Single Purpose Vehicle Two Limited

Report and financial statements
31 December 2019

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Single Purpose Vehicle Two Limited

Board of Directors and other officers

Board of Directors

NAP Directors Limited
DCP Directors Limited
Stephanos Dionysios Vlastos (appointed 10 October 2018, resigned 1 June 2019)
Panagiotis Aristeidis Varfis (appointed 1 June 2019)
Charalambos Anastaselos (appointed 1 June 2019)

Company Secretary

NAP Secretarial Limited
10 Giannou Kranidioti Street
Nice Day House, 6th Floor, Flat 602
1065, Nicosia
Cyprus

Registered office

10 Giannou Kranidioti Street
Nice Day House, 6th Floor
1065, Nicosia
Cyprus

pwc

Independent Auditor's Report

To the Members of Single Purpose Vehicle Two Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the parent company Single Purpose Vehicle Two Limited (the "Company"), which are presented on pages 5 to 27 and comprise the balance sheet as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, 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.

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.

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 skepticism throughout the audit. We also:

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

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

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.

Comparative figures

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinon on those financial statements on 19 December 2019.

Petros C. Petrakis
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 6 November 2020

Single Purpose Vehicle Two Limited

Statement of comprehensive income
for the year ended 31 December 2019

	Note	**2019** **€**	2018 €
Administrative expenses	9	**(6.160)**	(5.802)
Other income	8	**3.525**	21.552
(Loss)/profit before income tax		**(2.635)**	15.750
Income tax expense	10	**(698)**	(1.796)
(Loss)/profit and total comprehensive (loss)/income for the year		**(3.333)**	13.954

The notes on pages 9 to 27 are an integral part of these financial statements.

Single Purpose Vehicle Two Limited

Balance sheet
at 31 December 2019

	Note	2019 €	2018 €
Assets			
Non-current assets			
Investment in subsidiaries	11	**4.281.000**	3.609.000
Financial assets at amortised cost	12	**130.780**	-
		4.411.780	3.609.000
Current assets			
Financial assets at amortised cost	12	**439**	804.694
Tax refundable		**698**	-
Cash and bank balances	13	**1.231**	697
		2.368	805.391
Total assets		**4.414.148**	4.414.391
Equity and liabilities			
Capital and reserves			
Share capital	14	**5.000**	5.000
Shareholder's contribution		**4.253.277**	4.253.277
Retained earnings		**145.478**	148.811
Total equity		**4.403.755**	4.407.088
Current liabilities			
Trade and other payables	15	**10.393**	7.146
Current tax liabilities		**-**	157
		10.393	7.303
Total equity and liabilities		**4.414.148**	4.414.391

On 6 November 2020 the Board of Directors of Single Purpose Vehicle Two Limited authorised these financial statements for issue.

Panagiotis Aristeidis Varfis, Director

Charalambos Anastaselos, Director

The notes on pages 9 to 27 are an integral part of these financial statements.

Single Purpose Vehicle Two Limited

Statement of changes in equity for the year ended 31 December 2019

	Share capital €	Shareholder's contribution €	Retained earnings(1) €	Total €
Balance at 1 January 2018	5.000	4.253.277	134.857	4.393.134
Comprehensive income				
Profit for the year	-	-	13.954	13.954
Balance at 31 December 2018/1 January 2019	5.000	4.253.277	148.811	4.407.088
Comprehensive loss				
Loss for the year	-	-	(3.333)	(3.333)
Balance at 31 December 2019	5.000	4.253.277	145.478	4.403.755

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and was reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 9 to 27 are an integral part of these financial statements.

Single Purpose Vehicle Two Limited

Statement of cash flows
for the year ended 31 December 2019

	Note	2019 €	2018 €
Cash flows from operating activities			
(Loss)/profit before income tax		**(2.635)**	13.955
Adjustments for:			
Interest income	8	**(3.525)**	(18.737)
		(6.160)	(4.782)
Changes in working capital:			
Trade and other payables		**3.246**	(2.466)
Cash used in operations		**(2.914)**	(7.248)
Income tax paid		**(1.552)**	(219)
Net cash used in operating activities		**(4.466)**	(7.467)
Cash flows from investing activities			
Loans granted to related parties	16(iii)	**-**	(2.500)
Loan repayments received from related parties	16(iii)	**5.000**	7.500
Net cash from investing activities		**5.000**	5.000
Net increase/(decrease) in cash and cash equivalents		**534**	(2.467)
Cash and cash equivalents at beginning of year		**697**	3.164
Cash and cash equivalents at end of year	13	**1.231**	697

The notes on pages 9 to 27 are an integral part of these financial statements.

Single Purpose Vehicle Two Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Giannou Kranidioti Street, Nice Day House, 6th Floor, 1065, Nicosia, Cyprus.

Principal activities

The Company's principal activity, which is unchanged from last year, is the holding of investments in other entities and the extension of loans to related companies.

2 Basis of preparation

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

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2019 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries do not constitute a large sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2019.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

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 1 January 2019. This adoption did not have a significant effect on the accounting policies of the Company.

4 Summary of significant accounting policies

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

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

All foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Current and deferred income tax

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

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

4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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

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

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

Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. 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.

4 Summary of significant accounting policies (continued)

Financial assets

Financial assets - Classification

The Company classifies its financial assets in 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 at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 recognized 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.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Debt instruments

The subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

- 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 income statement. The Company's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, loans receivables, receivables from related parties and financial assets at amortised cost.

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 exposures 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 income statement 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 measured at ammortised cost are presented in the balance sheet net of the allowance for ECL.

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

4 Summary of significant accounting policies (continued)

Financial assets (continued)

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

For all 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 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 (eg profit share or equity-based return) or a change in the currency denomination.

4 Summary of 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

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. 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.

Financial assets at amortised cost

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

Interest income

Interest income from financial assets at FVTPL is included in the other gains/(losses) - net on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the income statement as "Other income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

4 Summary of significant accounting policies (continued)

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Trade and other payables

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

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss.

Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4 Summary of significant accounting policies (continued)

Capital contribution constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company

Provisions

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

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

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

6 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Market risk**

Cash flow and fair value interest rate risk

Exposure

The Company's interest rate risk arises from loans receivable. Loans receivable issued at variable rates expose the Company to cash flow interest rate risk. Loans receivable issued at fixed rates expose the Company to fair value interest rate risk.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Sensitivity

At 31 December 2019 and 31 December 2018, if interest rates on Euro-denominated loans receivable had been 1% higher/lower with all other variables held constant, impact on post-tax profit for the year would have been insignificant.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises from cash and cash equivalents, loans receivables as well as outstanding receivables.

(i) Risk management

Credit risk is managed on an individual basis. For banks and financial institutions, independently rated parties with a satisfactory credit rating are preferred.

(ii) Impairment of financial assets

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

- financial assets at amortised cost (loans receivable and receivables from related parties) ;and
- cash and cash equivalents

Debt instruments

Financial assets at amortisd cost and cash and cash equivalents

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

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower/counterparty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses the following categories for loans receivable, receivables from related parties and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The Company has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of receivables from related parties and loans receivable, the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

The Company provides for credit losses against receivables from related parties, loans receivable, receivables from related parties and cash and cash equivalents. The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018.

Loans receivable

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018:

Company internal credit rating	2019 €	2018 €
Performing	130.780	782.255
Total loans receivable	130.780	782.255

Receivables from related parties

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018:

Company internal credit rating	2019 €	2018 €
Performing	439	22.439
Total receivables from related parties	439	22.439

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Cash and bank balances

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018:

Company internal credit rating	External credit rating	2019 €	2018 €
Performing	BBB-B	1.231	697
Total cash and bank balances		1.231	697

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €
At 31 December 2018	
Trade and other payables	7.146

	Less than 1 year €
At 31 December 2019	
Trade and other payables	10.393

(ii) Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments.

(iii) Offsetting financial assets and liabilities

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

7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

Estimates and judgements 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.

(i) 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.

- **Impairment of subsidiary**

  The Company follows the guidance of IAS 36 "Impairment of assets" to determine whether investment in subsidiary is impaired. The Company reviews the carrying value for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

  At 31 December 2019, Management assessed whether the Company's investment in subsidiary has suffered any impairment, in accordance with the accounting policy stated in Note 4. The recoverable amount of the investment in subsidiary as at 31 December 2019 has been determined by Management using the net asset valuation method taking into account the fair value of the subsidiary's assets. Following the impairment assessment, no impairment charge was considered necessary for the investment in subsidiary.

- **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. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

8 Other income

	2019	2018
	€	€
Interest income:		
Financial assets at amortised cost:		
Loans to related parties (Note 16(iii))	**3.525**	18.737
Total interest income	**3.525**	18.737
Other sundry income	**-**	2.815
	3.525	21.552

9 Expenses by nature

	2019 €	2018 €
Auditor's remuneration	1.904	3.570
Bank charges	424	590
Accounting fees	666	666
Director fees Note 16(i))	1.190	298
Secretarial fees	714	179
Other expenses	1.262	499
Total administrative and other expenses	6.160	5.802

10 Income tax expense

	2019 €	2018 €
Current tax:		
Corporation tax	698	1.745
Under provision of prior years' taxes:		
Corporation tax	-	51
Income tax expense	698	1.796

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

	2019 €	2018 €
(Loss)/profit before tax	(2.635)	15.750
Tax calculated at the applicable corporation tax rate of 12.5%	(329)	1.969
Tax effect of expenses not deductible for tax purposes	124	44
Tax effect of allowances and income not subject to tax	-	(352)
Tax effect of notional income on receivables	698	84
Prior year taxation	-	51
Tax effect of tax losses for which no deferred tax asset was recognised	205	-
Income tax charge	698	1.796

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

Brought forward losses of only five years may be utilised. As at 31 December 2019, the Company had tax losses carried forward amounting to €1,641, for which no deferred tax asset has been recognised as it is not certain whether the asset will be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

11 Investments in subsidiaries

	2019 €	2018 €
At beginning of year	3.609.000	3.609.000
Additions	672.000	-
At end of year	4.281.000	3.609.000

11 Investments in subsidiaries (continued)

The Company's interest in its subsidiary, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Single Purpose Vehicle 21 S.A.	Investments in properties	Greece	100	100

On 1 Januray 2019, the Company acquired 672 additional ordinary shares in its subsidiary, Single Purpose Vehicle 21 S.A., with a nominal value of €10 per share at a premium of €990 each. Loans receivable amounting to €650.000 were capitalised to finance this acquisition (Note 12).

12 Financial assets

(a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2019 €	2018 €
Non-Current		
Loans receivable from related parties (Note 16(iii))	130.780	-
Total non-current	130.780	-
Current		
Receivables from related parties (Note 16(ii))	439	22.439
Loans receivable from related parties (Note 16(iii))	-	782.255
Total current	439	804.694
Less: Loss allowance for debt investments at amortised cost	-	-
Financial assets at amortised cost - net	439	804.694

The Company granted a loan to its subsidiary Single Purpose Vehicle 21 S.A., which bears interest of Euribor plus 2,70% and repayable by January 2019. During the year, following the signing of an amendment to the initial agreement, the maturity of the loan was extended until 21 January 2029.

On 1 Januray 2019, the Company acquired 672 additional ordinary shares in its subsidiary, Single Purpose Vehicle 21 S.A., with a nominal value of €10 per share at a premium of €990 each. Loans receivable amounting to €650.000 were capitalised to finance this acquisition (Note 11).

The fair value of the above financial asset at amortised cost approximates its carrying value.

The carrying amounts of the Company's financial assets at amortised cost are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	131.219	804.694
	131.219	804.694

12 Financial assets (continued)

(a) Financial assets at amortised cost (continued)

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Company does not hold any collateral as security.

(i) Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the Company's exposure to credit risk.

13 Cash and cash equivalents

	2019	2018
	€	€
Cash at bank	**1.231**	697

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

	2019	2018
	€	€
Cash and bank balances	**1.231**	697

Cash and cash equivalents are denominated in the following currencies:

	2019	2018
	€	€
Euro - functional and presentation currency	**1.231**	697

14 Share capital

	2019		2018	
	Number of shares	**€**	Number of shares	€
Authorised				
Shares of €1 each	**5 000**	**5.000**	5 000	5.000
Issued and fully paid				
Shares of €1 each	**5 000**	**5.000**	5 000	5.000

The total authorized number of ordinary shares is 5.000 shares (2018: 5.000 shares) with a par value of €1 per share. All issued shares are fully paid.

15 Trade and other payables

	2019 €	2018 €
Payables to related parties (Note 16(ii))	**1.087**	500
Other payables	**6.855**	2.410
Accrued expenses	**2.451**	4.236
Total financial payables within trade and other payables at amortised cost	**10.393**	7.146

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

16 Related party transactions

The parent entity of the Company is Dolphinci Fourteen Limited, registered in Cyprus.

The Company's parent entity is controlled by Grivalia Hospitality S.A., incorporated in Luxembourg, which owns 85% of the parent entity's shares. Grivalia Hospitality S.A. is jointly controlled by Eurolife ERB Insurance Group (25%), Eurobank Ergasias S.A. Group (25%) and M&G Investments Management Limited (50%). The remaining 15% of the shares in the parent entity are held by Dolphin Capital Partners Limited.

The following transactions were carried out with related parties:

(i) Directors' remuneration

The total remuneration of the Directors was as follows:

	2019 €	2018 €
Director fees (Note 9)	**1.190**	298

(ii) Year-end balances

	2019 €	2018 €
Receivables from related parties (Note 12):		
Subsidiary	**439**	22.439
Payables to related parties (Note 15):		
Parent entity	**1.087**	500

The above balances bear no interest and are repayable on demand.

(iii) Loans to related parties

	2019 €	2018 €
Loans to subsidiary:		
At beginning of year	**782.255**	768.518
Loans advanced during year	**-**	2.500
Loans repaid during year	**(5.000)**	(7.500)
Interest charged (Note 8)	**3.525**	18.737
Amounts capitalised (Note 11)	**(650.000)**	-
At end of year (Note 12)	**130.780**	782.255

16 Related party transactions (continued)

(iii) Loans to related parties (continued)

The terms and conditions of the above loans receivable from subsidiary are disclosed in Note 12.

17 Events after the balance sheet date

The outbreak of the COVID-19 virus has had a significantly negative impact on markets and the asset values in the beginning of 2020 and it adds considerable uncertainties in 2020. While this is still an evolving situation at the time of issuing these financial statements, it appears that the negative impact on global trade and on the Company may be more severe than originally expected. As the situation is still developing, management considers it impracticable to provide a quantitative estimate of the potential impact of this outbreak however Management is closely monitoring the situation and is ready to act depending on the developments.

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

Independent Auditor's Report on pages 2 to 4.