

THE BRITISH CHAMBER OF COMMERCE FOR ITALY (INCORPORATED)
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company ("the Chamber") and of the profit (surplus) or loss (deficit) of the Chamber for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Chamber will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Chamber to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Chamber and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of Disclosure of Information to Auditors

In the case of each of the persons who are Directors at the time of approval of this report:

- a) so far as the Directors are aware, there is no relevant audit information of which the Chamber's auditors are unaware, and
- b) each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Chamber's auditors are aware of that information

**STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND FOR
THE YEAR ENDED 31 DECEMBER 2021**

		Euro	
	<u>Notes</u>	<u>2021</u>	<u>2020</u>
INCOME			
Subscriptions:			
- Members		224,338	247,489
- Foreign English Language Schools		4,050	22,838
Services	4	97,635	81,165
Total income		<u>326,023</u>	<u>351,491</u>
EXPENDITURE			
Staff costs	5	184,731	177,022
Cost of services rendered	6	61,096	45,070
Professional services	7	18,752	21,725
Depreciation	11	34,992	35,257
Other	8	29,311	35,137
Total expenditure		<u>328,882</u>	<u>314,211</u>
Operating surplus (deficit)		(2,859)	37,280
Financial expenses, net	9	(5,926)	(6,941)
Surplus (deficit) before taxation		<u>(8,785)</u>	<u>30,339</u>
Less: taxation	10	(2,714)	(4,674)
Surplus (deficit) for the year		<u>(11,499)</u>	<u>25,665</u>
Accumulated fund at 1 January		50,142	24,477
Accumulated fund at 31 December		<u>38,643</u>	<u>50,142</u>

The notes 1 to 21 form part of these accounts

Steven Sprague
President

Roberto Franchini
Treasurer

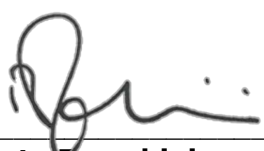
BALANCE SHEET AT 31 DECEMBER 2021

	<u>Notes</u>	<u>2021</u>	Euro <u>2020</u>
<i>Non-current assets</i>			
Right-of-use asset	3, 11	103,164	135,324
Web-site	11	1,844	2,766
Office furniture and equipment	11	7,273	8,380
		<u>112,281</u>	<u>146,470</u>
<i>Current assets</i>			
Cash	12	208,819	170,629
Receivables	13	16,891	72,132
		<u>225,710</u>	<u>242,761</u>
<i>Total assets</i>		<u>337,991</u>	<u>389,230</u>
<i>Current liabilities</i>			
Lease liability, current portion	14	31,647	30,705
Payables	15	78,343	106,927
Deferred income, current portion	16	55,269	46,858
		<u>165,259</u>	<u>184,490</u>
<i>Non-current liabilities</i>			
Lease liability	14	66,375	98,322
Deferred income	16	3,333	3,333
Provision for employee leaving indemnity	17	64,381	52,943
		<u>134,089</u>	<u>154,598</u>
<i>Total liabilities</i>		<u>299,348</u>	<u>339,088</u>
<i>Net assets</i>		<u>38,643</u>	<u>50,142</u>
Represented by;			
Accumulated fund		<u>38,643</u>	<u>50,142</u>

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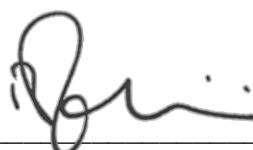
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2021	Euro 2020
Surplus (deficit) for the year	(11,499)	25,665
Cash items arising from non-operating activities:		
- Financial expense	5,926	6,941
Non-cash items:		
- Depreciation charge	34,992	35,257
- Charge for employee termination indemnity	11,438	9,262
Changes in working capital:		
- Decrease (increase) in receivables	55,240	(36,971)
- Increase (decrease) in payables	(28,584)	23,255
- Increase (decrease) in deferred income	8,411	(46,342)
Net cash inflow (outflow) from operating activities	75,924	17,067
Cash flow from investing activities:		
- Purchase of non-current assets, net	(803)	-
	(803)	
Cash flow from financing:		
- Payment of lease obligations	(35,883)	(35,464)
- Other financial expenses	(1,048)	(962)
	(36,931)	(36,426)
Net (decrease) increase in cash	38,190	(19,359)
Balance of cash at 1 January	170,629	189,988
Balance of cash at 31 December	208,819	170,629

The notes 1 to 21 form part of these accounts



Steven Sprague
President



Roberto Franchini
Treasurer

1. BACKGROUND

The British Chamber of Commerce for Italy (Incorporated) (hereinafter "the Chamber") is a private non-profit organisation organized as a UK company limited by guarantee. The Chamber's primary place of business is Via Sforza 4, Milan. The primary mission of the Chamber is to assist and encourage the development of trade and investment between the United Kingdom and Italy and to support and promote the interests of its members' commercial activities.

2. BASIS OF PRESENTATION OF THE ACCOUNTS

The accounts are prepared on the going concern basis under the historical cost convention and are based on the Chamber's accounting records used for taxation and other purposes in Italy. The Articles of Association of the Chamber require that the Accounts be prepared in accordance with International Financial Reporting Standards in compliance with Section 395 (1)(b) of the Companies Act, 2006. Although exempted from a statutory audit under the Companies Act 2006, the Articles of Association require that an audit of the accounts be performed in accordance with International Standards of Auditing.

The principal accounting policies, which have been applied consistently, are set out below.

3. ACCOUNTING POLICIES

Non-current assets

Right-of-use asset

In accordance with IFRS 16, the Chamber has identified the office premises of Via Sforza as a right-of-use asset and is depreciating this asset over the initial life of the lease agreement as described below. The initial carrying value of this asset is represented by the present value of the lease payments due under the agreement plus the cost of the real estate agent's commission. Each lease payment is allocated between a reduction of the lease liability and interest expense. The interest expense is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The initial lease term for the office is six years renewable for an additional six years. The agreement also contains a termination option by the lessee commencing the third year after inception, however, at the current time there is no expectation that this option will be exercised. Accordingly, the Council has determined the lease term to be six years for the purposes of IFRS 16.

As permitted by IFRS 16, lease payments on right-of-use assets with low value are charged to the statement of income and expenditure on a straight-line basis over the lease term. At the current time the only such asset is a multi-functional printer/copier machine.

Web-site

The cost of development of the new website by a third-party developer has been capitalized and amortized over 5 years.

Office furniture and equipment

Office furniture and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated using the straight-line method at a rate estimated to write-off the cost of the asset over its expected useful life, which can vary between three and eight years. Depreciation rates applied are as follows:

Office equipment	20% - 33,33%
Office furniture	12%

Depreciation in the year of purchase is calculated at half the rate shown above.

Receivables

Receivables are stated at net realizable value. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. There are no monetary assets and liabilities in the balance sheet denominated in foreign currencies.

Income

Subscriptions are collected from Members on an annual basis either for the period January to December or the period July to June. Subscriptions from foreign English language schools are collected for the period October to September. Such subscriptions are recognised in the period to which they relate and if collected prior to the approval of the accounts for that year. The portion of membership subscriptions received and pertaining to the following accounting period is classified as deferred income.

Income from services is recognised in the accounting period in which the services are rendered. Such income relates primarily to sponsorship of events and is recognised when the event has taken place. Payment is normally due immediately.

Payables

Payables are stated at nominal value, represent obligations with normal credit terms and do not bear interest.

Provision for employee leaving indemnity

Under existing regulations and pursuant to labour contracts with its employees, the Chamber must pay a severance indemnity to all personnel on leaving employment based on the length of service and remuneration over the period of employment. As prescribed by Italian law, the amount of such leaving indemnity is revalued each year in line with the rate of inflation. The Directors believe that the carrying value of such provision does not materially differ from a valuation using actuarial methods, as required under IAS 19 *Employee Benefits*, as the effect of the discount rate that would be used in an actuarial valuation would be largely offset by the effect of the inflation adjustment.

Accounting estimates

The preparation of the accounts requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses recognised in the financial statements, as well as amounts included in the notes thereto, including disclosure of contingent assets and contingent

liabilities. Estimates made are based on complex judgements and past experience of other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the accounts are in relation to the accounting for receivables and the allowance for doubtful receivables. Although the Chamber uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

4. INCOME FROM SERVICES

	Euro	
	2021	2020
Events	96,720	80,085
Web Site services sponsorship	800	800
English Language Consultancy Service – advertising and bookings	115	280
	97,635	81,165

Income from events represents primarily sponsorship revenue in relation to such events.

Income from “English Language Consultancy Service – advertising and bookings” (ELCS) does not include subscriptions relating to the member schools, which are included under the income from subscriptions from “Foreign English Language Schools”.

5. STAFF COSTS

	Euro	
	2021	2020
Salaries	132,573	127,025
Social security contributions	36,749	38,297
Accrual for leaving indemnity (note 16)	11,876	9,262
Other staff costs	3,533	2,438
	184,731	177,022

Average number of employees	4	4
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The increase in staff costs is due primarily to hiring of a new staff member on an apprenticeship contract in September 2021. Staff costs were also lower than expected in 2020 due to the program implemented during that year to use up accrued vacation, partially offset by a bonus accrued for staff.

Other staff costs in 2021 are net of COVID relief subsidy of €4,000 received from the Italian government. In 2020, other staff costs were net of a grant of €1,200 received from Regione Lombardia under the EU Youth Employment Initiative in respect of a claim made in prior years.

6. COST OF SERVICES RENDERED

	Euro	
	2021	2020
English language services	14,939	27,815
Events	46,157	17,255
	61,096	45,070

Cost of English language services were lower than in 2020 due to lower level of activity in this service as a result of the global pandemic.

Cost of events was lower in 2020 due to the global pandemic which required us to reduce the number of live events in that year in favour of on-line events which have few direct costs.

7. PROFESSIONAL SERVICES

	Euro	
	2021	2020
Book-keeping services	10,396	10,299
Legal fees	1,909	3,891
Payroll services	2,915	1,718
Audit	2,000	2,000
Health and safety consultancy fees	276	335
Other	1,256	3,482
	18,752	21,725

Legal fees were higher in 2020 due to to notary and attorney fees for the registration of the Chamber with Italian Registro delle Imprese. Other professional services were higher in 2020 due to the cost of translation services related to the registration with the Registro delle Imprese and fees payable to the video-conferencing service used for online events.

8. OTHER EXPENSES

	Euro	
	2021	2020
Travel expenses	383	2,049
Office expenses	5,064	3,540
Condominium expenses	2,923	4,427
Energy	697	764
Office cleaning	1,627	1,443
IT expenses	6,258	9,697
Membership	1,427	1,421

Stationary and telecommunications	3,824	4,778
Increase (Decrease) in provision for doubtful accounts	3,279	-
Other expenses, net	3,830	7,018
	29,311	35,137

Office expenses increased due to the premium on a D&O Liability insurance policy contracted for the first time in 2021. Expenses related to other office operations (cleaning, energy, stationary and telecommunications) declined as staff worked from home for much of the period from March through December.

9. FINANCIAL EXPENSE

	Euro	
	2021	2020
Interest expense on "Right-of-Use" obligations	4,878	5,979
Bank guarantee charge	834	835
Other	214	127
	5,926	6,941

10. TAXATION

The Chamber is exempt from IRES income tax on the contributions made by members by way of annual subscriptions but must pay IRES income tax on income arising from activities of a commercial nature.

The Chamber is subject also to IRAP tax. As the Chamber qualifies as a not-for-profit organization, IRAP is computed using gross salaries as the tax basis.

In 2021, taxation expense amounted to €2,714 and comprised IRAP for €4,655 less a tax credit relating to 2020 amounting to €1,941 (€1,855 relating to IRAP and €86 to IRES).

There are no significant differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences) that would warrant the recognition of deferred tax assets or liabilities.

Value Added Tax can be recovered on costs relating to commercial activities.

11. NON-CURRENT ASSETS

Right-of-Use Asset

	Euro
Cost 1 January 2021	192,944
Additions	-
Cost 31 December 2021	192,944

Accumulated depreciation 1 January 2021	57,620
Charge for the year	32,160
Accumulated depreciation 31 December 2021	<u>89,780</u>

Net book value 31 December 2021 **103,164**

Net book value 31 December 2020 135,324

Other non-current assets

	Euro	
	Office furniture and equipment	Website
Cost 1 January 2021	49,520	4,608
Additions	1,373	-
Sale of assets	(964)	
Cost 31 December 2021	<u>49,929</u>	<u>4,608</u>
Accumulated depreciation 1 January 2021	41,140	1,842
Charge for the year	1,910	922
Decrease for disposals	(394)	
Accumulated depreciation 31 December 2021	<u>42,656</u>	<u>2,764</u>
Net book value 31 December 2021	<u>7,273</u>	<u>1,844</u>
Net book value 31 December 2020	<u>8,380</u>	<u>2,766</u>

12. CASH

	Euro	
	2021	2020
Cash at bank	208,637	170,447
Cash in hand	182	182
	<u>208,819</u>	<u>170,629</u>

Cash at bank represents bank deposits held with two primary financial institutions.

13. RECEIVABLES

	Euro	
	2021	2020
Receivables for membership subscriptions	6,000	32,241
Receivables for services	7,578	32,764
Other receivables	1,311	4,983
Prepayments and accrued income	2,002	2,143
	16,891	72,132

Receivables for membership subscriptions represent amounts due in 2021 but collected in 2022 prior to approval of these accounts. Amounts not collected or not certain of collection at the date of approval by the Council are written-off. The decrease compared to the prior year is due to the delay experienced in collecting subscriptions during the pandemic emergency in 2020.

Receivables for services relate mainly to billings for sponsorship of events that took place in the last few months of each year. The amount can fluctuate significantly depending on the nature of our events and other activities in those months.

14. LEASES

At 31 December 2021, the Chamber had non-cancellable operating lease commitments of €107,733. The following table reconciles such lease commitments to the IFRS 16 lease liability:

	Euro
Operating lease obligations	107,733
Less lease commitments on right-of-use assets of low value	<u>(3,261)</u>
Undiscounted lease liabilities	104,472
Discounting effect	<u>(6,450)</u>
Total lease liability	98,022
Less: current portion	<u>(31,647)</u>
Lease liability, non-current portion	<u>66,375</u>

The total lease payments charged as an expense in the statement of income and expenditure amounted to €1,957 (2020 - €2,338) and comprised the lease payments on low value assets. The lease agreement on these right-of-use assets of low value relates to a multi-functional printer/copier machine and expires in 2023.

15. PAYABLES

	Euro	
	2021	2020
Trade payables	33,482	33,281
Payroll taxes and social security	7,093	6,628
Tax liability	-	2,089
Accrued payroll	24,473	30,030
Advances from sponsors	7,659	32,841
Other accrued expenses	5,636	2,058
	78,343	106,927

Accrued payroll decreased compared to the prior year due to staff using up vacation accruals from prior years.

Advances from sponsors were higher in 2020 due to the receipt of sums from sponsors for projects to be undertaken in 2021.

16. DEFERRED INCOME

	Euro	
	2021	2020
Members' subscriptions	46,002	37,700
Subscriptions from foreign English language schools	2,600	-
Deferred sponsorship income	10,000	12,491
	58,602	50,191
Less: Current portion of deferred income	(55,269)	(46,858)
Deferred income, non-current portion	3,333	3,333

Deferred members' subscriptions relate to memberships covering more than one calendar year. The major portion relates to the July-to-June membership cycle. The lower deferred income in 2020 compared to 2021 is due in part to the lack of influx of new members in the period of the first lockdown in 2020 and in part due to a higher than normal rate of membership resignations on the July-to-June membership cycle, also in 2020.

Subscriptions from foreign English Language schools are generally for the period October to September of each year. These schools were closed for much of 2020 due to the global pandemic emergency and, accordingly, as of December 31, 2020, no subscriptions were collected for the period 2020/21.

Deferred sponsorship income relates to revenue received in the year for events to be held in subsequent periods. In both years, this amount relates primarily to the Awards for Business Excellence (the "Gala Awards").

17. PROVISION FOR EMPLOYEE LEAVING INDEMNITY

The movement in the provision for employee leaving indemnity for the year 2021 is as follows:

	Euro
1 January 2021	52,943
Charge for the year	11,438
Other movements	-
31 December 2021	64,381

18. EMOLUMENTS OF THE DIRECTORS

In 2021 and in 2020 the directors did not receive any emoluments.

19. CAPITAL COMMITMENTS

The Chamber had no significant capital commitments at 31 December 2021.

20. AUDITORS' REMUNERATION

During the year fees amounting to €1,750 were incurred for services provided by the auditors.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and authorised for issue on 24 May 2022.