

THE BRITISH CHAMBER OF COMMERCE FOR ITALY (INCORPORATED)
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022**

		Euro	
	<u>Notes</u>	<u>2022</u>	<u>2021</u>
INCOME			
Subscriptions:			
- Members		248,007	224,338
- Foreign English Language Schools		12,450	4,050
Services	4	71,342	97,635
Total income		<u>331,799</u>	<u>326,023</u>
EXPENDITURE			
Staff costs	5	185,135	184,731
Cost of services rendered	6	57,370	61,096
Professional services	7	25,862	18,752
Depreciation	11	36,225	34,992
Other	8	30,902	29,311
Total expenditure		<u>335,494</u>	<u>328,882</u>
Operating deficit		(3,695)	(2,859)
Financial expenses, net	9	(4,617)	(5,926)
Deficit before taxation		<u>(8,312)</u>	<u>(8,785)</u>
Less: taxation	10	(5,193)	(2,714)
Deficit for the year		<u>(13,505)</u>	<u>(11,499)</u>
Accumulated fund at 1 January		<u>38,643</u>	<u>50,142</u>
Accumulated fund at 31 December		<u>25,138</u>	<u>38,643</u>

The notes 1 to 21 form part of these accounts


Steven Sprague
President


Roberto Franchini
Treasurer

BALANCE SHEET AT 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u>	Euro <u>2021</u>
<i>Non-current assets</i>			
Right-of-use asset	3, 11	74,545	103,164
Web-site	11	922	1,844
Office furniture and equipment	11	5,310	7,273
		<u>80,777</u>	<u>112,281</u>
<i>Current assets</i>			
Cash	12	213,399	208,819
Receivables	13	33,529	16,891
		<u>246,928</u>	<u>225,710</u>
<i>Total assets</i>		<u>327,705</u>	<u>337,991</u>
 <i>Current liabilities</i>			
Lease liability, current portion	14	34,392	31,647
Payables	15	60,121	78,343
Deferred income, current portion	16	98,820	55,269
		<u>193,333</u>	<u>165,259</u>
<i>Non-current liabilities</i>			
Lease liability	14	34,697	66,375
Deferred income	16	10,000	3,333
Provision for employee leaving indemnity	17	64,537	64,381
		<u>109,234</u>	<u>134,089</u>
<i>Total liabilities</i>		<u>302,567</u>	<u>299,348</u>
<i>Net assets</i>		<u>25,138</u>	<u>38,643</u>
 Represented by; Accumulated fund		 <u>25,138</u>	 <u>38,643</u>

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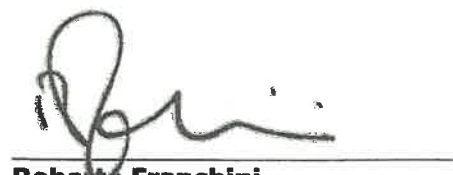
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	Euro 2021
Deficit for the year	(13,505)	(11,499)
Cash items arising from non-operating activities:		
- Financial expense	4,617	5,926
Non-cash items:		
- Depreciation charge	36,225	34,992
- Charge for employee termination indemnity	15,025	11,438
Changes in working capital:		
- Decrease (increase) in receivables	(16,638)	55,240
- Decrease in payables	(18,222)	(28,584)
- Increase in deferred income	50,218	8,411
Payment of employee termination indemnity	(14,869)	-
Net cash inflow from operating activities	42,851	75,924
Cash flow from investing activities:		
- Purchase of non-current assets, net	-	(803)
	-	(803)
Cash flow from financing:		
- Payment of lease obligations	(37,246)	(35,883)
- Other financial expenses	(1,025)	(1,048)
	(38,271)	(36,931)
Net Increase in cash	4,580	38,190
Balance of cash at 1 January	208,819	170,629
Balance of cash at 31 December	213,399	208,819

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. Increases in the rental expense that are contractually due to adjust for inflation are reflected in the carrying value of the asset and the lease liability in the periods that they arise.

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

Members' subscriptions

Members' subscriptions in 2022 amounted to €248,007 (2021 - €224,348) and include €15,000 received in 2022 relating to the subscription for a special sustaining member for the year 2020.

Income from services

	2022	Euro 2021
Events	70,083	96,720
Web Site services sponsorship	800	800
English Language Consultancy Service – advertising and bookings	459	115
	71,342	97,635

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

	2022	Euro 2021
Salaries	127,842	132,573
Social security contributions	35,780	36,749
Accrual for leaving indemnity (note 17)	15,025	11,876
Other staff costs	6,488	3,533
	185,135	184,731

Average number of employees	4	4
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Other staff costs in 2021 are net of COVID relief subsidy of €4,000 received from the Italian government.

6. COST OF SERVICES RENDERED

	Euro	
	2022	2021
English language services	15,888	14,939
Events	41,482	46,157
	57,370	61,096

7. PROFESSIONAL SERVICES

	Euro	
	2022	2021
Book-keeping services	12,678	10,396
Legal fees	7,137	1,909
Payroll services	1,932	2,915
Audit	2,000	2,000
Health and safety consultancy fees	1,240	276
Other	876	1,256
	25,862	18,752

Legal fees increased in 2022 compared with 2021 due to a legal dispute concluded in the year.

8. OTHER EXPENSES

	Euro	
	2022	2021
Travel expenses	2,454	383
Office expenses	5,226	5,064
Condominium expenses	5,311	2,923
Energy	646	697
Office cleaning	3,581	1,627
IT expenses	7,895	6,258
Membership	1,330	1,427
Stationary and telecommunications	3,136	3,824
Increase (Decrease) in provision for doubtful accounts	883	3,279

Other expenses, net	440	3,830
	<u>30,902</u>	<u>29,311</u>

Condominium expenses increased as these expenses included heating costs which were higher in 2022 due to the global increase in the price of gas. Office cleaning expenses increased to pre-Covid levels.

9. FINANCIAL EXPENSE

	Euro	
	2022	2021
Interest expense on "Right-of-Use" obligations	3,589	4,878
Bank guarantee charge	834	834
Other	194	214
	<u>4,617</u>	<u>5,926</u>

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 2022, taxation expense amounted to €5,193 and comprised IRAP for €5,158 and €35 for 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 2022	192,944
Increase in value due to rental increase	4,721
Cost 31 December 2022	<u>197,665</u>
Accumulated depreciation 1 January 2022	89,780
Charge for the year	<u>33,340</u>

Accumulated depreciation 31 December 2022	<u>123,120</u>
Net book value 31 December 2022	<u>74,545</u>
Net book value 31 December 2021	<u>103,164</u>

The increases in the carrying value of the right-of-use asset is due to the increase in the quarterly rental required under the rental agreement to adjust for annual inflation.

Other non-current assets

	Euro	
	Office furniture and equipment	Website
Cost 1 January 2022	49,929	4,608
Additions	-	-
Sale of assets	-	
Cost 31 December 2022	<u>49,929</u>	<u>4,608</u>
Accumulated depreciation 1 January 2022	42,656	2,764
Charge for the year	1,963	922
Decrease for disposals		
Accumulated depreciation 31 December 2022	<u>44,619</u>	<u>3,686</u>
Net book value 31 December 2022	<u>5,310</u>	<u>922</u>
Net book value 31 December 2021	<u>7,273</u>	<u>1,844</u>

12. CASH

	Euro	
	<u>2022</u>	<u>2021</u>
Cash at bank	213,217	208,637
Cash in hand	182	182
	<u>213,399</u>	<u>208,819</u>

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

13. RECEIVABLES

	Euro	
	2022	2021
Receivables for membership subscriptions	11,050	6,000
Receivables for services	14,895	7,578
Other receivables	6,025	1,311
Prepayments and accrued income	1,559	2,002
	33,529	16,891

Receivables for membership subscriptions amounting to €11,050 represent amounts due in 2022 but collected in 2023 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.

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 2022, the Chamber had non-cancellable operating lease commitments of €78,873. The following table reconciles such lease commitments to the IFRS 16 lease liability:

	Euro
Operating lease obligations	73,873
Less lease commitments on right-of-use assets of low value	<u>(1,672)</u>
Undiscounted lease liabilities	72,201
Discounting effect	<u>(3,112)</u>
Total lease liability	69,089
Less: current portion	(34,392)
Lease liability, non-current portion	34,697

The total lease payments charged as an expense in the statement of income and expenditure amounted to €2,247 (2021 - €1,957) 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	
	2022	2021
Trade payables	26,137	33,482
Payroll taxes and social security	5,705	7,093
Tax liability	5,193	-

Accrued payroll	19,753	24,473
Advances from sponsors	1,810	7,659
Other accrued expenses	1,523	5,636
	60,121	78,343

Accrued payroll decreased compared to the prior year due to resignation of a member of staff.

Advances from sponsors were higher in 2021 due to the receipt of sums from sponsors for projects to be undertaken in 2022.

16. DEFERRED INCOME

	Euro	
	2022	2021
Members' subscriptions	78,437	46,002
Subscriptions from foreign English language schools	7,050	2,600
Deferred sponsorship income	23,333	10,000
	108,820	58,602
Less: Current portion of deferred income	(98,820)	(55,269)
Deferred income, non-current portion	10,000	3,333

Deferred members' subscriptions relate to memberships covering future periods. Approximately €39,000 of this amount relates to the July-to-June membership cycle. The balance relates primarily to members' subscriptions relating to calendar year 2023 paid in December 2022. No such advance payments were made in December 2021 relating to calendar year 2022 and this explains the increase in deferred members' subscriptions between December 2021 and December 2022.

Subscriptions from foreign English Language schools are generally for the period October to September of each year.

Deferred sponsorship income relates to revenue received in the year for events to be held in subsequent periods. Of the balance of €23,333, €20,000 (€10,000 non-current portion) relates to the DE&I Working Group and the balance 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 2022 is as follows:

	Euro
1 January 2022	64,381
Charge for the year	15,025
Payments	(14,869)
31 December 2022	64,537

18. EMOLUMENTS OF THE DIRECTORS

In 2021 and in 2022 the directors did not receive any emoluments.

19. CAPITAL COMMITMENTS

The Chamber had no significant capital commitments at 31 December 2022.

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 29 May 2023.