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## **LUELLA ENTERPRISES COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS**  
31 December 2023

# LUELLA ENTERPRISES COMPANY LIMITED

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## REPORT AND FINANCIAL STATEMENTS

31 December 2023

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# **LUELLA ENTERPRISES COMPANY LIMITED**

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

**Board of Directors:**

Vera Kaminara  
Alexandra Michaelides

**Company Secretary:**

Maremont Secretarial Limited  
16 Panteli Katelari street  
Diagoras House, 7th floor  
1097 Nicosia, Cyprus

**Independent Auditors:**

Crowe Cyprus Limited  
Certified Public Accountants and Registered Auditors  
Photiades Business Centre  
1st floor, 8 Stassinou Avenue  
P.O. Box 22545  
1522 Nicosia

**Registered office:**

16 Panteli Katelari street  
Diagoras House, 7th floor  
1097 Nicosia, Cyprus

# LUELLA ENTERPRISES COMPANY LIMITED

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2023.

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

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of finance and the provision of consultancy services.

### **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 and 7 of the financial statements.

### **Results**

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

### **Share capital**

There were no changes in the share capital of the Company during the year under review. On 13 September 2023, the Board of Directors decided to decrease the share premium of the Company by Eur 2.500.000.

### **Board of Directors**

The members of the Company's Board of Directors as at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2023.

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

### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 15 to the financial statements.

### **Independent Auditors**

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

By order of the Board of Directors,



Vera Kaminara  
Director

Nicosia, 24 April 2024

## **Independent Auditor's Report**

### **To the Members of Luella Enterprises Company Limited**

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

##### **Opinion**

We have audited the accompanying financial statements of parent company Luella Enterprises Company Limited (the "Company"), which 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 parent company Luella Enterprises Company Limited 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.

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

## **To the Members of Luella Enterprises Company Limited**

### **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, 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 Luella Enterprises Company Limited**

#### **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.



Chrysis Pegasiou FCA  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Crowe Cyprus Limited**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 24 April 2024

# LUELLA ENTERPRISES COMPANY LIMITED

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

	Note	2023 €	2022 €
<b>Dividend income</b>		<b>2.493.523</b>	-
Administration expenses	8	(4.020)	(4.417)
Finance costs	9	<u>(2.215)</u>	<u>(7.501)</u>
<b>Profit/(loss) before tax</b>		<b>2.487.288</b>	(11.918)
Tax	10	<u>(249.352)</u>	-
<b>Net profit/(loss) for the year</b>		<b>2.237.936</b>	(11.918)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(expenses) for the year</b>		<u><b>2.237.936</b></u>	<u>(11.918)</u>

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



# LUELLA ENTERPRISES COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	11	<u>22.977.648</u>	<u>22.977.648</u>
<b>Current assets</b>			
Cash at bank	12	<u>1.106.100</u>	<u>1.368.164</u>
<b>Total assets</b>		<u><b>24.083.748</b></u>	<u><b>24.345.812</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	<b>183.825</b>	183.825
Share premium	13	<b>15.698.465</b>	18.198.465
Other reserves		<b>8.434.419</b>	8.434.419
Accumulated losses		<u><b>(235.342)</b></u>	<u>(2.473.278)</u>
<b>Total equity</b>		<u><b>24.081.367</b></u>	<u><b>24.343.431</b></u>
<b>Current liabilities</b>			
Payables	14	<u><b>2.381</b></u>	<u>2.381</u>
<b>Total equity and liabilities</b>		<u><b>24.083.748</b></u>	<u><b>24.345.812</b></u>

On 24 April 2024 the Board of Directors of Luella Enterprises Company Limited authorised these financial statements for issue.



Vera Kaminara  
Director



Alexandra Michaelides  
Director

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

# LUELLA ENTERPRISES COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY

31 December 2023

	Share capital €	Share premium €	Capital reserve €	Accumulated losses €	Total €
<b>Balance at 1 January 2022</b>	183.825	18.198.465	8.434.419	(2.461.360)	24.355.349
<b>Comprehensive expenses</b>	-	-	-	(11.918)	(11.918)
Net loss for the year	-	-	-	(11.918)	(11.918)
<b>Balance at 31 December 2022/ 1 January 2023</b>	183.825	18.198.465	8.434.419	(2.473.278)	24.343.431
<b>Comprehensive expenses</b>	-	-	-	2.237.936	2.237.936
Net profit for the year	-	-	-	2.237.936	2.237.936
Share premium reduction	-	(2.500.000)	-	-	(2.500.000)
<b>Balance at 31 December 2023</b>	183.825	15.698.465	8.434.419	(235.342)	24.081.367

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

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

# LUELLA ENTERPRISES COMPANY LIMITED

## CASH FLOW STATEMENT

31 December 2023

	Note	2023 €	2022 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		2.487.288	(11.918)
Adjustments for:			
Dividend income		<u>(2.493.523)</u>	-
<b>Cash used in operations</b>		<b>(6.235)</b>	<b>(11.918)</b>
Dividends received		2.493.523	-
Withholding tax paid		<u>(249.352)</u>	-
<b>Net cash generated from/(used in) operating activities</b>		<b><u>2.237.936</u></b>	<b><u>(11.918)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Reduction in share premium		<u>(2.500.000)</u>	-
<b>Net cash used in financing activities</b>		<b><u>(2.500.000)</u></b>	<b><u>-</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(262.064)</b>	<b>(11.918)</b>
Cash and cash equivalents at beginning of the year		<u>1.368.164</u>	1.380.082
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<b><u>1.106.100</u></b>	<b><u>1.368.164</u></b>

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

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Luella Enterprises Company Limited (the "Company") was incorporated in Cyprus on 6 May 2006 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari street, Diagoras House, 7th floor, 1097 Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of finance and the provision of consultancy services.

### 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.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the holding company publishes consolidated financial statements in accordance with International Financial Reporting Standards in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2023.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus 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 IFRSs 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. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### 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.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Subsidiary companies (continued)

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

#### Revenue

- **Dividend income**

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

#### Finance costs

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

#### Foreign currency translation

**(1) 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.

**(2) Transactions and balances**

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

#### 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.

#### Financial instruments

##### 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.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Financial instruments (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.

##### 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.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Financial instruments (continued)

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

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

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

The impairment methodology applied by the 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.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. Significant accounting policies (continued)

#### Financial instruments (continued)

##### 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.

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.

##### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

### 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.



# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to market price risk, credit risk, liquidity 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 investments 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 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.

#### 6.3 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.

#### 6.4 Capital risk management

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 and judgments

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Judgments*

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:

- **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.

# LUELLA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries 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, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries 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 investments 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.

### 8. Expenses by nature

	2023	2022
	€	€
Administration expenses	19.670	12.967
Recharges to holding company	(16.000)	(9.000)
Annual levy	350	350
Fines	-	100
<b>Total expenses</b>	<b>4.020</b>	<b>4.417</b>

### 9. Net finance costs

	2023	2022
	€	€
Net finance costs	2.215	7.501
<b>Net finance costs</b>	<b>2.215</b>	<b>7.501</b>

### 10. Tax

	2023	2022
	€	€
Overseas tax	249.352	-
<b>Charge for the year</b>	<b>249.352</b>	<b>-</b>

# LUELLA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 10. Tax (continued)

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

	2023	2022
	€	€
Profit/(loss) before tax	<u>2.487.288</u>	<u>(11.918)</u>
Tax calculated at the applicable tax rates	310.911	(1.490)
Tax effect of expenses not deductible for tax purposes	779	2.184
Tax effect of allowances and income not subject to tax	(311.690)	(823)
Tax effect of tax loss for the year	-	129
Overseas tax in excess of credit claim used during the year	<u>249.352</u>	<u>-</u>
<b>Tax charge</b>	<u><b>249.352</b></u>	<u><b>-</b></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%.

### 11. Investments in subsidiaries

	2023	2022
	€	€
Balance at 1 January	<u>22.977.648</u>	22.977.648
<b>Balance at 31 December</b>	<u><b>22.977.648</b></u>	<u>22.977.648</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
Markelia Enterprises Company Limited	Cyprus	Provision of finance	100
Beogradsko Mesovito Preduzece A.D	Serbia	Management and operation of hotels	94,60

### 12. Cash at bank

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2023	2022
	€	€
Cash at bank	<u>1.106.100</u>	1.368.164
	<u><b>1.106.100</b></u>	<u>1.368.164</u>

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.

# LUELLA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 13. Share capital and share premium

Issued and fully paid	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2022	-	183.825	18.198.465	18.382.290
<b>Balance at 31 December 2022/ 1 January 2023</b>	-	<b>183.825</b>	<b>18.198.465</b>	<b>18.382.290</b>
Share premium reduction dd 13 September 2023	-	-	(2.500.000)	(2.500.000)
<b>Balance at 31 December 2023</b>	-	<b>183.825</b>	<b>15.698.465</b>	<b>15.882.290</b>

On 13 September 2023, the Board of Directors decided to decrease the share premium of the Company by Eur 2.500.000.

### 14. Payables

	2023 €	2022 €
Accruals	<u>2.381</u>	<u>2.381</u>
	<u>2.381</u>	<u>2.381</u>

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

### 15. Events after the reporting period

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2024 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 3 to 5**