

**THE BRITISH CHAMBER OF COMMERCE FOR ITALY (INCORPORATED)**  
**FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 2023**

	<u>Notes</u>	Euro	
		2023	2022
<b>INCOME</b>			
Subscriptions:			
- Members		250,165	248,007
- Foreign English Language Schools		7,050	12,450
Services	4	73,433	71,342
<b>Total income</b>		<b>330,648</b>	<b>331,799</b>
<b>EXPENDITURE</b>			
Staff costs	5	189,036	185,135
Cost of services rendered	6	45,701	57,370
Professional services	7	21,998	25,862
Depreciation	11	38,589	36,225
Other	8	36,411	30,902
<b>Total expenditure</b>		<b>331,735</b>	<b>335,494</b>
<b>Operating deficit</b>		(1,087)	(3,695)
Financial expenses, net	9	(1,976)	(4,617)
<b>Deficit before taxation</b>		<b>(3,063)</b>	<b>(8,312)</b>
Less: taxation	10	(5,365)	(5,193)
<b>Deficit for the year</b>		<b>(8,428)</b>	<b>(13,505)</b>
Accumulated fund at 1 January		25,138	38,643
<b>Accumulated fund at 31 December</b>		<b>16,710</b>	<b>25,138</b>

The notes 1 to 22 form part of these accounts


  
 \_\_\_\_\_  
**Steven Sprague**  
 President

  
 \_\_\_\_\_  
**Roberto Franchini**  
 Treasurer

## BALANCE SHEET AT 31 DECEMBER 2023

	<u>Notes</u>	Euro	
		2023	2022
<b><i>Non-current assets</i></b>			
Right-of-use asset	3, 11	43,843	74,545
Web-site	11	-	922
Office furniture and equipment	11	3,631	5,310
		47,474	80,777
<b><i>Current assets</i></b>			
Cash and cash equivalents	12	184,672	213,399
Receivables	13	33,903	33,529
		218,575	246,928
<b><i>Total assets</i></b>		266,049	327,705
 <b><i>Current liabilities</i></b>			
Lease liability, current portion	14	37,163	34,392
Payables	15	61,063	60,121
Deferred income, current portion	16	92,365	98,820
		190,591	193,333
<b><i>Non-current liabilities</i></b>			
Lease liability	14	-	34,697
Deferred income	16	-	10,000
Provision for employee leaving indemnity	17	58,748	64,537
		58,748	109,234
<b><i>Total liabilities</i></b>		249,339	302,567
<b><i>Net assets</i></b>		16,710	25,138
 Represented by;			
<b>Accumulated fund</b>		16,710	25,138

The notes 1 to 22 form part of these accounts



**Steven Sprague**  
President



**Roberto Franchini**  
Treasurer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023


	2023	Euro 2022
Deficit for the year	(8,428)	(13,505)
Cash items arising from non-operating activities:		
- Financial expense	1,976	4,617
Non-cash items:		
- Depreciation charge	38,590	36,225
- Charge for employee termination indemnity	10,455	15,025
Changes in working capital:		
- Increase in receivables	(374)	(16,638)
- Increase (decrease) in payables	942	(18,222)
- (Decrease) increase in deferred income	(16,455)	50,218
Payment of employee termination indemnity	(16,244)	(14,869)
Net cash inflow from operating activities	10,462	42,581
Cash flow from financing:		
- Payment of lease obligations	(39,645)	(37,246)
- Other financial income, net	456	(1,025)
	(39,189)	(38,271)
<b>Net increase in cash</b>	<b>(28,727)</b>	<b>4,580</b>
Balance of cash at 1 January	213,399	208,819
<b>Balance of cash at 31 December</b>	<b>184,672</b>	<b>213,399</b>

The notes 1 to 22 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.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and balances on current accounts, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **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 2023 amounted to €250,165 (2022 - €248,007) and include €12,350 received in 2023 (€15,000 in 2022) relating to the subscriptions collected in respect of prior years that had previously been written-off.

### *Income from services*

	Euro	
	2023	
	2022	
Events	72,574	70,083
Web Site services sponsorship	400	800
English Language Consultancy Service – advertising and bookings	459	459
	<b>73,433</b>	<b>71,342</b>

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". The English Language Consultancy Service was closed in September 2023.

## 5. STAFF COSTS

	Euro	
	2023	
	2022	
Salaries	136,087	127,842

Social security contributions	37,291	35,780
Accrual for leaving indemnity (note 17)	10,455	15,025
Other staff costs	5,203	6,488
	<b>189,036</b>	<b>185,135</b>
Average number of employees	4	4

## 6. COST OF SERVICES RENDERED

	Euro	
	2023	2022
English language services	11,460	15,888
Events	34,241	41,482
	<b>45,701</b>	<b>57,370</b>

The English Language Consulting Service was closed in September 2023 and, accordingly, costs relate to the operations through September.

## 7. PROFESSIONAL SERVICES

	Euro	
	2023	2022
Book-keeping services	10,376	12,678
Legal fees	1,354	7,137
Payroll services	2,241	1,932
Audit	2,000	2,000
Health and safety consultancy fees	4,902	1,240
Other	1,125	876
	<b>21,998</b>	<b>25,862</b>

Legal fees were higher in 2022 compared with 2023 due to a legal dispute in that year.

## 8. OTHER EXPENSES

	Euro	
	2023	2022
Travel expenses	1,665	2,454
Office expenses	5,803	5,226
Condominium expenses	6,242	5,311



Energy	1,357	646
Office cleaning	4,343	3,581
IT expenses	6,607	7,895
Membership	890	1,330
Stationary and telecommunications	3,362	3,136
Increase (Decrease) in provision for doubtful accounts	2,120	883
Other expenses, net	4,022	440
	<b>36,411</b>	<b>30,902</b>

Condominium expenses include heating costs which remained high in 2023 due to the global increase in the price of gas.

## 9. FINANCIAL EXPENSE

	Euro	
	2023	2022
Interest expense on "Right-of-Use" obligations	2,431	3,589
Interest income	(1,472)	-
Bank guarantee charge	834	834
Other	182	194
	<b>1,975</b>	<b>4,617</b>

## 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 2023, taxation expense amounted to €5,365 and comprised IRAP for €5,272 and €93 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 2023	197,665
Increase in value due to rental increase	5,287
Cost 31 December 2023	<u>202,952</u>
Accumulated depreciation 1 January 2023	123,120
Charge for the year	35,989
Accumulated depreciation 31 December 2023	<u>159,109</u>
<b>Net book value 31 December 2023</b>	<b><u>43,843</u></b>
Net book value 31 December 2022	<u>74,545</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 2023	49,929	4,608
Additions	-	-
Sale of assets	-	-
Cost 31 December 2023	<u>49,929</u>	<u>4,608</u>
Accumulated depreciation 1 January 2023	44,619	3,686
Charge for the year	1,678	922
Decrease for disposals	-	-
Accumulated depreciation 31 December 2023	<u>46,297</u>	<u>4,608</u>
<b>Net book value 31 December 2023</b>	<b><u>3,632</u></b>	<b><u>-</u></b>
Net book value 31 December 2022	<u>5,310</u>	<u>922</u>

## 12. CASH AND CASH EQUIVALENTS

	Euro	
	2023	2022
Cash at bank	84,031	213,217
Fixed term deposit	100,408	-
Cash in hand	232	182
	<b>184,671</b>	<b>213,399</b>

Cash at bank represents bank deposits held with two primary financial institutions. The fixed term deposit is a deposit of excess liquidity held with duration of three months and is readily convertible into available funds during the three months at the cost of waiver of accrued interest.

## 13. RECEIVABLES

	Euro	
	2023	2022
Receivables for membership subscriptions	10,950	11,050
Receivables for services	14,728	14,895
Other receivables	6,004	6,025
Prepayments and accrued income	2,221	1,559
	<b>33,903</b>	<b>33,529</b>

Receivables for membership subscriptions amounting to €10,950 represent amounts due in 2023 but collected in 2024 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.

## 14. LEASES

At 31 December 2023, the Chamber had non-cancellable operating lease commitments of €44,078. The following table reconciles such lease commitments to the IFRS 16 lease liability:

	Euro
Operating lease obligations	44,078
Less lease commitments on right-of-use assets of low value	6,003
Undiscounted lease liabilities	38,075
Discounting effect	(912)
<b>Total lease liability</b>	<b>37,163</b>
<b>Less: current portion</b>	<b>37,163</b>
<b>Lease liability, non-current portion</b>	<b>-</b>

The total lease payments charged as an expense in the statement of income and expenditure amounted to €2,537 (2022 - €2,246) 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	
	2023	2022
Trade payables	30,246	26,137
Payroll taxes and social security	7,212	5,705
Tax liability	176	5,193
Accrued payroll	18,634	19,753
Advances from members and sponsors	4,070	1,810
Other accrued expenses	725	1,523
	<b>61,063</b>	<b>60,121</b>

## 16. DEFERRED INCOME

	Euro	
	2023	2022
Members' subscriptions	73,137	78,437
Subscriptions from foreign English language schools	-	7,050
Deferred sponsorship income	19,228	23,333
	<b>92,365</b>	<b>108,820</b>
Less: Current portion of deferred income	92,365	(98,820)
Deferred income, non-current portion	-	<b>10,000</b>

Deferred members' subscriptions relate to memberships covering future periods. Approximately €40,000 of this amount relates to the July-to-June membership cycle. The balance relates primarily to members' subscriptions relating to calendar year 2024 paid in December 2023.

Subscriptions from foreign English Language schools are generally for the period October to September of each year. The English Language Consulting Service was closed in September 2023 and, accordingly, there are no related deferred revenues at the end of 2023.

Deferred sponsorship income relates to revenue received in the year for events to be held in subsequent periods.

## 17. PROVISION FOR EMPLOYEE LEAVING INDEMNITY

The movement in the provision for employee leaving indemnity for the year 2023 is as follows:

	Euro
1 January 2023	64,537
Charge for the year	10,455
Payments	(16,244)
<b>31 December 2023</b>	<b>58,748</b>

Payments of employee leaving indemnity relate to an advance of the indemnity to one employee as permitted by statute.

## **18. EMOLUMENTS OF THE DIRECTORS**

In 2022 and 2023 the directors did not receive any emoluments.

## **19. CAPITAL COMMITMENTS**

The Chamber had no significant capital commitments at 31 December 2023.

## **20. AUDITORS' REMUNERATION**

During the year fees amounting to €2,000 were incurred for services provided by the auditors.

## **21. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

### *Going Concern*

The Chamber has incurred operating losses in all but one of the last five years. The Council is cognizant that continuing losses are unsustainable in the medium term and, accordingly, has implemented a strategy to increase revenues from memberships and events and reduce costs. As part of this strategy, staff costs have been reduced at the end of 2023 and membership quotas have been increased with effect from January 1, 2024. These two actions should enable the Chamber to be profitable in 2024.

### *Office rental*

The Chamber currently rents its office premises in Via Sforza 4, Milan, under a six-year renewable lease expiring in March 2025. In January 2024, the Chamber received notice from the landlord of its intention to terminate the lease at the end of the six-year term. The landlord also indicated that it was interested in discussing an earlier termination. At its meeting on May 29, 2024, Council discussed the possibility to accept the terms of an offer from the landlord to terminate the lease on June 30, 2024. Any costs associated with vacating the premises and finding new premises are expected to be more than adequately covered by the lump-sum compensation that has been offered by the landlord. As of today, no formal agreement has been signed between the Chamber and the landlord.

## **22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and authorised for issue on 29 May 2024.