

**BROMSTON ASSOCIATES LTD**

REPORT AND FINANCIAL STATEMENTS  
31 December 2023

# **BROMSTON ASSOCIATES LTD**

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## **REPORT AND FINANCIAL STATEMENTS** 31 December 2023

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# **BROMSTON ASSOCIATES LTD**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

<b>Board of Directors:</b>	Christiana Georgiou
<b>Company Secretary:</b>	Ekaterini Ioannou
<b>Independent Auditors:</b>	M. Papadakis & Co Certified Public Accountants and Registered Auditors 1 Avlonos Street Maria House 1075, Nicosia Cyprus
<b>Registered office:</b>	Zakynthou 10, Flat/Office 101 Nicosia 1040 Cyprus
<b>Registration number:</b>	HE381328

# BROMSTON ASSOCIATES LTD

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## MANAGEMENT REPORT

The Board of Directors of Bromston Associates Ltd (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2023.

### **Incorporation**

The Company Bromston Associates Ltd was incorporated in Cyprus on 16 March 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company are the provision of administration and IT services, the investments in shares and other financial securities and the provision of financing to related parties.

### **Review of current position, future developments and performance of the Company's business**

The Company'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 Company are disclosed in notes 6, 7 and 27 of the financial statements.

### **Use of financial instruments by the Company**

The Company is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

### **Market price risk**

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

### **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 Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

### **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.

Credit risk is managed on a group basis.

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 Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

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

# BROMSTON ASSOCIATES LTD

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## MANAGEMENT REPORT

### **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 Company 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.

### **Dividends**

During the year 2023, the Board of Directors approved the payment of an interim dividend of €93.934.105 (2022: €17.100.000).

On 21 July 2023, the Company in General Meeting declared the payment of a final dividend of €4.069.904 (2022: €NIL).

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

### **Board of Directors**

The sole member of the Company's Board of Directors as at 31 December 2023 and at the date of this report is presented on page 1. The Sole Director was a member of the Board of Directors throughout the year ended 31 December 2023.

In accordance with the Company's Articles of Association the Sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

### **Independent Auditors**

The Independent Auditors, M. Papadakis & Co, 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,



Ekaterini Ioannou  
Secretary

Nicosia, 20 June 2024

## **Independent Auditor's Report**

### **To the Members of Bromston Associates Ltd**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Bromston Associates Ltd (the "Company"), which are presented in pages 7 to 31 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company 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 Management Report, 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 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 Cyprus Companies Law, Cap. 113, 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.

Managing Partner - Michael Papadakis, Bsc (Eng), FCA  
Partner - Andreas Ioannou, BBA (Hons), BFP, FCA

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## **Independent Auditor's Report (continued)**

### **To the Members of Bromston Associates Ltd**

#### **Responsibilities of the Board of Directors for the Financial Statements (continued)**

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Report on Other Legal Requirements**

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

- In our opinion, the Management Report 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report

## **Independent Auditor's Report (continued)**

### **To the Members of Bromston Associates Ltd**

#### **Other Matter**

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



Michael Papadakis  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**M. Papadakis & Co**  
**Certified Public Accountants and Registered Auditors**  
1 Avlonos Street  
Maria House  
1075, Nicosia  
Cyprus

Nicosia, 20 June 2024

## BROMSTON ASSOCIATES LTD

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2023

	Note	2023 €	2022 €
<b>Revenue</b>	8	<b>269.211.655</b>	123.904.859
Cost of sales	9	<b>(135.449.116)</b>	(73.377.430)
<b>Gross profit</b>		<b>133.762.539</b>	50.527.429
Other operating income	10	<b>46.256</b>	-
Administration expenses	11	<b>(14.001.019)</b>	(6.431.989)
Net fair value loss on financial and contract assets	6.3	<b>(114.757)</b>	-
Other expenses	12	<b>-</b>	(121.634)
<b>Operating profit</b>		<b>119.693.019</b>	43.973.806
Finance costs	14	<b>(2.487.930)</b>	(931.847)
<b>Profit before tax</b>		<b>117.205.089</b>	43.041.959
Tax	15	<b>(3.620.691)</b>	(1.156.627)
<b>Net profit for the year</b>		<b>113.584.398</b>	41.885.332
<b>Other comprehensive income</b>			
Financial assets at fair value through other comprehensive income - Fair value gains/(losses)		<b>497.689</b>	(742.250)
Gains less losses reclassified to retained earnings upon disposal of debt securities at fair value through other comprehensive income		-	(63.464)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to retained earnings		<b>114.757</b>	-
<b>Other comprehensive income for the year</b>		<b>612.446</b>	(805.714)
<b>Total comprehensive income for the year</b>		<b>114.196.844</b>	41.079.618

The notes on pages 11 to 31 form an integral part of these financial statements.

# BROMSTON ASSOCIATES LTD

## STATEMENT OF FINANCIAL POSITION 31 December 2023

	Note	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	59.154	-
Intangible assets	18	2.166.986	726.331
Financial assets at fair value through other comprehensive income	19	23.200.548	3.996.352
Loans to related parties	28	87.486	115.249
		<u>25.514.174</u>	<u>4.837.932</u>
<b>Current assets</b>			
Trade and other receivables	20	32.788.735	12.873.699
Shareholders' current accounts - debit balances	28	12.300	37.331
Receivables from other related parties	28	8.535	-
Loans to shareholder	28	-	25.437
Refundable taxes	26	-	343.373
Cash at bank	21	10.727.969	24.352.674
		<u>43.537.539</u>	<u>37.632.514</u>
<b>Total assets</b>		<u>69.051.713</u>	<u>42.470.446</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	1.000	1.000
Other reserves	23	612.446	(902.817)
Retained earnings		41.050.293	26.372.721
<b>Total equity</b>		<u>41.663.739</u>	<u>25.470.904</u>
<b>Current liabilities</b>			
Trade and other payables	25	21.845.202	16.998.940
Payables to other related parties	28	4.665.455	-
Borrowings	24	-	602
Current tax liabilities	26	877.317	-
		<u>27.387.974</u>	<u>16.999.542</u>
<b>Total equity and liabilities</b>		<u>69.051.713</u>	<u>42.470.446</u>

On 20 June 2024 the Board of Directors of Bromston Associates Ltd authorised these financial statements for issue.

  
Christiana Georgiou  
Director

The notes on pages 11 to 31 form an integral part of these financial statements.

## BROMSTON ASSOCIATES LTD

### STATEMENT OF CHANGES IN EQUITY

31 December 2023

	Note	Share capital €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Retained earnings €	Total €
<b>Balance at 1 January 2022</b>		<b>1.000</b>	<b>(160.567)</b>	<b>1.650.853</b>	<b>1.491.286</b>
Net profit for the year		-	-	41.885.332	41.885.332
Other comprehensive income for the year		-	(742.250)	-	(742.250)
Dividends	16	-	-	(17.100.000)	(17.100.000)
Gains less losses reclassified to retained earnings upon disposal of securities at fair value through other comprehensive income		-	-	(63.464)	(63.464)
<b>Balance at 31 December 2022/ 1 January 2023</b>		<b>1.000</b>	<b>(902.817)</b>	<b>26.372.721</b>	<b>25.470.904</b>
Net profit for the year		-	-	113.584.398	113.584.398
Other comprehensive income for the year		-	497.689	-	497.689
Dividends	16	-	-	(98.004.009)	(98.004.009)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to retained earnings		-	1.017.574	(902.817)	114.757
<b>Balance at 31 December 2023</b>		<b>1.000</b>	<b>612.446</b>	<b>41.050.293</b>	<b>41.663.739</b>

The notes on pages 11 to 31 form an integral part of these financial statements.

# BROMSTON ASSOCIATES LTD

## CASH FLOW STATEMENT

31 December 2023

	Note	2023 €	2022 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>117.205.089</b>	43.041.959
Adjustments for:			
Depreciation of property, plant and equipment	17	96	-
Exchange difference arising on the translation of non-current assets in foreign currencies		(39.276)	-
Amortisation of platform software	18	581.952	180.000
Amortisation of patents and trademarks	18	1.385	334
Loss from the sale of financial assets at fair value through profit or loss		-	121.634
Fair value losses on financial assets at fair value through other comprehensive income	6.3	114.757	-
Interest income	8	(140.465)	(28.318)
Interest expense	14	-	31.876
		<b>117.723.538</b>	43.347.485
<b>Changes in working capital:</b>			
Increase in trade and other receivables		(19.915.036)	(11.899.542)
Decrease in shareholders' current accounts		25.031	31.735
Increase in receivables from other related parties		(8.535)	-
Increase in financial assets at fair value through profit or loss		-	(121.634)
Increase/(Decrease) in trade and other payables		4.846.262	(1.730.077)
Increase in payables to other related parties		4.665.455	-
		<b>107.336.715</b>	29.627.967
<b>Cash generated from operations</b>		<b>107.336.715</b>	29.627.967
Interest received		140.465	28.318
Tax paid		(2.400.001)	(1.795.837)
		<b>105.077.179</b>	27.860.448
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	18	(2.023.992)	(906.665)
Payment for purchase of property, plant and equipment	17	(59.250)	-
Payment for purchase of financial assets at fair value through other comprehensive income		(121.482.895)	(5.597.684)
Loans granted		53.200	(95.861)
Proceeds from sale of financial assets at fair value through other comprehensive income		102.815.664	17.256.357
		<b>(20.697.273)</b>	10.656.147
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings		(602)	-
Proceeds from borrowings		-	15
Interest paid		-	(31.876)
Dividends paid		(98.004.009)	(17.100.000)
		<b>(98.004.611)</b>	(17.131.861)
<b>Net cash used in financing activities</b>			
		<b>(13.624.705)</b>	21.384.734
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13.624.705)</b>	21.384.734
Cash and cash equivalents at beginning of the year		24.352.674	2.967.940
<b>Cash and cash equivalents at end of the year</b>		<b>10.727.969</b>	24.352.674

The notes on pages 11 to 31 form an integral part of these financial statements.

# **BROMSTON ASSOCIATES LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2023

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company Bromston Associates Ltd (the "Company") was incorporated in Cyprus on 16 March 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Zakyntou 10, Flat/Office 101, Nicosia, 1040, Cyprus.

#### **Principal activities**

The principal activities of the Company are the provision of administration and IT services, the investments in shares and other financial securities and the provision of financing to related parties.

### **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.

### **3. Adoption of new or revised standards and interpretations**

During the current year the Company 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 2023. This adoption did not have a material effect on the accounting policies of the Company.

### **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.

#### **Revenue**

##### **Recognition and measurement**

Revenue represents the amount of consideration to which the Company 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 Company 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 Company's experience with similar contracts and forecasted sales to the customer.

The Company 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 Company 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 Company's future cash flows is expected to change as a result of the contract), it is probable that the Company 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 Company's contracts with customers.

The Company 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 Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Revenue (continued)

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 profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

#### Identification of performance obligations

The Company 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 Company'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 Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- **Commission income**

Commission income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

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

#### Finance costs

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

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Property, plant and equipment

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

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Property, plant and equipment (continued)

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:

	%
Computer hardware	5

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.

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 Company. 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.

#### 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.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

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.

#### Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company 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 Company 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 Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company 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.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Classification (continued)

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company 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 Company 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).

##### 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

##### Financial assets - Measurement

At initial recognition, the Company 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.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Measurement (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

##### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

##### **Financial assets - impairment - credit loss allowance for ECL**

The Company 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 Company 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 profit or loss and other comprehensive income 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.

# **BROMSTON ASSOCIATES LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2023

### **4. Significant accounting policies (continued)**

#### **Financial assets (continued)**

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

The impairment methodology applied by the Company 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 Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit 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 Company applies general approach - three stage model for impairment. The Company 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 Company 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 Company determines when a SICR has occurred. If the Company 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 Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company 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 Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### **Financial assets - modification**

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company 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, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

# **BROMSTON ASSOCIATES LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2023

### **4. Significant accounting policies (continued)**

#### **Financial assets (continued)**

##### **Financial assets - modification (continued)**

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company 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. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. 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.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

#### **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.

#### **Classification as financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Company. 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.

#### **Classification as trade receivables**

Trade receivables are amounts due from customers for goods sold or 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 Company 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 Company 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 Company.

# **BROMSTON ASSOCIATES LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2023

### **4. Significant accounting policies (continued)**

#### **Financial assets (continued)**

##### **Financial guarantee contracts**

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued.

Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. In the absence of fees received, the fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantees are subsequently measured at the higher of (i) the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments", and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with customers".

##### **Borrowings**

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

##### **Trade payables**

Trade 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.

##### **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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity.

#### Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the 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 Company.

### 6. Financial risk management

#### Financial risk factors

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

#### 6.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

#### 6.2 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 Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

#### 6.3 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.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

(i) Net fair value losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to fair value losses on financial assets and contract assets:

	2023	2022
	€	€
Fair value loss on financial assets at fair value through other comprehensive income	<u>(114,757)</u>	-
<b>Net fair value loss on financial and contract assets</b>	<u><b>(114,757)</b></u>	<u>-</u>

#### 6.4 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 Company 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.

#### 6.5 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 Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, GBP and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 6.6 Capital risk management

Capital includes equity shares.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

### 7. Critical accounting estimates, judgments and assumptions

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.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 7. Critical accounting estimates, judgments and assumptions (continued)

#### *Critical accounting estimates and assumptions*

The Company 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 Company 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.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *Critical judgements in applying the Company's accounting policies*

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company'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 6, Credit risk section.

- **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 Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 7. Critical accounting estimates, judgments and assumptions (continued)

#### • 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 Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

#### • Useful life of depreciable assets

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

### 8. Revenue

Disaggregation of revenue	2023	2022
	€	€
Rendering of services	<b>266.911.318</b>	121.759.191
Commissions receivable	<b>2.159.872</b>	2.117.350
Interest income	<b>131.371</b>	25.875
Loan interest income	<b>9.094</b>	2.443
	<b><u>269.211.655</u></b>	<u>123.904.859</u>

### 9. Direct expenses

	2023	2022
	€	€
Services received	<b>135.079.020</b>	70.955.434
Commissions payable	<b>370.096</b>	2.421.996
	<b><u>135.449.116</u></b>	<u>73.377.430</u>

### 10. Other operating income

	2023	2022
	€	€
Other income	<b>602</b>	-
Profit from sale of financial assets at fair value through profit or loss	<b>45.654</b>	-
	<b><u>46.256</u></b>	<u>-</u>

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 11. Administration expenses

	2023	2022
	€	€
Staff costs	<b>176.362</b>	177.179
Use of space	<b>7.200</b>	7.200
Annual levy	<b>350</b>	350
Sundry expenses	<b>11</b>	-
Telephone and postage	<b>264</b>	266
Subscriptions and contributions	<b>994</b>	906
Mail and cloud services	<b>389.378</b>	-
Staff training	-	254
Auditors' remuneration	<b>54.250</b>	42.500
Other professional fees	<b>2.955.583</b>	317.707
Fines	<b>852</b>	-
Travelling	<b>29.489</b>	2.873
Advertising	<b>4.862.043</b>	2.306.660
Bad debts written off	<b>170.920</b>	47.544
Other expenses	<b>33.352</b>	13.738
Consulting fees	<b>47.100</b>	95.338
Brokerage commission	-	68
Platform development expenses	<b>4.689.438</b>	3.234.826
Legal fees	-	4.246
Amortisation of platform software	<b>581.952</b>	180.000
Amortisation of patents and trademarks	<b>1.385</b>	334
Depreciation	<b>96</b>	-
	<b>14.001.019</b>	6.431.989

### 12. Other expenses

	2023	2022
	€	€
Loss from sales of financial assets at fair value through profit or loss	-	121.634
	-	121.634

### 13. Staff costs

	2023	2022
	€	€
Salaries	<b>154.687</b>	155.655
Social security costs	<b>14.548</b>	13.897
GHS contribution	<b>2.909</b>	4.514
Social cohesion fund	<b>4.218</b>	3.113
	<b>176.362</b>	177.179
Average number of employees	<b>4</b>	4

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 14. Finance costs

	2023 €	2022 €
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	-	15
Other interest	-	31.861
<b>Other finance expenses</b>		
Bank charges	2.050.569	739.226
<b>Net foreign exchange losses</b>		
Unrealised foreign exchange loss	<u>437.361</u>	160.745
	<u>2.487.930</u>	<u>931.847</u>

### 15. Tax

	2023 €	2022 €
Corporation tax	<u>3.620.691</u>	<u>1.156.627</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023 €	2022 €
Profit before tax	<u>117.205.089</u>	<u>43.041.959</u>
Tax calculated at the applicable tax rates	14.650.636	5.380.245
Tax effect of expenses not deductible for tax purposes	21.531.173	10.856.280
Tax effect of allowances and income not subject to tax	(32.672.090)	(15.079.898)
10% additional charge	<u>110.972</u>	-
<b>Tax charge</b>	<u>3.620.691</u>	<u>1.156.627</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 16. Dividends

	2023	2022
	€	€
Interim dividend paid	<u>93.934.105</u>	<u>17.100.000</u>
	<u>93.934.105</u>	<u>17.100.000</u>

During the year 2023, the Board of Directors approved the payment of an interim dividend of €93.934.105 (2022: €17.100.000).

On 21 July 2023, the Company in General Meeting declared the payment of a final dividend of €4.069.904 (2022: €NIL).

### 17. Property, plant and equipment

	Computer hardware
	€
<b>Cost</b>	
Additions	<u>59.250</u>
<b>Balance at 31 December 2023</b>	<u>59.250</u>
<b>Depreciation</b>	
Charge for the year	<u>96</u>
<b>Balance at 31 December 2023</b>	<u>96</u>
<b>Net book amount</b>	
<b>Balance at 31 December 2023</b>	<u>59.154</u>

### 18. Intangible assets

	Platform software	Patents and trademarks	Total
	€	€	€
<b>Cost</b>			
Additions	<u>900.000</u>	<u>6.665</u>	<u>906.665</u>
<b>Balance at 31 December 2022/ 1 January 2023</b>	<u>900.000</u>	<u>6.665</u>	<u>906.665</u>
Additions	<u>2.009.759</u>	<u>14.233</u>	<u>2.023.992</u>
<b>Balance at 31 December 2023</b>	<u>2.909.759</u>	<u>20.898</u>	<u>2.930.657</u>
<b>Amortisation</b>			
Amortisation for the year	<u>180.000</u>	<u>334</u>	<u>180.334</u>
<b>Balance at 31 December 2022/ 1 January 2023</b>	<u>180.000</u>	<u>334</u>	<u>180.334</u>
Amortisation for the year	<u>581.952</u>	<u>1.385</u>	<u>583.337</u>
<b>Balance at 31 December 2023</b>	<u>761.952</u>	<u>1.719</u>	<u>763.671</u>
<b>Net book amount</b>			
<b>Balance at 31 December 2023</b>	<u>2.147.807</u>	<u>19.179</u>	<u>2.166.986</u>
<b>Balance at 31 December 2022</b>	<u>720.000</u>	<u>6.331</u>	<u>726.331</u>

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 19. Financial assets at fair value through other comprehensive income

	2023	2022
	€	€
Balance at 1 January	3.996.352	16.460.739
Additions	121.482.949	-
Disposals	(102.815.664)	(11.537.041)
Gain/ (Loss) from securities sale/disposal	39.276	(121.632)
Revaluation difference transferred to equity	497.689	(742.250)
Revaluation difference transferred to retained earnings	-	(63.464)
Accrued interest difference	(54)	-
<b>Balance at 31 December</b>	<b>23.200.548</b>	<b>3.996.352</b>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, Management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

### 20. Trade and other receivables

	2023	2022
	€	€
Trade receivables	2.779.066	1.745.666
Less: credit loss on trade receivables	(218.464)	(47.544)
Trade receivables - net	2.560.602	1.698.122
Deposits and prepayments	216.789	217.636
Accrued income	30.002.222	10.954.467
Refundable VAT	9.122	3.474
	<b>32.788.735</b>	<b>12.873.699</b>

The Company does not hold any collateral over the trading balances.

Movement in provision for impairment of receivables:

	2023	2022
	€	€
Balance at 1 January	47.544	-
Impairment losses recognised on receivables	170.920	47.544
<b>Balance at 31 December</b>	<b>218.464</b>	<b>47.544</b>

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

### 21. Cash at bank

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash at bank	10.727.969	24.352.674

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

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

### 22. Share capital

	2023 Number of shares	2023 €	2022 Number of shares	2022 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>1.000</u>	<u>1.000</u>	1.000	1.000
<b>Issued and fully paid</b>				
Balance at 1 January	<u>1.000</u>	<u>1.000</u>	1.000	1.000
<b>Balance at 31 December</b>	<u>1.000</u>	<u>1.000</u>	1.000	1.000

### 23. Other reserves

	Fair value reserve - Financial assets at fair value through other comprehensive income €	Total €
Balance at 1 January 2022	(160.567)	(160.567)
Fair value adjustment	<u>(742.250)</u>	<u>(742.250)</u>
<b>Balance at 31 December 2022/ 1 January 2023</b>	<b>(902.817)</b>	<b>(902.817)</b>
Fair value adjustment	497.689	497.689
Fair value losses on financial assets at fair value through other comprehensive income reclassified to retained earnings	<u>1.017.574</u>	<u>1.017.574</u>
<b>Balance at 31 December 2023</b>	<b><u>612.446</u></b>	<b><u>612.446</u></b>

The fair value reserve for investments represents accumulated gains and losses arising on the revaluation of FVTOCI financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

### 24. Borrowings

	2023 €	2022 €
<b>Current borrowings</b>		
Other loans	<u>-</u>	<u>602</u>

### 25. Trade and other payables

	2023 €	2022 €
Trade payables	12.925.606	10.428.738
Prepayments from clients	8.255.500	567.726
Accruals	<u>664.096</u>	<u>6.002.476</u>
	<u>21.845.202</u>	<u>16.998.940</u>

### 26. Current tax liabilities/(current tax assets)

	2023 €	2022 €
Corporation tax	<u>877.317</u>	<u>(343.373)</u>

# **BROMSTON ASSOCIATES LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2023

### **27. Operating Environment of the Company**

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 Company 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 2023 as it is considered as a non-adjusting event.

The Company 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 Company. 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 Company and has concluded that there is no significant impact in the Company'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 a fall-back plan in case the crisis becomes prolonged.

### **28. Related party transactions**

The Company is controlled by Mr. Igors Akulovs, non-tax resident in Cyprus and Mr. Romans Kondrasovs and Mr. Vladislavs Hveckovics, tax residents in Cyprus, who own 100% of the Company's shares.

# BROMSTON ASSOCIATES LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 28. Related party transactions (continued)

The following transactions were carried out with related parties:

#### 28.1 Sales of goods and services

	<u>Nature of transactions</u>	2023 €	2022 €
EGS International Ltd	Trade	8.535	-
SGS Technologies Limited	Trade	4.692.654	-
		<u>4.701.189</u>	<u>-</u>

Sales to related parties were made at cost.

#### 28.2 Purchases of goods and services

	<u>Nature of transactions</u>	2023 €	2022 €
SGS Technologies Limited	Trade	30.307.114	-
		<u>30.307.114</u>	<u>-</u>

Purchases from related parties were made at cost.

#### 28.3 Receivables from related parties

	<u>Nature of transactions</u>	2023 €	2022 €
EGS International Ltd	Trade	8.535	-
SGS Technologies Limited	Trade	2.634.942	-
SGS Technologies Limited	Prepayments	1.500.000	-
		<u>4.143.477</u>	<u>-</u>

The receivables from related parties were provided interest free and there was no specified repayment date.

#### 28.4 Loans to related parties

	<u>Terms</u>	2023 €	2022 €
EGS International Ltd	Finance	87.486	35.257
SGS Technologies Limited	Finance	-	79.992
		<u>87.486</u>	<u>115.249</u>

The loan to related company EGS International Limited bears 5% interest per annum and is repayable by 1 July 2026.

The loan to related company SGS Technologies Limited bears 5% interest per annum and is repayable by 31 December 2026. The loan was repaid during the year.

#### 28.5 Loans to Shareholders

	2023 €	2022 €
Igors Akulovs	-	25.437
<b>Total</b>	<u>-</u>	<u>25.437</u>

The above represented loans to shareholder bearing 5% interest per annum and were repayable by 31 December 2023. The loans were repaid during the year.

# BROMSTON ASSOCIATES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 28. Related party transactions (continued)

#### 28.6 Payables to related parties

		2023	2022
	<u>Nature of transactions</u>	€	€
SGS Technologies Limited	Trade	<u>8.800.398</u>	-
		<u>8.800.398</u>	-

The payables to related parties were provided interest free and there was no specified repayment date.

#### 28.7 Shareholders' current accounts - debit balances

	2023	2022
	€	€
Shareholder current account	<u>12.300</u>	37.331
	<u>12.300</u>	<u>37.331</u>

The shareholders' current accounts are interest free and have no specified repayment date.

### 29. Events after the reporting period

As explained in note 27 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 Company 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.

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 4 and 6**

# BROMSTON ASSOCIATES LTD

## COMPUTATION OF CORPORATION TAX 31 December 2023

	Page	€	€
Net profit per income statement	7		117.205.089
<u>Add:</u>			
Depreciation		583.433	
Impairment charge - debt investments at fair value through other comprehensive income		114.757	
Unrealised foreign exchange loss		437.361	
Annual levy		350	
Fines		852	
Expenses relating to IP		148.706.903	
20% Income		<u>22.405.730</u>	
			<u>172.249.386</u>
			289.454.475
<u>Less:</u>			
Profit from sale of financial assets at fair value through profit or loss		45.654	
Income from the intellectual property		<u>261.331.072</u>	
			<u>(261.376.726)</u>
<b>Chargeable income for the year</b>			<u><u>28.077.749</u></u>

### Calculation of corporation tax

	Income €	Rate %	Total € c
<b>Tax at normal rates:</b>			
Chargeable income as above	<u>28.077.749</u>	12,50	3.509.718,63
Tax paid provisionally	<u>20.645.150</u>		<u>(2.400.000,00)</u>
			1.109.718,63
10% additional charge			<u>110.971,86</u>
<b>TAX PAYABLE</b>			<u><u>1.220.690,49</u></u>