	<u>1,269</u>	<u>1,669</u>
Balance at 31 December 2021	<u>-</u>	<u>662</u>	<u>662</u>

9. Receivables

	2022 €	2021 €
Other receivables	<u>-</u>	15,000
	<u><u>-</u></u>	<u><u>15,000</u></u>

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

SOPHIA FOR CHILDREN

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

10. Cash at bank and in hand

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash at bank and in hand	<u>95,589</u>	<u>86,952</u>

11. Trade and other payables

	2022	2021
	€	€
Amounts due to service providers and suppliers	20,874	15,146
Accruals	<u>5,294</u>	<u>-</u>
	<u>26,168</u>	<u>15,146</u>

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

12. Operating Environment of the Society

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 Society 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 Society 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 Society. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Operating Environment of the Society (continued)

Management has considered the unique circumstances and the risk exposures of the Society and has concluded that there is no significant impact in the Society'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 assess the need for [please complete accordingly] in case the crisis becomes prolonged.

13. Contingent liabilities

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

14. Commitments

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

15. Events after the reporting period

As explained in note 12 the geopolitical situation in Eastern Europe remains intense with the continuation 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 Society might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2023 which relate to new developments that occurred after the reporting period.

Independent auditor's report on pages 2 to 3