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Annual Financial Report
Lanitis Golf Public Co Ltd
LAGLF

Approval and Publication of the Audited Financial Statements of Lanitis Golf Public Co Limited, for the year ended December 31, 2021

Pllease find below related announcement

Attachment:

1. **Laglf ann en**

Non Regulated

Publication Date: 29/04/2022

Lanitis Golf Public Co. Ltd
Γραφείο Γραμματέα

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Announcement

Mr. Nicos Trypatsas
Deputy General Manager
CSE
Nicosia

29 April, 2022

Dear Mr. Trypatsas,

Subject: Approval and Publication of the Audited Financial Statements of Lanitis Golf Public Co Limited, for the year ended December 31, 2021

Based on the regulations of the Emerging Companies Market of the Cyprus Stock Exchange (the "CSE"), we hereby would like to inform you that the Board of Directors of Lanitis Golf Public Co Limited (the "Company"), on 28 April 2022 considered and approved the Annual Financial Statements for the year ended 31st December 2021 (the "Report"), which were prepared in accordance with the International Accounting Standards and International Financial Reporting Standards, which are attached to this announcement.

The full Report will be available at the Company's offices, which are situated at Lanitis Farm Ltd, Fasouri, Limassol and at the Cyprus Stock Exchange website (www. cse.com.cy).

Sincerely,
On behalf of the Company

PMCharalambous

Panayiotis M. Charalambous for
P&D Secretarial Services Ltd
Secretary

Lanitis Golf Public Co Limited

Report and financial statements
31 December 2021

Contents

Lanitis Golf Public Co Limited

Board of Directors and other officers

Board of Directors

Platon E. Lanitis (Chairman)
Marios E. Lanitis
Costas Charitou
Demetris Solomonides
Kevin Valenzia
Mark Gasan
Alec Mizzi
Mathew Portelli

Company Secretary

P & D Secretarial Services Limited
10 Georgiou Gennadiou Street
Agathangelos Court, 3rd Floor,
3041, Limassol, Cyprus

Registered office

10 Georgiou Gennadiou Street
Agathangelos Court, 3rd Floor
3041, Limassol, Cyprus

Auditors

PricewaterhouseCoopers Limited
PwC Central
43 Demostheni Severi Avenue
CY-1080 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus
Telephone: + 357 - 22555000
www.pwc.com/cy

Lanitis Golf Public Co Limited

Declaration of the members of the Board of Directors and the Company Officials for the drafting of the financial statements

According to Article 9, subsections (3) (c) and (7) of the Transparency Requirements (Traded Securities on a Regulated Market) Act of 2007 ('Act'), we the members of the Board of Directors and other officers responsible for the financial statements of Lanitis Golf Public Co Limited for the year ended 31 December 2021, we confirm that, to the best of our knowledge:

(a) the annual financial statements presented on pages 11 to 46 were:

(i) prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provision of subsection (4) of the Act, and

(ii) give a true and fair view of assets and liabilities, financial position and the loss of Lanitis Golf Public Co Limited for the year ended 31 December 2021, and

(b) The Management report provides a fair overview of the developments and performance of the business and financial position of Lanitis Golf Public Co Limited for the year ended 31 December 2021, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors

Chairman

Platon E. Lanitis

Directors

Marios E. Lanitis

Costas Charitou

Demetris Solomonides

Kevin Valenzia

Mark Gasan

Alec Mizzi

Mathew Portelli

Responsible for Preparation of Financial Statements

Demos Panayiotou – Chief Financial Officer

Limassol, 28 April 2022

Lanitis Golf Public Co Limited

Management Report

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2021.

Principal activities and nature of operations of the Company

2 The principal activities of the Company are the development of a special leisure and residential golf course project. The application of the town planning permit with terms and conditions, was approved on 14 November 2012. On 26 July 2019, the Company has also obtained a building permit for the construction of its golf development project. Following a change in group structure on 15 January 2020, the Company has secured sufficient funds to enable it to commence its development plan. During the year, the Company has begun the construction of the golf project and has also entered into agreements with buyers for the reservation and sale of plots and appartments.

Review of developments, position and performance of the Company's business

3 The Company is the owner of land of about 1.400 decares near the villages of Tserkezoi and Asomatos, in Limassol. The land is located next to the shopping center, My Mall Limassol, the Fasouri Waterpark and the forthcoming development of the Casino.

4 The Company aims to develop a fully integrated golf and real estate development project on its land. One of the main goals of the master plan is to create a contemporary designed, integrated leisure and residential community project that includes luxurious villas and appartments, an 18 hole championship golf course, a golf club, spa and sports center and commercial and retail facilities, such as restaurants and shops.

5 The loss attributable to the shareholders for the year ended 31 December 2021 is €1.626.922 (2020: loss of €1.173.589). During 2021, the Company had no income relating to its business activities since the project is under development. The consultancy fees, financing and other expenses related to the development of the project, are capitalized in the Balance Sheet, under Property, Plant and Equipment and Inventory to the extent that such capitalization is allowed under the Company's accounting policy.

6 During the year ended 31 December 2021, the Company incurred golf development expenditure amounting to €5.243.242 (2020: €2.320.033), which was financed by borrowings from related parties. As at 31 December 2021, the Company's total assets amounted to €94.557.772 (2020: €86.218.285) and its net assets amounted to €69.292.855 (2020: €70.919.777). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

7 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 6 and 7 of the financial statements.

Management Report (continued)

Use of financial instruments by the Company

8 The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

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

Credit risk

10 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions.

11 Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. The utilisation of credit limits is regularly monitored. The company’s investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

12 The Company's credit risk arises from financial assets at amortised cost amounting to €333.907 (2020: €148.210) and bank balances amounting to €7.006.640 (2020: €5.656.851). As of 31 December 2021, all financial assets subject to credit risk were fully performing (stage 1).

Liquidity risk

13 Management monitors the current liquidity position of the Company based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

Future developments of the Company

14 During the first quarter of 2022, the Company proceeded with the sale of appartments, villas and additional plots. The Company continues the construction of the project's infrastructure which is expected to be completed over the next 2 years.

Results

15 The Company's results for the year are set out on page 11. The loss for the year is carried forward.

Lanitis Golf Public Co Limited

Management Report (continued)

Dividends

16 The Board of Directors does not recommend the payment dividend.

Share capital

17 There were no changes in the share capital of the Company.

Board of Directors

18 The members of the Board of Directors at 31 December 2021 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2021.

Events after the balance sheet date

19 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements other than matters referred to in note 28.

Branches

20 The Company did not operate through any branches during the year.

Independent Auditors

21 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. 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

PMCharalambous

P & D Secretarial Services Limited
Company Secretary

Limassol,
28 April 2022

Independent Auditor's Report

To the Members of Lanitis Golf Public Co Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Lanitis Golf Public Co Limited (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2021, 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.

What we have audited

We have audited the financial statements which are presented in pages 11 to 46 and comprise:

the balance sheet as at 31 December 2021;

the statement of profit and loss and other comprehensive income for the year then ended;

the statement of changes in equity for the year then ended;

the statement of cash flows for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

PricewaterhouseCoopers Ltd, PwC Central, 43 Demostheni Severi Avenue, CY-1080 Nicosia, Cyprus
T: +357 22 - 555 000, F:+357 - 22 555 001, www.pwc.com.cy

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of Property, Plant and Equipment and determination of net realisable value for inventories	
Refer to Note 4, "Summary of Significant Accounting Policies", Note 7, "Critical Accounting Estimates and Judgements", Note 13, "Property, Plant and Equipment" and Note 19, "Inventories". The Company has begun the development of its land to a special leisure and residential golf course project and has also entered into agreements with buyers for the reservation and sale of plots. As at 31 December 2021 the carrying value of Inventories amounted to €81.163.491 representing approximately 86% of Company's total assets and the carrying value of land for the construction of the golf course and commercial activities amounted to €4.400.793 representing approximately 5% of the Company's total assets. Inventories are stated at the lower of cost and net realisable value in accordance with the provisions of IAS 2 whilst land for the construction of the golf course and commercial activities is classified as Property, Plant and Equipment and is stated at cost less impairment in accordance with the provisions of IAS 16. For the purposes of assessing the net realisable value / recoverable amount the Board of Directors utilised the valuation prepared by management using the discounted cash flow approach. Our audit procedures have focused on assessing any need to write down the above assets to their net realisable value / recoverable amount at 31 December 2021, due to the size of these assets, the level of judgement required in making these assessments and the uncertainties due to the Covid-19 pandemic and the abolition of the Cyprus Investment Program.	We have performed the following audit procedures to address the risks of material misstatement associated with this Key Audit Matter: • We obtained an understanding of the process followed by management to determine whether there is a need to write down Property, Plant and Equipment and Inventories to recoverable amount/net realisable value and have assessed the design and implementation of the relevant internal controls. • We have evaluated the competency of the Company's management. • We have confirmed the existence and ownership of land by obtaining and reviewing the title deeds and the various licenses issued to the Company by various Government departments in relation to the development of the Golf Course. • We have assessed, with the involvement of auditor's experts, the appropriateness of the impairment assessment and whether the assumptions used by management were reasonable. • We evaluated the adequacy of the disclosures in the relevant notes to the financial statements. These notes explain that there is significant estimation uncertainty relating to the future cash flows of the project arising from the uncertainty imposed by the Covid-19 pandemic and the abolition of the Cyprus Investment Program.

Key Audit Matter	How our audit addressed the Key Audit Matter
	The results of the above procedures were considered satisfactory for the purposes of our audit.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Declaration of the members of the Board of Directors and the Company Officials for the drafting of the financial statements, 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 identified above 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 and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of the 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.

Those charged with governance are 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.

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats on safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

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

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

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.

The engagement partner on the audit resulting in this independent auditor's report is Nicos A. Theodoulou.

N. A. Theodoulou.

Nicos A. Theodoulou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia Cyprus

Nicosia, 28 April 2022

Lanitis Golf Public Co Limited

Statement of profit and loss and other comprehensive income for the year ended 31 December 2021

	Note	**2021**	2020
		€	€
Administration expenses	9	**(1.846.047)**	(1.394.749)
Operating loss		**(1.846.047)**	(1.394.749)
Finance costs	11	**(9.846)**	(10.334)
Loss before income tax		**(1.855.893)**	(1.405.083)
Income tax credit	12	**228.971**	231.494
Loss and total comprehensive loss for the year		**(1.626.922)**	(1.173.589)
Other comprehensive income:			
Loss per share attributable to the equity holders of the Company during the year (expressed in cents per share) (Note 22)			
- Basic		**(58,91)**	(44,19)

The notes on pages 15 to 46 are an integral part of these financial statements.

Lanitis Golf Public Co Limited

Balance sheet
at 31 December 2021

	Note	2021 €	2020 €
Assets			
Non-current assets			
Property plant and equipment	13	**4.475.812**	4.141.776
Right of use assets	14	**135.976**	126.792
Intangible assets	16	**2.065**	-
Deferred income tax assets	24	**460.465**	231.494
		5.074.318	4.500.062
Current assets			
Inventories	19	**81.163.491**	75.786.364
Other non-financial assets	18	**978.868**	126.724
Financial assets at amortised cost	17	**333.907**	148.210
Cash in hand and at bank	20	**7.007.188**	5.656.925
		89.483.454	81.718.223
Total assets		**94.557.772**	86.218.285
Equity and liabilities			
Capital and reserves			
Share capital	21	**4.722.462**	4.722.462
Capital contribution	21	**2.556.501**	2.556.501
Share premium	21	**25.730.893**	25.730.893
Retained earnings		**36.282.999**	37.909.921
Total equity		**69.292.855**	70.919.777
Non-current liabilities			
Borrowings	23	**8.246.613**	8.518.927
Lease liabilities	14	**85.176**	90.542
Deferred income tax liabilities	24	**5.988.947**	5.988.947
		14.320.736	14.598.416
Current liabilities			
Trade and other payables	25	**1.271.737**	659.861
Contract liabilities	8	**8.931.541**	-
Lease liabilities	14	**57.237**	40.231
Borrowings	23	**683.666**	-
		10.944.181	700.092
Total liabilities		**25.264.917**	15.298.508
Total equity and liabilities		**94.557.772**	86.218.285

On 28 April 2022 the Board of Directors of Lanitis Golf Public Co Limited authorised these financial statements for issue.

Platon E. Lanitis , Chairman

Kevin Valenzia , Director

The notes on pages 15 to 46 are an integral part of these financial statements.

Lanitis Golf Public Co Limited

Statement of changes in equity for the year ended 31 December 2021

	Note	Share capital €	Capital contribution €	Share premium €	Retained earnings(1) €	Total €
Balance at 1 January 2020		4.275.019	-	19.113.436	39.083.510	62.471.965
Comprehensive income						
Loss for the year		-	-	-	(1.173.589)	(1.173.589)
Total comprehensive income for the year		-	-	-	(1.173.589)	(1.173.589)
Transactions with owners						
Issue of shares	21	447.443	-	6.617.457	-	7.064.900
Capital contribution	21	-	2.556.501	-	-	2.556.501
Total transactions with owners		447.443	2.556.501	6.617.457	-	9.621.401
Balance at 31 December 2020/1 January 2021		4.722.462	2.556.501	25.730.893	37.909.921	70.919.777
Comprehensive income						
Loss for the year		-	-	-	(1.626.922)	(1.626.922)
Total comprehensive income for the year		-	-	-	(1.626.922)	(1.626.922)
Balance at 31 December 2021		4.722.462	2.556.501	25.730.893	36.282.999	69.292.855

(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 at the rate of 17% 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. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the National Health System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. 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 15 to 46 are an integral part of these financial statements.

Lanitis Golf Public Co Limited

Statement of cash flows
for the year ended 31 December 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Loss before income tax		**(1.855.893)**	(1.405.083)
Adjustments for:			
Depreciation of property, plant and equipment	13	**22.131**	3.377
Depreciation of right-of-use assets	14	**49.412**	29.890
Amortisation of intangible assets	16	**1.033**	-
Interest expense - bank borrowings	11	**205**	1.971
Interest expense - Lease Liabilities	11	**9.451**	7.834
		(1.773.661)	(1.362.011)
Changes in working capital:			
Inventories	19	**(4.986.187)**	(2.046.661)
Other non-financial assets		**(852.144)**	(49.270)
Financial assets at amortised costs		**(185.697)**	(43.299)
Trade and other payables		**611.876**	(579.386)
Contract liabilities		**8.931.541**	-
Cash generated from/(used in) operations		**1.745.728**	(4.080.627)
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(335.755)**	(292.086)
Purchases of intangibles	16	**(3.098)**	-
Principal elements of lease payments	14	**(56.407)**	(33.743)
Net cash used in investing activities		**(395.260)**	(325.829)
Cash flows from financing activities			
Proceeds from borrowings		**-**	10.000.000
Interest paid		**(205)**	(1.971)
Net cash (used in)/from financing activities		**(205)**	9.998.029
Net increase in cash and cash equivalents		**1.350.263**	5.591.573
Cash and cash equivalents at beginning of year		**5.656.925**	65.352
Cash and cash equivalents at end of year	20	**7.007.188**	5.656.925

The notes on pages 15 to 46 are an integral part of these financial statements.

Non-cash transactions

The additional share capital and premium contributed during the year ended 2020 of €7.064.900 was not cash settled but it was in the form of capitalised borrowings from related parties (€2.971.658) and trade payables (€4.093.242).

Notes to the financial statements

1 General information

Country of incorporation

Lanitis Golf Public Co Limited (the "Company") was incorporated in Cyprus on 18 April 2007 as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 28 February 2014, the Company was converted from a private limited liability company to a public limited liability company under the Cyprus Companies Law, Cap. 113 and is listed on the Emerging Companies Market of the Cyprus Stock Exchange ("CSE"). Its registered office is at 10 Georgiou Gennadiou Street, Agathangelos Court, 3041, Limassol, Cyprus.

Principal activities

The principal activities of the Company are the development of a special leisure and residential golf course project. The application of the town planning permit with terms and conditions, was approved on 14 November 2012. On 25 July 2019, the Company has also obtained a building permit for construction of its golf development project. During the year, the Company has begun the construction and sale of the golf project and has also entered into signed agreements with buyers for the reservation and sale of the golf plots and appartments.

Operating environment of the Company

The year 2021 was marked by the continuous effects of the COVID-19 pandemic, the emergence of new variants and the associated measures implemented by various governments globally with a view to delay the spread of the disease, safeguard public health and ensure the economic survival of working people, businesses, vulnerable groups and the economy at large.

To this end, the government of the Republic of Cyprus extended certain of the measures in place since 2020 and, in some cases, introduced new, economically costly, measures with the aim of protecting the population from further spread of the disease.

Entry regulations continued to apply within 2021, which imposed limitations in the entry of individuals to the Republic of Cyprus. A considerable number of private businesses operating in various sectors of the economy closed for a period of time while a number of lockdown measures, such as prohibition of unnecessary movements and suspension of operations of non-essential businesses, including retail companies (subject to certain exemptions), were applied throughout the year. The measures were continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

Industries such as tourism, hospitality and entertainment have been directly and significantly disrupted by these measures. Other industries, such as manufacturing and financial services, have also been indirectly affected.

These measures have further restricted the economic activity both in Cyprus and globally and have severely impacted and could continue to negatively impact, businesses, market participants as well as the Cyprus and global economies as they persist for an unknown period of time.

1 General information (continued)

Operating environment of the Company (continued)

As a result of the measures imposed by the government, the Company did not face any major implications.

The future effects of the COVID-19 pandemic and of the above measures on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Company, are difficult to predict and management's current expectations and estimates could differ from actual results. The Company's management believes that it is taking all the necessary measures to to ensure minimum disruption to and sustainability of the Company's future plans in relation to the construction and development of the residential golf course project.

During 2021, the Russian economy continued to be negatively impacted by the ongoing political tension in the region and international sanctions against certain Russian companies and individuals, with the tension intensifying towards the end of 2021 as a result of further developments of the situation with Ukraine. From late February 2022 the conflict between Russia and Ukraine escalated further and the situation remains highly unstable.

In response to the conflict, a number of sanctions have been imposed on Russian entities to restrict them from having access to foreign financial markets, including removing access of several Russian banks to the international SWIFT system. The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank, restricting the access of the Russian state to foreign currency reserves, and introduced further asset freezes against designated individuals/entities and sectoral sanctions. These measures could negatively impact the construction industry of Cyprus as it depends significantly on the Russian market. A significant portion of the Company's sales have been made to Russians so this situation might affect future sales.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Company and estimate the financial effect on the Company.

Whilst these uncertainties may impact the future income there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management's plans include diversifying the customer portfolio in which they intend to attract for the sale of properties. This will avoid significant reliance in buyers from Russia Federation for which there could be uncertainty in the ability to receive the funds following the implementation of sanctions and restrictions on SWIFT systems. Management is closely monitoring the situation and is ready to act depending on the developments.

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.

2 Basis of preparation (continued)

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 2021 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4. Apart from the accounting policy changes resulting from the adoption of the new standards, amendments to existing standards and interpretations effective from 1 January 2021, as set out in Note 3, these policies have been consistently applied to all the years presented, unless otherwise stated (refer to Notes 3 and 4).

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 2021. This adoption did not have a material effect on the accounting policies of the Company.

4 Summary of significant accounting policies

Land development and resale

The Company develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

4 Summary of significant accounting policies (continued)

Revenue (continued)

Contract assets and contract liabilities

In case the goods transferred or services rendered by the Company as of the reporting date exceed the payments made by the customer as of that date and the Company does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Company assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. The Company recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognized termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS37 an involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

4 Summary of significant accounting policies (continued)

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.

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.

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. In accounting for the tax effects of on-balance sheet leases, the Company views the right-of-use asset and lease liability separately and considers that the temporary difference on each item does not give rise to deferred tax since the initial recognition exception applies. 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 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.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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.

Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively. (Note: The note would require adjustments if the uncertain tax positions do not relate to income tax, especially where the uncertain tax position results in an asset being recognised. To the extent material, significant judgement and estimates to be disclosed in Note 7.)

Property, plant and equipment

Land and buildings comprising mainly golf courses under construction and other development activities are shown as costs less subsequent depreciation. Historical cost included expenditure that is directly attributable to the acquisition of property, plant and equipment.

Land and buildings under construction that are not ready for their indented use are not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Signages	33
Prefab house	10
Computer Hardware	20
Plant and machinery	10
Furniture and fittings	10
Motor vehicles	20

4 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

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

Leases

The Company is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company, with limited exceptions as set out below.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

Lanitis Golf Public Co Limited

4 Summary of significant accounting policies (continued)

Leases (continued)

The Company is the lessee (continued)

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives.

In determining the lease term, management of the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

Right-of-use assets are reviewed for impairment in accordance with the Company's accounting policy for impairment of non-financial assets.

As an exception to the above, payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4 Summary of significant accounting policies (continued)

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Impairment of non-financial assets

Intangibles that have an indefinite useful life, including goodwill, 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.

Financial assets

Financial assets - Classification

The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Company classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets.The Company's financial assets measured at amortised cost (AC) comprise cash and cash, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date when the 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. 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.

Financial assets - Measurement

At initial recognition, the Company measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

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 – impairment – credit loss allowance for expected credit losses

The Company assesses on a forward-looking basis the expected credit losses (ECL) for debt instruments measured at AC. 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 amortised cost are presented in the balance sheet net of the allowance for ECL.

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

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.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

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. [Indicators that there is no reasonable expectation of recovery include… specify]. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: [any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

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.

Classification as 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 AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Classification as financial assets at amortised cost

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories consist of the cost of land and work in progress in connection with the construction of the residential units and include raw materials, direct labour, other direct costs and expenses associated wiht the construction work including borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete.

4 Summary of significant accounting policies (continued)

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.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Capital contribution

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.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation for the current year.

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 2021, 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: 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 interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions.

(i)Risk management

Credit risk is managed on a individual basis

For banks and financial institutions,the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'.

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

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

(ii) Impairment of financial assets

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

- financial assets at amortised cost (receivables from related parties and other receivables)
- cash and cash equivalents

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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

For all financial assets 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"). 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.

Financial assets at amortised cost

The Company assesses, on an individual basis, its exposure to credit risk arising from financial assets at amortised cost. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is past due (in days) and history of defaults in the past, adjusted for forward looking information. The Company uses two categories for loans, receivables and other receivables, debt securities which reflect their credit risk and how the loss provision is determined for each of those categories.

The estimated loss allowance for financial assets at amortised cost as at 31 December 2021 and 31 December 2020 was immaterial. All financial assets at amortised cost were performing (Stage 1) as at 31 December 2021 and 31 December 2020.

Cash and cash equivalents

The Company assesses, on an individual basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

	Rating	**2021**	**2020**
	€	€	€
Moody's	**Baa3**	18.367	5.440.480
Moody's	**B1**	6.988.273	-
Moody's	**B3**	-	216.267
Other external non-rated banks – satisfactory credit quality (performing)		-	104
Total cash at bank		7.006.640	5.656.851

The rest of the balance sheet item 'cash and cash equivalents' is cash on hand.

All cash and bank balances were performing (Stage 1) as at 31 December 2021 and 31 December 2020.

The Company does not hold any collateral as security for any cash at bank balances.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

The estimated loss allowance on cash and cash equivalents as at 31 December 2021 and 31 December 2020 was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2021 and 31 December 2020.

- **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 €	Between 1 and 2 years €	Between 2 to 5 years €
At 31 December 2020			
Borrowings	-	683.666	10.000.000
Trade and other payables (excluding statutory liabilities)	633.356	-	-
Lease liabilities	46.756	88.875	8.607
	680.112	772.541	10.008.607

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €
At 31 December 2021			
Borrowings	**683.666**	**-**	**10.000.000**
Trade and other payables (excluding statutory liabilities)	**1.000.472**	**-**	**-**
Lease liabilities	**63.624**	**105.743**	**32.692**
	1.747.762	**105.743**	**10.032.692**

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the balance sheet plus net debt.

6 Financial risk management (continued)

(ii) Capital risk management (continued)

During 2021, the Company's strategy, which was unchanged from 2020, was to maintain the gearing ratio at low levels. The gearing ratios at 31 December 2021 and 2020 were as follows:

	2021 **€**	2020 €
Total borrowings (Note 23)	**8.930.279**	8.518.927
Less: cash and cash equivalents (Note 20)	**(7.007.188)**	(5.656.925)
Net debt	**1.923.091**	2.862.002
Total equity	**69.292.855**	70.919.777
Total capital as defined by management	**71.215.946**	73.781.779
Gearing ratio	**3%**	4%

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 test for inventories and property, plant and equipment**

Refer to note 13 for the relevant disclosure for the impairment assessment made by the Company's management. A sensitivity analysis has been performed on the key assumption used by management in carrying its assessment. If the selling prices of plots were 5% lower then an impairment of €9.017.457 would have been recognised on inventories and property, plant and equipment. If WACC increased from 12% to 13% then an impairment of €2.275.352 would have been recognised on inventories and property, plant and equipment. If construction costs were 5% higher then an impairment of €5.868.233 would have been recognised on inventories and property, plant and equipment. If the sales velocity is extended by one year then no impairment should be recognised, and if extended by 2 years an impairment of €1.437.646 would have been recognised on inventories and property, plant and equipment.

7 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Golf Licences**

In accordance with the provisions of contracts signed during 2012 between the Company and the planning authority department of the Cyprus Government, the Company has undertaken to pay an aggregate amount of €5.000.000 to the Government over a period of 10 years from the signing date of the contracts during 2012. Management has assessed that no financial, legal or contstructive obligation arises for this amount as of 31 December 2021 as the company may avoid these costs prior to commencement of the development of the project. The company has disclosed these amounts as capital commitments in Note 26.

(ii) Critical judgements in applying the Company's accounting policies

- **Taxation**

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.

- **Determination of the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have been included in the lease liability, because the Company could not replace the assets without significant cost or business disruption.

As at 31 December 2021, potential future cash outflows of €32.786 (2020: €32.786) have been included in the lease liability because it is reasonably certain that the leases will be extended.

8 Revenue

(a) Disaggregation of revenue from contracts with customers

	2021 €	2020 €
Revenue from contracts with customers	**-**	-
Total	**-**	-

(b) Assets and liabilities related to contracts with customers

	2021 €	2020 €
Current contract liabilities – Sale of inventories (plots) – not yet delivered	**8.931.541**	-
Total contract liabilities	**8.931.541**	-

9 Expenses by nature

	2021 €	2020 €
Depreciation of right-of-use assets (Note 14)	**49.412**	29.890
Depreciation and amortisation of property, plant and equipment and intangibles (Notes 13 and 16)	**23.164**	3.377
Repairs and maintenance	**20.420**	38.481
Insurance	**865**	1.149
Auditors' remuneration charged by statutory audit firm	**20.000**	9.000
Auditors' remuneration prior year	**11.000**	-
Staff costs (Note 10)	**679.352**	469.282
Advertising and promotion	**362.516**	139.758
Transportation expenses	**787**	3.663
Other expenses	**18.908**	9.063
Bank charges	**28.753**	30.176
Municipal and property taxes	**5.177**	5.177
Motor vehicle expenses	**18.374**	7.360
Legal Fees	**23.500**	105.250
Head office administration expenses	**24.000**	24.000
Mortgages expenses	**80.000**	373.850
Commitment fees	**314.200**	76.800
Professional Services	**136.433**	42.614
Entertaining expenses	**11.467**	14.242
Subscriptions, donations and gifts	**5.447**	3.396
Utilities expenses	**12.272**	8.221
Total administrative expenses	**1.846.047**	1.394.749

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2021 amounted to €20.000 (2020: €9.000). The total fees charged by the Company's statutory auditor for the year ended 31 December 2021 for other non-assurance services amounted to €31.000 (2020: €nil).

10 Staff costs

	2021 €	2020 €
Salaries	**555.550**	407.132
Bonus	**29.331**	-
Social insurance and other costs	**63.759**	43.716
Provident fund contributions	**19.188**	10.292
Social cohension fund	**11.524**	8.142
	679.352	469.282
Average number of staff employed during the year	**13**	10

The Company participates in an external provident fund scheme run by an independent party, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

11 Finance costs

	2021 €	2020 €
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss:		
Bank borrowings	**205**	1.971
Lease liabilities (Note 14)	**9.451**	7.834
Total interest and finance charges	**9.656**	9.805
Net foreign exchange loss	**190**	529
Total finance costs	**9.846**	10.334

12 Income tax credit

	2021 €	2020 €
Deferred tax (Note 24):		
Tax losses carried forward	**(228.971)**	(231.494)
Income tax credit	**(228.971)**	(231.494)

	2021 €	2020 €
Loss before tax	**(1.855.893)**	(1.405.083)
Tax calculated at the applicable corporation tax rate of 12.5%	**(231.987)**	(175.635)
Tax effect of expenses not deductible for tax purposes	**11.581**	20.150
Tax effect of allowances and income not subject to tax	**(8.565)**	(4.574)
Effect of tax losses brought forward recognised in the current year	**-**	(71.435)
Income tax credit	**(228.971)**	(231.494)

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 utilized.

Under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%.

12 Income tax credit (continued)

In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 17%. In addition, in certain cases, dividends received from other Cyprus tax resident companies may also be subject to special contribution for defence.

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

Lanitis Golf Public Co Limited

13 Property, plant and equipment

	Plant and machinery €	Computer Hardware and Furniture and fittings €	Motor vehicles €	Land and Golf Developme nt €	Prefab house €	Signages €	Total €
At 1 January 2020							
Cost	5.275	1.254	-	6.286.319	-	-	6.292.848
Accumulated depreciation	(3.166)	(251)	-	-	-	-	(3.417)
Net book amount	2.109	1.003	-	6.286.319	-	-	6.289.431
Year ended 31 December 2020							
Opening net book amount	2.109	1.003	-	6.286.319	-	-	6.289.431
Additions	-	18.714	-	273.372	-	-	292.086
Interest capitalised during the year	-	-	-	19.439	-	-	19.439
Depreciation charge (Note 9)	(527)	(2.850)	-	-	-	-	(3.377)
Transfer from investment property (Note 15)	-	-	-	3.518.592	-	-	3.518.592
Transfer to inventories (Note 19)	-	-	-	(5.974.395)	-	-	(5.974.395)
Closing net book amount	1.582	16.867	-	4.123.327	-	-	4.141.776
At 31 December 2020							
Cost	5.276	19.967	-	4.123.327	-	-	4.148.570
Accumulated depreciation	(3.694)	(3.100)	-	-	-	-	(6.794)
Net book amount	1.582	16.867	-	4.123.327	-	-	4.141.776
At 1 January 2020							
Opening net book amount	1.582	16.867	-	4.123.327	-	-	**4.141.776**
Additions	713	26.559	3.500	257.055	8.800	39.128	**335.755**
Interest capitalised during the year	-	-	-	20.411	-	-	**20.411**
Depreciation charge (Note 9)	(599)	(6.910)	(700)	-	(880)	(13.042)	**(22.131)**
Closing net book amount	1.696	36.516	2.800	4.400.793	7.920	26.086	**4.475.811**
At 31 December 2021							
Cost	5.989	46.527	3.500	4.400.793	8.800	39.128	**4.504.737**
Accumulated depreciation	(4.293)	(10.010)	(700)	-	(880)	(13.042)	**(28.925)**
Net book amount	1.696	36.517	2.800	4.400.793	7.920	26.086	**4.475.812**

13 Property, plant and equipment (continued)

On 15 January 2020, the Board of Directors decided to proceed with the development of the Company's land with the construction of a golf resort, including the development of golfcourse clubhouse and other commercial areas as well as engage in building development activities for residential premises. The Company has already obtained the required permits for the construction of the golfcourse and residential premises. Following this decision an amount of €67.392.984 representing the carrying value of the land at 15 January 2020, that will be used for the construction and development of residential premises, was transferred from Investment Property (Note 15) to Inventory (Note 19) and an amount of €3.518.592 which was included as Investment Property has been transferred to Property, Plant and Equipment within Land and Golf development category. Additionally, an amount of €5.974.395 which was included in the Land and Golf development category within Property, Plant and Equipment was transferred to Inventory. The carrying value of the land transferred under Property, Plant and Equipment and Inventory from Investment Property and the Land and Golf development costs incurred up to the date of transfer have been allocated on the basis of their respective estimated buildable square meters.

Interest amounting to €20.411 (2020: €19.439) relating to loans granted to the Company for financing the cost of construction and development of the project, were capitalised during the year and were included in the cost of development. The effective interest rate used for the capitalisation is 5% (2020: 5%) and represents the borrowing cost of the project in 2021. The total interest capitalised in inventories since the commencement of the project in 2021 is €39.850 (2020: €19.439).

The management of the Company carried out an assessment of the net realisable value / recoverable amount of its inventories and property, plant and equipment. The exercise utilised valuations prepared by management as described in note 1 of these financial statements. The valuation methodology used by management was that of the Discounted Cash Flows. The results of the measurement depend largely on management's assessment of future cashflows and is subject to considerable variability and material estimation uncertainty, particularly as a result of the fact that the project is at an early stage of development and the uncertainties arising from the Covid-19 pandemic and the abolition of the Cyprus Investment Program. The result of management's assessment did not indicate that there is any impairment of property, plant and equipment or that net realisable value of inventories is below the carrying amount as at the balance sheet date. Sensitivity analysis has been disclosed in note 7 of the financial statements.

Depreciation expense of €22.131 (2020: €3.377) has been charged in “administrative expenses”.

14 Leases

This note provides information for leases where the Company is a lessee.

(i) The Company’s leasing arrangements

The Company leases buildings and motor vehicles. Rental contracts are typically made for fixed periods of 1 year to 4 years, but may have extension options.

14 Leases (continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021	2020
	€	€
Right-of-use assets		
Motor vehicle	**74.528**	37.269
Buildings	**61.718**	89.523
	135.976	126.792
Lease liabilities		
Current	**57.237**	40.231
Non-current	**85.176**	90.542
	142.413	130.773

Additions to the right-of-use assets during the 2021 financial year were €58.596 (2020: €156.682).

(iii) Amounts recognised in profit or loss

The income statement shows the following amounts relating to leases:

	2021	2020
	€	€
Depreciation of right-of-use assets (Note 9)		
Motor vehicles	**21.607**	7.454
Buildings	**27.805**	22.436
	49.412	29.890
Interest expense (Note 11)	**9.451**	7.834
	9.451	7.834

The total cash outflow for leases in 2021 was €56.407 (2020: €33.743).

15 Investment property

	2021	2020
	€	€
At beginning of year	**-**	70.911.576
Transfer to property, plant and equipment (Note 13)	**-**	(3.518.592)
Transfer to inventories (Note 19)	**-**	(67.392.984)
At end of year	**-**	-

15 Investment property (continued)

The Company is the owner of land of about 1.400 decares near the villages of Tserkezoi and Asomatos, in Limassol. The land is located next to the shopping center, My Mall Limassol, and the Fasouri Waterpark and the forthcoming development of the casino. The Company aims to develop a fully integrated golf and real estate development project on its land. One of the main goals of the master plan is to create a contemporary designed, integrated leisure and residential community project that includes luxurious villas and appartments, an 18 hole championship golf course, a golf club, spa and sports center and commercial and retail facilities, such as restaurants and shops.

On 15 January 2020, the Board of Directors decided to proceed with the development of the Company's land with the construction of a golf resort, including the development of golfcourse clubhouse and other commercial areas as well as engage in building development activities for residential premises. The Company has already obtained the required permits for the construction of the golfcourse and residential premises. Following this decision an amount of €67.392.984 representing the carrying value of the land at 15 January 2020, that will be used for the construction and development of residential premises, was transferred from Investment Property to Inventory (Note 19) and an amount of €3.518.592 which was included as Investment Property has been transferred to Property, Plant and Equipment (Note 13) within Land and Golf development category Additionally, an amount of €5.974.395 which was included in the Land and Golf development category within Property, Plant and Equipment was transferred to Inventory. The carrying value of the land transferred under Property, Plant and Equipment and Inventory from Investment Property and the Land and Golf development costs incurred up to the date of the transfer have been allocated on the basis of their respective estimated buildable square meters.

16 Intangible assets

	Computer software €	Total €
At 31 December 2020		
Cost	3.303	3.303
Accumulated amortisation and impairment	(3.303)	(3.303)
Net book amount	-	-
Year ended 31 December 2021		
Opening net book amount	-	**-**
Additions	3.098	**3.098**
Amortisation charge (Note 9)	(1.033)	**(1.033)**
Closing net book amount	2.065	**2.065**
At 31 December 2021		
Cost	6.401	**6.401**
Accumulated amortisation and impairment	(4.336)	**(4.336)**
Net book amount	2.065	**2.065**

17 Financial assets

(a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2021 €	2020 €
Current		
Receivables from parent entity (Note 27(ii))	**150.129**	145.621
Receivables from other related party (Note 27(ii))	**-**	1.328
Other receivables	**183.778**	1.261
Total current	**333.907**	148.210
Financial assets at amortised cost - net	**333.907**	148.210

(i) Current financial assets at amortised cost

Due to the short-term nature of the current financial assets at amortised cost, their carrying amount is considered to be the same as their fair value.

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

	2021 €	2020 €
Euro - functional and presentation currency	**333.907**	148.210
	333.907	148.210

(ii) Impairment and risk exposure

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

18 Other non-financial assets

	2021 €	2020 €
Prepayments	**57.864**	4.079
VAT recoverable	**-**	122.645
Deferred expenses	**921.004**	-
	978.868	126.724

19 Inventories

	2021 €	2020 €
Opening balance	**75.786.364**	-
Transfer from investment property (Note 15)	**-**	67.392.984
Transfer from property, plant and equipment (Note 13)	**-**	5.974.395
Interest capitalised during the year	**390.940**	372.324
Development costs capitalised during the year	**4.986.187**	2.046.661
Closing balance	**81.163.491**	75.786.364

19 Inventories (continued)

On 15 January 2020, the Board of Directors decided to proceed with the development of the Company's land with the construction of a golf resort, including the development of golfcourse clubhouse and other commercial areas as well as engage in building development activities for residential premises. The Company has already obtained the required permits for the construction of the golfcourse and residential premises. Following this decision an amount of €67.392.984 representing the carrying value of the land at 15 January 2020, that will be used for the construction and development of residential premises, was transferred from Investment Property (Note 15) to Inventory and an amount of €3.518.592 which was included as Investment Property has been transferred to Property, Plant and Equipment (Note 13) within Land and Golf development category. Additionally, an amount of €5.974.395 which was included in the Land and Golf Development category within Property, Plant and Equipment was also transferred to Inventory. The carrying value of the land transferred under Property, Plant and Equipment and Inventory from Investment Property and the Land and Golf Development costs incurred up to the date of transfer have been allocated on the basis of their respective estimated buildable square meters.

Capitalised costs of €4.986.187 (2020: €2.046.661) includes costs which were incurred in relation to the construction and development of residential premises.

Interest amounting to €390.940 (2020: €372.324) relating to loans granted to the Company for financing the cost of construction and development of the project, were capitalised during the year and were included in the cost of development. The effective interest rate used for the capitalisation is 5% (2020: 5%) and represents the borrowing cost of the project in 2021. The total interest capitalised in inventories since the commencement of the project in 2021 is €763.264 (2020: €372.324).

All inventory items are stated at cost with the exception of inventory that was transferred on 15 January 2020 from investment property which is presented at its fair value at the date of transfer. For information regarding the management assessment of the net realisable value of inventories refer to Note 13.

20 Cash and cash equivalents

	2021	2020
	€	€
Cash at bank and in hand	**7.007.188**	5.656.925

Cash and cash equivalents are denominated in the following currencies:

	2021	2020
	€	€
Euro - functional and presentation currency	**7.007.188**	5.656.925

Principal non-cash investing and financing transactions

The principal non-cash investing and financing transactions during the current and the prior year were the acquisition of right-of-use assets using leases for €58.595 (2020: €156.682).

21 Share capital and share premium

	Number of shares	Share capital €	Capital Contribution €	Share premium €	Total €
At 1 January 2020	2 500 011	4.275.019	2.556.501	19.113.436	25.944.956
Issue of shares	261 663	447.443	-	6.617.457	7.064.900
At 31 December 2020 / 31 December 2021	2 761 674	4.722.462	2.556.501	25.730.893	33.009.856

The total authorized number of ordinary shares is 3 000 000 shares (2020: 3 000 000 shares) with a par value of €1,71 per share. All issued shares are fully paid.

At the board of directors meeting held on 28 May 2020 the Company's directors approved the issuance of 261 663 shares of nominal value €1,71 per share at the price of €27 per share. As a result of this transaction an amount of €447.443 and €6.617.457 was credited to the share capital and share premium accounts respectively in equity. These shares were issued to MCY Development Limited, in accordance with the share purchase agreement.

As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10.000.000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2.556.501, was credited in the statement of changes in equity as Capital Contribution.

22 Basic loss per share attributable to equity holders of the Company

	2021	2020
Loss attributable to shareholders (€)	**(1.626.922)**	(1.173.589)
Weighted average number of ordinary shares in issue during the year	**2.761.674**	2.655.575
Basic loss per share attributable to equity holders of the parent (cent per share)	**(58,91)**	(44,19)

23 Borrowings

	2021 €	2020 €
Current		
Borrowings from related parties(Note 27(iii))	**683.666**	-
Non-current		
Borrowings from related parties (Note 27(iii))	**8.246.613**	8.518.927
Total borrowings	**8.930.279**	8.518.927
Maturity of non-current borrowings		
Between 1 and 2 years	**-**	683.666
Over 4 years	**8.246.613**	7.835.261
	8.246.613	8.518.927

The borrowings from related parties are repayable by 31 December 2025.

23 Borrowings (continued)

The weighted average effective interest rates at the balance sheet date were as follows:

	2021	2020
	%	%
Borrowings from related parties (Note 27(iii))	**5**	5

The Company has the following undrawn borrowing facilities from borrowings with related parties:

	2021	2020
	€	€
Floating rate:		
Expiring beyond one year	**1.316.334**	1.316.334

On 24 September 2020 the Company has signed an agreement with Hellenic Bank for a €34m loan term facility related to the construction of the infrastructure of the resort and €3.15m ancillary facilities in the form of bank guarantees and overdraft facility. The loan term facility will be available to the Company for utilisation once the Company has reached €30m of confirmed sales.

The fair value of non-current borrowings between 1-2 years, equals their carrying amounts, as the impact of discounting is not significant.

As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10.000.000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2.556.501, was credited in the statement of changes in equity as Capital Contribution. The unwinding of interest expense following the initial recognition, is capitalised against inventories and property, plant and equipment as apportioned by the building coefficient of the project. During the year total interest expense of €20.411 and €390.940 (2020: €19.439 and €372.324) was capitalised as part of property, plant and equipment and inventories respectively.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2021	2020
	€	€
Euro - functional and presentation currency	**8.930.279**	8.518.927

24 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	Tax losses €	Investment Property Fair value gains €	Total €
At 1 January 2020	-	5.988.947	5.988.947
Charged/(credited) to:			
Profit or loss (Note 12)	(231.494)	-	(231.494)
At 31 December 2020/1 January 2021	(231.494)	5.988.947	5.757.453
Charged/(credited) to:			
Profit or loss (Note 12)	(228.971)	-	(228.971)
At 31 December 2021	(460.465)	5.988.947	5.528.482

Deferred income tax assets are recognised for the tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 December 2021, the Company had tax losses carried forward amounting to €3.683.723 for which a deferred tax asset was recognised. From these losses an amount of €310.148 expires in 2023, €261.328 expires in 2024, €1.280.478 expires in 2025 and €1.831.769 expires in 2026.

25 Trade and other payables

	2021 €	2020 €
Payables to related parties (Note 27(ii))	**219.841**	5.305
Other payables	**578.752**	532.494
Accrued expenses	**201.879**	95.557
Total financial payables within trade and other payables at amortised cost	**1.000.472**	633.356
Social insurance and other taxes	**271.265**	26.505
Total other payables	**271.265**	26.505
Trade and other payables	**1.271.737**	659.861

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

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2021 €	2020 €
Euro - functional and presentation currency	**1.271.737**	659.861

26 Commitments

(a) An amount of €5 million is payable to the Town Planning and housing Department of the Ministry of interior in the period of 10 years for the permit to develop the golf resort project of the Company.

In accordance with the resolution taken by the Ministry Cabinet of the Republic on 22 June 2016, the Company need to pay annual instalments of €0.5 million each, until full repayment of the above noted €5 million.

The Company has already settled the liabilities for the years 2013 to 2020. The commitment for the year 2021 was not settled up to the date of the approval of the financial statements.

(b) During the year ended 31 December 2020, an amount of €2.175.450 was payable to the Limassol water board upon the commencement of any construction work. Following the commencement of the construction work during the year ended 31 December 2021, the full amount was repaid.

(c) An amount of €961.920 is payable to the Electricity Authority of Cyprus upon the completion of the relevant installation and connection of the electricity supply.

27 Related party transactions

Up to 15 January 2020, the Company was controlled by Lanitis Farm Limited, incorporated in Cyprus, which owned 99,99% of the Company's shares. The ultimate shareholder of the company was Lanitis E.C. Holdings Limited.

On 15 January 2020, MCY Development Limited has purchased all the shares of the Company owned by Lanitis Farm Limited. As a result, MCY Development Limited now owns the 99.99% of the issued share capital of the Company. The share capital of MCY Development Limited is equally owned by Lanitis Farm Limited and AMOL Enterprises Limited.

(i) Related party transactions

	2021	2020
	€	€
Purchases of services:		
Lanitis E.C. Holdings (Management Fees)	**24.000**	24.000

During the year ended 31 December 2021, the Company has entered into agreements with related parties for the sale of inventories. The total contract revenue that is presented as contract liabilities in Note 8 amounts to €1.852.239.

27 Related party transactions (continued)

(ii) Year-end balances with related parties

	2021	2020
	€	€
Receivables from related parties		
MCY Development Limited (Parent Company)	**150.129**	145.621
Lanitis Farm Limited	**-**	1.328
	150.129	146.949
Payables to related parties (Note 25):		
Amol Enterprises Limited	**6.454**	5.305
Cybarco Development Limited	**202.367**	-
Lanitis E.C Holdings Limited	**7.140**	-
Cybarco Contracting Limited	**2.497**	-
Lanitis Farm Limited	**1.383**	-
	219.841	5.305

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

(iii) Borrowings from related parties

	2021	2020
	€	€
Borrowings from related parties:		
At beginning of year	**8.518.927**	2.234.133
Borrowings advanced during year	**-**	11.253.909
Borrowings capitalised during the year	**-**	(2.971.657)
Fair value gain at initial recognition (2) (Note 11)	**-**	(2.556.501)
Transfer from payable balance	**-**	167.282
Unwinding of interest expense	**411.352**	391.761
At end of year (Note 23)	**8.930.279**	8.518.927

(1) As per the shareholder purchase agreement concluded on 15 January 2020, the loan balance outstanding as of that effective date from Lanitis Farm Limited, being €2.971.657 was capitalised instead of cash settled.

(2) As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10.000.000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2.556.501, was credited in the statement of changes in equity as Capital Contribution.

28 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements, other than the ongoing Russian/Ukrainian situation described in Note 1.

Independent Auditor's Report on pages 6 to 10.