Financial Report
2020

UNIVERSAL LIFE

This document is

an internal translation into English of

the Greek audited Consolidated Financial Statements for the year ended 31st December 2020

and of the 2020 Embedded Value Report

Universal Life Insurance Public Company Limited

Financial Report 2020

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Board of Directors and Executive Management

BOARD OF DIRECTORS
Socrates Solomides *(appointed on 20/09/2019)*
Chairman

George A. Georghiou
Vice Chairman

Evan Gavas
Andreas Georghiou
Constantinos Dekatris
Demosthenis Z. Severis
Alexis Ph. Photiades
Pavlos Ph. Photiades
Stavros Christodoulides
Maria Agrotou Iacovidou

EXECUTIVE MANAGEMENT
Evan Gavas
Chief Executive Officer

Kypros Miranthis
General Manager and
Deputy Chief Executive Officer

Savvas Sideras *(appointed 01/03/2020)*
General Manager of Insurance Operations

Andreas Shakallis *(resigned on 31/12/2019)*
General Manager of Insurance Operations

COMPANY SECRETARY
Charalambos G. Chomatenos

CHIEF FINANCIAL OFFICER
Pantelis Iacovides

APPOINTED ACTUARY
Rebecca Evangelou

LEGAL ADVISORS
Lellos P. Demetriades Law Office

INDEPENDENT AUDITORS
PricewaterhouseCoopers Ltd (audit 2020)
Ernst & Young Cyprus Ltd (audit 2019)

REGISTERED OFFICE AND HEAD OFFICE
Universal Tower
85 Dighenis Akritas Avenue
1070 Nicosia
P.O.Box 21270, 1505 Nicosia

Financial Highlights of the Group

	2020	2019 Revised	**2020/2019 Increase/ (decrease)**
	€000	€000	**%**
Premiums	**102 940**	106 421	**(3,3)**
Net operating income and profit before income tax	**1 129**	5 314	**(78,7)**
Net (loss)/profit for the year	**(85)**	4 337	**(101,9)**
Insurance Contracts Liabilities	**283 317**	305 401	**(7,2)**
Total Assets	**381 442**	411 401	**(7,3)**
Total Equity	**38 738**	38 261	**1,2**

Management Report

The Board of Directors submits to the shareholders their report together with the audited Consolidated Financial Statements for the year ended 31 December 2020.

ACTIVITIES

Universal Life Insurance Public Company Limited (the "Company") is the parent company of the Universal Group of Companies (the "Group"). The principal activities of the Group during the year were life insurance, accident and health insurance and administration of superannuation and managed pension funds in Cyprus. The Group companies are set out in Note 8.

The Company operates through a network of nine branches for its insurance operations in Cyprus.

CHANGES IN GROUP STRUCTURE

During the year there has been no change in the structure of the Group. The Company does not have the intention to perform any acquisitions or mergers.

FINANCIAL RESULTS

In 2020 the Group incurred losses after tax amounting to €85 000 compared to profits €4 337 000 in 2019. The decrease in profitability is mainly due to net losses on the fair value of immovable properties and financial assets at fair value through profit or loss.

The financial highlights for 2020 and 2019 are as follows:

	2020	2019
		Revised
	€000	€000
Premiums	**102 940**	106 421
Net operating income and profit before income tax	**1 129**	5 314
Net (loss)/profit for the year	**(85)**	4 337
Insurance contracts liabilities	**283 317**	305 401
Total assets	**381 442**	411 401
Total equity	**38 738**	38 261

DIVIDENDS

The Board of Directors does not propose the payment of a final dividend for 2020.

RISK MANAGEMENT

Like all other financial organisations, the Group is exposed to risks, the most significant of which are those arising from obligations to policyholders and risks of financial instruments held. These risks are monitored on a systematic basis and all the necessary measures are taken to prevent undue risk concentrations. Further information on the Group's insurance and financial risks, are presented in Note 32 of the Consolidated Financial Statements.

FUTURE DEVELOPMENTS

The most significant objectives of the Group for the next three years are the following:

- Development of human resources.
- Transformation of the Health Business Portfolio.
- Digitisation, automation and reengineering of business processes.
- Optimisation of investment portfolio mix.
- Further penetration of the Life Insurance Market.

Management Report

The planning and implementation for the achievement of the above objectives has already commenced.

GROUP OPERATING ENVIRONMENT

The Cypriot economy has been negatively affected from the spread of the new Coronavirus (COVID-19). On 11 March 2020, the World Health Organisation announced the outbreak of COVID-19 as a global pandemic, recognising its rapid spread around the world. In response to the pandemic, the Government of the Republic of Cyprus and many governments around the word, have implemented and continue to implement numerous measures trying to limit and further delay the spread and effects of COVID-19. These measures include: mandatory isolation from people who might have been affected by the virus, implementing measures of social distancing and mass quarantine, control or closure of borders as well as imposition of restrictions on business, including the closure of unnecessary business.

These measures have, among others, substantially reduced economic activity in Cyprus and globally and have negatively impact, and may continue to adversely affect, businesses, market participants as well as the Cypriot economy and other economies around the world as long as they remain valid for an unknown period of time.

The Management of the Group has take and continue to takes all the necessary measures so as to ensure the minimum disruption and sustainability of the Group's activities by supporting the staff, its customers and its associates. The measures that have been taken includes travel restrictions of employees belonging to vulnerable groups and social distancing measures such as replacing physical presence meetings with teleconferences. In particular, as of March 2020, non-key employees of the Group are working from home or mix remote work with on-site shifts and employees in key position are working in different locations limiting their exposure to the virus. In addition, strict hygiene rules have been implemented for the health and safety of the Group's employees and customers.

SHARE CAPITAL

During the year there were no changes in the issued share capital of the Company.

On 29 March 2021, Hellenic Bank Public Company Ltd acquired the 17,94% of the share capital of the Company.

DEVELOPMENTS OVERVIEW, PERFORMANCE, ACTIVITIES AND GROUP POSITION

During the year ended 31 December 2020, Group's turnover decreased by 3,3% to €102,9m compared to €106,4m in 2019. This decrease is due to the reduction of premiums in the accident and health business as a result of the NHIS implementation.

Alongside with the decrease in turnover, the profitability has substantially decreased, resulting in net loss for the year of €85 000 compared to €4,3m profits for the year 2019.

The reduction in profitability was a result of losses incurred due to the crisis in both the equity and debt markets and the decline in the value of investment properties due to the impact of the pandemic on the local real estate market. During the year ended 31 December 2020, the Group has invested in equipment an amount of €0.7m which was financed with cash from operations.

In 31 December 2020 the total assets of the Group were €381,4m (2019 revised: €411,4m) and the total equity were €38,7m (2019 revised: €38,3m)

The financial situation, development and performance of the Group as presented in the consolidated financial statements is consider satisfactory.

Management Report

EVENTS AFTER THE REPORTING PERIOD
Post year events affecting the understanding of the financial statements are description in Note 38 to these consolidated financial statements.

BRANCHES
The Group operated through a network of nine branches during the year.

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY
The directly and indirectly participations of the members of the Board of Directors in the share capital of the Company, their spouses and minor children and their affiliated companies, at 31 December 2020 and 18 May 2021 is presented below:

	31 December 2020	18 May 2021
	%	%
Andreas Georghiou	2,84	1,07
Demosthenis Z. Severis	0,08	0,08
Pavlos Ph. Photiades	32,20	24,23
Alexis Ph. Photiades	19,29	19,29
George A. Georghiou	14,12	6,15

The other members of the Board of Directors namely Messrs Constantinos Dekatris, Socrates Solomides, Stavros Christodoulides, Maria Agrotou Iacovidou and Evan Gavas and their related persons and companies, do not hold any voting rights in a general meeting.

MAJOR SHAREHOLDERS
At 31 December 2020 and at the date of this report, the direct and indirect shareholder of the Company who hold direct or indirect participation of more than 5% of the issued share capital of the Company, including their spouses and children and their affiliated companies, were as follows:

	31 December 2020	18 May 2021
	%	%
Photos Photiades Group Ltd	58,34	58,34
Magnum Investments Ltd	24,77	7,06
Hellenic Bank Public Company Ltd	-	17,94
Pavlos Ph. Photiades	32,20	24,23
Alexis Ph. Photiades	19,29	19,29
George A. Georghiou	14,12	6,15

BOARD OF DIRECTORS
During 2020 and up to the date of this Report, the Board of Directors is comprised of the following members:

Socrates Solomides (Chairman from 20/09/2019)
George A. Georghiou (Vice Chairman)
Evan Gavas
Andreas Georghiou
Constantinos Dekatris
Demosthenis Z. Severis
Alexis Ph. Photiades
Pavlos Ph. Photiades

Management Report

Stavros Christodoulides
Maria Agrotou Iacovidou

In accordance with the Company's Articles of Association, Mr. Constantinos Dekatris and Mrs. Mrs Maria Agrotou Iacovidou retire by rotation but being eligible offer themselves for re-election.

INDEPENDENT AUDITORS

During 2019, the Company carried out a bidding process under the European Union Regulation on Public Benefit Entities and the implementations for the mandatory change of existing external auditors. Following a recommendation from the Audit Committee, the Company's Board of Directors by a resolution at the Annual General Meeting appointed PricewaterhouseCoopers (Pwc) as external auditors of the Group from 1 January 2020.

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue to provide their services. A resolution authorising the Board of Directors to determine their remuneration will be submitted to the Annual General Meeting.

Socrates Solomides
Chairman
18 May 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020	2019 Revised
		€000	€000
Income			
Premiums	35a	**102 940**	106 421
Reinsurance premiums	35a	**(38 415)**	(43 467)
Net premiums		**64 525**	62 954
Commission from reinsurers and other commissions		**11 721**	9 032
Investment and other income	4	**800**	962
Net change in fair value of investment properties	12	**(16 004)**	(1 215)
Net (loss)/profit in fair value of financial assets at fair value through profit or loss		**(7 492)**	14 151
Total net income		**53 550**	85 884
Outgo			
Gross payments to policyholders	35b	**72 244**	78 321
Reinsurers' share of payments to policyholders	35b	**(22 693)**	(34 716)
Gross change in insurance contracts liabilities	25	**(21 220)**	8 568
Reinsurers' share of change in insurance contracts liabilities	25	**3 138**	4 847
Gross change in deferred acquisition costs		**108**	(17)
Reinsurers' share in deferred acquisition costs		**(121)**	25
Operating expenses	5	**10 837**	13 191
Impairment of amounts receivable		**149**	87
Other expenses		**31**	17
Commission to insurance agents		**9 533**	9 956
Interest expense		**287**	251
Foreign exchange differences		**-**	(2)
Change in unappropriated surplus	24	**(55)**	30
Expenses from the administration of superannuation and pension funds		**183**	12
Total net outgo		**52 421**	80 570
Net operating income and profit before income tax		**1 129**	5 314
Tax	7	**(1 214)**	(977)
Net (loss)/profit for the year		**(85)**	4 337
Assigned to:			
Owners of the Group		**427**	4 337
Minority rights		**(512)**	-
		(85)	4 337

The notes on pages 15 to 77 form part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 €000	2019 Revised €000
Other comprehensive income/(outgo) not to be reclassified in the consolidated income statement in subsequent periods			
Revaluation of property		**453**	(33)
Deferred tax on revaluation of property		**109**	42
Net comprehensive income not to be reclassified in the consolidated income statement in subsequent periods		**562**	9
Other comprehensive income for the year after tax		**562**	9
Total comprehensive income for the year after tax		**477**	4 335
Assigned to:			
Owners of the Group		**989**	4 335
Minority rights		**(512)**	-
		477	4 335

The notes on pages 15 to 77 form part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	**31/12/2020**	31/12/2019	01/01/2019
			Revised	Revised
		€000	€000	€000
Assets				
Cash and deposits with banks	10	**28 829**	42 926	26 223
Debtors and prepayments	11	**1 374**	1 374	2 605
Financial assets at fair value through profit or loss	13	**167 491**	162 819	161 061
Loans and receivables	14	**3 978**	5 111	4 410
Reinsurers' share in insurance contracts liabilities	25	**14 067**	17 811	22 535
Premiums receivable and other insurance receivables	16	**8 667**	9 234	18 666
Tax receivable	7	**380**	380	380
Property and equipment	19	**17 552**	17 165	17 306
Investment properties	12	**137 585**	152 915	153 574
Assets with right of use	21	**316**	475	-
Deferred acquisition costs		**668**	776	759
Intangible assets	20	**535**	415	669
Total assets		**381 442**	411 401	408 188
Liabilities				
Bank overdraft	10	**884**	5 034	5 044
Creditors and accruals	22	**6 639**	6 937	6 027
Tax payable	7	**877**	1 015	1 333
Unappropriated surplus of life insurance business	24	**407**	462	432
Reinsurers' share in deferred acquisition costs		**846**	967	942
Liabilities of superannuation and managed pension funds	15	**17 785**	14 706	15 476
Insurance liabilities	23	**24 400**	30 296	39 985
Insurance contracts liabilities	25	**283 317**	305 401	296 664
Leases liabilities	21	**467**	631	-
Deferred tax liabilities	7	**7 082**	7 691	7 788
Total liabilities		**342 704**	373 140	373 691
Equity				
Share capital	28	**14 489**	14 489	14 489
Share premium		**5 379**	5 379	5 379
Revaluation reserves	29	**9 412**	8 850	8 841
Minority rights	6	**1 595**	2 107	-
Retained profits	29	**7 863**	7 436	5 788
Total equity		**38 738**	38 261	34 497
Total equity and liabilities		**381 442**	411 401	408 188

Socrates Solomides, *Chairman*

Evan Gavas, *Chief Executive Officer*

Pantelis Iacovides, *Chief Financial Officer*

18 May 2021

The notes on pages 15 to 77 form part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share Capital (Note 28)	Share Premium	Revaluation Reserve (Note 29)	Retained Profits (Note 29) Revised	Minority Rights (Note 6)	Total
	€000	€000	€000	€000	€000	€000
At 1 January 2020	14 489	5 379	8 850	7 436	2 107	38 261
Profit/(loss) for the year	-	-	-	427	(512)	(85)
Other comprehensive income for the year after tax	-	-	562	-		562
At 31 December 2020	**14 489**	**5 379**	**9 412**	**7 863**	**1 595**	**38 738**
At 1 January 2019 (as originally presented)	14 489	5 379	8 841	3 542	-	32 251
Correction of errors of previous periods (Note 3)	-	-	-	2 246	-	2 246
At 1 January 2019 (revised)	14 489	5 379	8 841	5 788	-	34 497
Results from the adoption of IFRS 16 – Leases	-	-	-	(153)		(153)
At 1 January 2019 (revised)	14 489	5 379	8 841	5 635	-	34 344
Profit for the year (revised)	-	-	-	4 337	-	4 337
Other comprehensive income for the year after tax	-	-	9	-	-	9
Total comprehensive income for the year	-	-	9	4 337	-	4 346
Dividends (Note 9)	-	-	-	(2 536)	2 107	(429)
At 31 December 2019	14 489	5 379	8 850	7 436	2 107	38 261

The notes on pages 15 to 77 form a part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020	2019
			Revised
		€000	€000
Net cash flow from operating activities	31	**(6 362)**	(12 145)
Cash flow from investing activities			
Purchase of investment properties	12	**(574)**	(556)
Proceeds from sale of investment properties		**106**	-
Payments for the purchase of financial assets at fair value through profit or loss		**(140 674)**	(45 958)
Proceeds from the sale of financial assets at fair value through profit or loss		**137 088**	76 492
Proceeds from loans to policyholders		**762**	-
Disbursements of loans to policyholders		**-**	(949)
Decrease in bank deposits		**14 355**	-
Increase in bank deposits		**-**	(17 073)
Decrease in blocked deposits		**894**	14
Purchase of property and equipment	19	**(402)**	(181)
Payments for the purchase of intangible assets	20	**(210)**	(129)
Investment income received		**800**	962
Net cash flow from investing activities		**12 145**	12 622
Cash flow for financing activities			
Leases payments		**(194)**	(190)
Payment of dividend		**-**	(382)
Payment of interest expenses		**(287)**	(251)
Net cash flow for financing activities		**(481)**	(823)
Net increase/(decrease) in cash and cash equivalents		**5 302**	(346)
Cash and cash equivalents at 1 January	10	**(3 955)**	(3 609)
Cash and cash equivalents at 31 December	10	**1 347**	(3 955)

The notes on pages 15 to 77 form part of the financial statements.

Summary of significant accounting policies

A summary of the accounting policies followed in respect of items that are considered material or significant for the results of the year and the financial position of the Group are stated below:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113.

The consolidated financial statements have been prepared on a historical cost basis, except for properties held for own use, investment properties and financial assets at fair value through profit, that have been measured at fair value.

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding expected recovery or settlement of financial assets and liabilities within twelve months after the consolidated statement of financial position date and more than twelve months after the consolidated statement of financial position date is presented in note 33.

Operating environment of the Group

The Cypriot economy has been negatively affected from the spread of the new Coronavirus (COVID-19). On 11 March 2020, the World Health Organisation announced the outbreak of COVID-19 as a global pandemic, recognising its rapid spread around the world. In response to the pandemic, the Government of the Republic of Cyprus and many governments around the word, have implemented and continue to implement numerous measures trying to limit and further delay the spread and effects of COVID-19. These measures include: mandatory isolation from people who might have been affected by the virus, implementing measures of social distancing and mass quarantine, control or closure of borders as well as imposition of restrictions on business, including the closure of unnecessary business.

These measures have, among others, substantially reduced economic activity in Cyprus and globally and have negatively impact, and may continue to adversely affect, businesses, market participants as well as the Cypriot economy and other economies around the world as long as they remain valid for an unknown period of time.

The Management of the Group has take and continue to takes all the necessary measures so as to ensure the minimum disruption and sustainability of the Group's activities by supporting the staff, its customers and its associates. The measures that have been taken includes travel restrictions of employees belonging to vulnerable groups and social distancing measures such as replacing physical presence meetings with teleconferences. In particular, as of March 2020, non-key employees of the Group are working from home or mix remote work with on-site shifts and employees in key position are working in different locations limiting their exposure to the virus. In addition, strict hygiene rules have been implemented for the health and safety of the Group's employees and customers.

Going concern

Global efforts to reduce the spread of COVID-19, have significantly affected businesses worldwide and led to global economic slowdown. While the situation is evolving rapidly and the full impact is not yet known, the pandemic affects the activities of businesses and consumers worldwide.

The IAS 1 "Presentation of Financial Statements" requires Management to assess the Group's ability to continue as an active financial unit and to indicate whether this assumption is appropriate. According to IAS 1, this estimate relates to a period defined as the foreseeable future which is generally acceptable as the 12 months from the consolidated financial position date or 12 months from the date of signature of the consolidated financial statements. In addition, disclosures are required when the basis of the continuing activity is not used or where management has realised, in its assessment, any material uncertainties related to events or circumstances that may call into question the Group's ability to continue as a going concern entity.

The Management of the Group acknowledges that the effects of the pandemic will lead to specific accounting estimates, disclosures and invitations of internal control procedures that should be carefully evaluated. Therefore, an impact assessment was carried out taking into account the existing and expected effects on the Group's activities with particular emphasis on the assessment of the appropriate use of the going concern assumption.

In particular, the Management of the Group has evaluated the following:

1) The possible impairment in the value of non-financial assets. Based on the impairment test performed, the Management of the Group, had concluded that no additional impairment charges need to be recognised.

2) The possible effects on the valuation of property, plant and equipment and investment in property recognise at fair value. The Group has evaluated the assumptions used by the independent valuers it has appointed and is convinced that the estimates are fully substantiated.

3) The main factors which affected investment returns during 2020 were the realised losses caused by the crisis that unfolded in both the stock and bond markets and the decrease in the value of investment properties due to the impact of the pandemic on the local real estate market.

4) Claims have decreased due to the full implementation of the NHIS and the fact that a portion of clients use its medical services. In addition, claims were reduced due to restrictions on movement as a result of the pandemic which also affected treatments that could be performed abroad at increased cost.

5) At the same time, the evaluation focused on all four main pillars of the Group’s operations: Human Resources, Insurance Operations, Investments, Finance. Impact assessment was performed for each of these pillars, the actions taken were noted and the conclusions were recorded.

In all pillars the Management considers that all possible appropriate measures have been taken and believes that the Group can successfully manage business risks while having sufficient resources to continue its operational activity in the foreseeable future, as defined by IAS 1.

On the basis of the above, management concludes that while the negative effects of the pandemic are significant in the short term, they will not affect the Group's ability to continue as a going concern entity. As a result, the Group's Management continues to use this basis in the preparation of the annual consolidated financial statements.

2. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional and reporting currency of the financial statements of the Group. All amounts are rounded to the nearest thousand except where otherwise indicated.

3. Adoption of new and amended standards and interpretations

During the current year, the Group has adopted all new and amended International Financial Reporting Standards (IFRS) which are related to its activities and are applicable for accounting periods beginning on or after 1 January 2020. The Group has not previously applied any other standard, interpretation or amendment that has been issued but has not entered into force.

Summary of significant accounting policies

The Group has adopted the new standards, amendments and interpretations, to the extent that it was relevant to the Group. The relevant and important new standards for the Group are:

• Amendments to the Conceptual Framework of IFRS standards.

• Definition of 'material' – Amendments to IAS 1 and IAS 8.

• Definition of 'business' – Amendments to IFRS 3.

• Interest rate benchmark reform – Amendments of IFRS 9, IAS 39 and IFRS 7.

This adoption did not have any significant impact on the Group's financial statements. New or amendment disclosures for the current period are presented where applicable, and the disclosures for the comparative period are comparable to those made in the previous year.

3.1 New accounting pronouncements

At the date of approval of these consolidated financial statements a number of new standards, interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016)*. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The Group is currently assessing the impact of the new standard on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the adoption of this standard is not reasonably estimable.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)*. The EU endorsement is postponed as IASB effective date is deferred indefinitely. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not reasonably estimable.

- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)*. The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss.

An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by Management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not known or reasonably estimable.

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)*. IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately. The Group has started the process of evaluating the impact of the application of the standard on the results and its financial position. The Company has appointed external consultants in the implementation and enforcement of IFRS 17 while creating an internal team.

  At this stage, the Gap analysis and the Impact assessment have been completed, the results of which were presented to the Board of Directors. The Group is currently in the final stage of evaluating bids from companies that have the software which has the ability to perform the required calculations set by the standard.

- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023)*. The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

  - Effective date: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
  - Expected recovery of insurance acquisition cash flows: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
  - Contractual service margin attributable to investment services: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
  - Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts

held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

- Other amendments: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The Group has started assessing the impact of the application of the standard on its income statement and financial position.

- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023)*. The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not known.

- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022)*. These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments.

There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not reasonably estimable.

- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after

1 January 2021)*. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.
- End date for Phase 1 relief for non-contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.
- Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

  The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not reasonably estimable.

- Amendment to IFRS 16 – Decrease in leases due to COVID-19 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

  The Group has chosen to apply earlier the amendments to IFRS 16 regarding lease reductions due to COVID-19. The amendments provide tenants (but not landlords) with relief in the form of an optional exemption from assessing whether a COVID-19 lease reduction is a lease amendment. Tenants may choose to account for rent reductions in the same way that they would account for them if they were not lease changes. In many cases, this will result in lease reductions being recognised in accounting as variable lease payments. The practical solution applies only to lease reductions that occur as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a change in leases entails a revised rental consideration that is essentially the same as, or less than, the consideration for lease just before the change, the reduction in lease payments only affects payments that were originally due on or before June 30, 2021 and there is no substantial change in other terms and conditions. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not reasonably estimable.

*Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.

4. Classification of insurance products

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from the other party (the policyholder), by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

A contract that was classified as an insurance contract remains so until the fulfillment or expiration of all rights and obligations deriving from the contract, even if the insurance risk has been significantly reduced during the contract period.

5. Basis of consolidation

The consolidated financial statements include the accounts of Universal Life Insurance Public Company Ltd (the "Company") and all its subsidiaries companies (Note 8) that together with the Company are referred to as the "Group". All are fully owned both in 2020 and 2019 except for Universal Golf Enterprises PLC, where at 31 December 2020 the Company held 94.14% (2019: 94.14%) of its share capital. Transactions and balances arising between subsidiaries of the Group are eliminated on consolidation. The subsidiaries are consolidated from the date on which the Group acquired control and cease to be consolidated when control is transferred outside the Group.

Subsidiaries are all companies (including structured companies) in which the Group has control. The group controls an entity (company) when it is exposed or has the rights, to the variable returns from its involvement with the company and has the ability to influence the returns through the control it exercises over the company.

The Group recognises any minority rights in the acquired company either at fair value or to the share of the net assets of the acquired company and corresponds to the minority interest, for each acquisition separately.

The financial statements of the subsidiary companies of the Group are prepared for the same financial reporting period as the holding company, using the same accounting policies.

Transactions with minority shareholders (non-controlling interest)

The Group treats transactions with minority shareholders as transactions with shareholders of the Group. For purchases by minority shareholders, the difference between the acquisition cost and the participation at the book value of the recognisable net asset of the acquired subsidiary, is recognised in equity. Profits or losses of the Group from sales in minority interest are also included in equity.

6. Foreign currency transaction

The consolidated financial statements are presented in Euro (€), which is the functional and presentation currency of the Company and its subsidiaries in Cyprus. Transactions in foreign currencies are recording using the functional currency rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date of the consolidated financial position. Non-monetary assets and liabilities measured at fair value in foreign currency are translated using the exchange rate at the date that the fair value was determined.

Exchange differences arising from current transactions in relation to insurance business, the translation of the investments relating to unit-linked investment plans and of other assets and liabilities denominated in foreign currencies, are dealt with in the income statement of the respective business.

7. Insurance business

Life and annuity business

The operations of life and annuity business include life insurance and their supplementary benefits and annuities. Premiums from life insurance policies which are not linked to investments are accounted for when they become due and the grace period has not elapsed according to the terms of the respective insurance contracts.

Premiums from life insurance policies which are linked to investments are accounted for when they become due and units are distributed to the policyholders.

Commissions to insurance intermediaries are recognised in the income statement on an accrual basis, in accordance with the terms of the agreements with intermediaries.

A provision is made for risks incurred and for matured policies. The insurance liabilities and consequently the results of the business are determined following the actuarial valuation of insurance liabilities for in-force policies, including benefits to participating policies. The amount of the surplus which is allocated to the shareholders of the Company and to the holders of participating insurance policies or which is retained for distribution in future years is determined by the Board of Directors on the advice of the actuaries.

Unallocated surplus

The unallocated surplus represents the excess of assets over liabilities of policyholders with Discretionary Participating Features (DPF), not yet divided between them and the shareholders. The Group has elected to classify the entire unallocated surplus as a liability without any allocation to equity. This reflects the fact that the participation of shareholders in the distribution of profits occurs only during distribution. The Group has the discretion to decide the amount and time of distribution of this surplus.

Accident and health insurance business

Premiums are accounted for when they become due during the period where the risk coverage applies.

Insurance contract liabilities includes a provision for the estimated amount of claims that have arisen but have not been settled by the reporting date. For cases where the claim has been notified, the provision is calculated on a case by case basis and is based on the estimated cost including settlement expenses. The provision includes claims in relation to risks incurred but not reported (I.B.N.R) up to the reporting date. Past experience and actual data regarding the number and amount of claims reported after the reporting date are used to calculate this provision up to the preparation date of the consolidated financial statements. Insurance contract liabilities for pending claims of accident and health business are based on the expected final cost of all claims that have been occurred and not been settled by the reporting date, whether or not they have been disclosed to the Company, including claims management costs.

Commissions to insurance intermediaries are recognised in the income statement on an accrual basis, in accordance with the terms of the agreements with intermediaries.

The unearned premiums reserve represents the amount of premiums that relates to the risk period after the reporting date. Provision is made separately for each insurance policy taking into account the frequency of payment.

The deferred acquisition costs (costs that relate to policies contracted in the current financial year but which relate also to future years) are calculated on a comparable basis to that used for unearned premiums.

The reserve for unexpired risks is calculated based on claims and management expenses expected to be incurred after the end of the financial year and is in relation to policies contracted before this date, to the point that their expected amount exceeds the unearned premiums reserve.

Management of retirement and pension funds
The Group manages retirement funds and group pension plans on behalf of clients. The relevant fees are recognized in the consolidated statement of comprehensive income.

Examination of the adequacy of the insurance liabilities
The Group examines at each balance sheet date whether its recognised insurance liabilities are adequate, using the current valuations of insurance policies' future cash flows. If the book value of insurance liabilities is insufficient, the total deficit is recognised in the income statement.

Liabilities of life insurance policies related to investments
The insurance liabilities and consequently the results of life, accident and health insurance businesses, are determined following the annual actuarial valuation of the liabilities of these businesses. The surplus or deficit from the operations, is distributed to the policyholders and to the shareholders according with the terms of their insurance policies. The insurance liabilities include the unit reserve, which represents the fair value of the units at the reporting date. They also include the insufficiency reserve, which is calculated separately for each insurance policy by the discount method, for each year that future expenses exceed income, until the expiration of the policy.

Investment contracts liabilities
The liability of investment contracts linked to investments is determined following an annual actuarial assessment of the liabilities of these contracts. The investment contracts liability linked to investments, include the unit reserve, which represents the fair value of the units at the reporting date. It also includes the insufficiency reserve, which is separately calculated for each investment contract using the discount method, for each year where the future expenses exceed income, until the expiration of the contract.

Liabilities of non-investment life insurance policies
The liabilities are calculated on the basis of actuarial assumptions, and the present value of premiums is deducted from the present value of the sum insured for each insurance policy.

8. Investment income
Investment income includes interest income, dividends and rents from investment property and is shown after the deduction of investment management fees.

Interest income is recognized using the effective interest rate.

Dividend income is recognised when the Group's right to receive payment is established.

Rental income from investment properties is accounted for on a systematic basis over the lease period.

9. Provision of retirement benefits
The Group operates several defined contributions plans for providing retirement benefits to permanent employees and insurance agents.

Contributions are made in separate defined contribution schemes calculated as fixed percentages of the emoluments of staff and of the commissions of insurance agents. The relevant cost is recognised in the consolidated statement of comprehensive income.

10. Interest Expenses
Interest expenses are recognised in the year in which they are incurred.

11. Investment property
Property that is held by the Group for rental and / or for capital appreciation is classified as investment property. In the case that property held by the Group is used partly in the Group's operations and partly for rental or is kept for capital appreciation, the classification is dependent on whether the constituent parts can be sold separately. If this is not the case, the property is classified as property used in the Group's operations unless the part used by the Group is insignificant. The classification of properties is examined on a systematic basis and is revised whenever there are significant changes in their use.

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition investment properties are measured at fair value as at the reporting date. Valuations are carried out by independent valuers. Depending on the nature of the property and the existing market information the determination of fair value may require the use of estimates such as future cash flows from property and the appropriate discount rate for the flows. Properties held for unit-linked investment plans are subject to intermediate valuations performed by the Group's Management.

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement of the period in which they arise.

Transfers to or from investment properties are made when there is a change in use evidenced by the end of private use, the beginning of an operating lease to another person or the completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent recognition is the fair value at the date of change in use. If an owner-occupied property is transferred to investment property, the Group recognises this property in accordance with the policy followed for owner-occupied properties until the date of the change in use.

12. Investments
All investments are classified as investments at fair value through profit or loss and are measured at fair value.

All purchases and sales of investments for normal delivery are accounted for on the date of the transaction, on which the Group is committed to purchase or sell the investment.

Investments cease to be recognised when the contractual rights over their related cash flows expire or when the Group transfers all risks and rewards of ownership.

Investments classified as investments at fair value through profit or loss include investments held for trading and other investments.

Investments held for trading are those that (a) are acquired or incurred principally for the purpose of sale or repurchase in the near future, or (b) are part of a portfolio of separately identifiable financial instruments that have been commonly managed and for which there is evidence of a recent pattern of short term profit-taking.

All other investments are classified as investments at fair value through profit or loss upon their initial recognition when (a) the classification removes or reduces significantly an inconsistency that relates to the measurement of assets or liabilities or the recognition of related profits or losses using different bases or (b) they are collectively managed, investment performance is assessed having regard to their fair value in accordance with a verified risk or investment management strategy and information is provided to the Management of the Group on the same basis.

Investments at fair value through profit or loss are measured at fair value, based on market prices for listed securities. The fair value of unlisted securities is estimated using appropriate models and valuation methods and/or on the basis of the investee's financial results, condition and prospects of the investee, compared to those of similar companies for which quoted market prices are available. Changes in fair value of investments classified at fair value through profit or loss are recognized in the consolidated statement of comprehensive income.

All Group investments are classified as investments at fair value through profit or loss as all the conditions for such classification are met.

13. Property, equipment and computer software

Freehold land and buildings occupied by the Group for use in the supply of services or for administrative purposes are classified as properties used for the operations of the Group and are initially measured at cost. Periodically, these properties are revalued to their estimated fair value, based on valuations by independent qualified valuers, less accumulated depreciation.

Depreciation is calculated on the revalued amount less the estimated residual value on a straight line basis over the useful economic life, which has been estimated to be between 25 and 50 years. Land is not depreciated.

On disposal of freehold property, the relevant reserve balance is transferred to retained earnings / accumulated losses.

The cost of adapting / improving leasehold property is amortised over 10 years or during the period of the lease if it does not exceed 10 years.

Equipment and computer software is measured at cost less accumulated depreciation and any impairment. Depreciation is calculated on a straight-line basis over their expected useful life using the following rates per annum:

Office, furniture and equipment	10% - 25%
Motor vehicles	12% - 20%
Computer software	20% - 33 1/3%

The book value of equipment and computer software is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If there is such an indication and the book value is greater than the expected recoverable amount the assets or the cash flow creating units are impaired to the recoverable amount. The recoverable amount for equipment and computer software is the greater of the net sale proceeds and the value in use. For the calculation of the value in use, the expected future ash flows are discounted to their present value using a pre-tax discount rate that reflects the current estimates of the market for the time value of money and the specific risks associated with the asset. For assets that do not generate cash flows from their continuous use, that are independent of the cash flows of other assets, the recoverable amount is determined for the unit that generates the cash flows to which the asset belongs.

Expenditure on repairs and maintenance of property, plant and equipment are charged to the consolidated statement of comprehensive income in the year in which they are incurred. Major renovation and other subsequent costs are included in the asset's book value or recognised as a separate asset only when it is probable that future financial benefits will accrue to the Group in respect of the asset, and its cost can be reliably calculated.

Profits and losses on disposal of property, plant and equipment are determined by comparing collections to book value and are recognised in the consolidated statement of comprehensive income. In the event of disposal of revalued assets, the amounts included in the other reserves are transferred to the retained earnings.

14. Claims from reinsurers

The Group reinsures risks that exist as a result of insurance contracts issued in the normal course of business.

Claims from reinsurers include their share of insurance contracts liabilities and of insurance claims and are calculated in accordance with the terms of the reinsurance agreements.

Reinsurance premiums, commissions from reinsurers and their share in insurance contracts liabilities are shown separately in the financial statements.

Amounts due from reinsurers are reviewed for possible impairment and are impaired to the recoverable amount when there is objective evidence that the Group may not collect the whole amount due according to the terms of the reinsurance agreements.

15. Insurance receivables and other debtors

Insurance receivables and other debtors are presented in the consolidated statement of financial position net of the provisions for bad and doubtful debts that may arise in the normal course of business.

A specific provision is made when there is objective evidence that the Group will not fully collect the amount due. The provision is the difference between the carrying amount of the claim and the expected recoverable amount that is defined as the present value of the expected future cash flows including the expected recoverable amounts from guarantees and securities discounted using the effective interest rate of the debt.

16. Income Tax

Provision is made for income tax in accordance with the fiscal regulations and rates which apply in the countries where the Group operates and is recognised as an expense in the period in which the income arises. Deferred tax is provided using the liability method.

Deferred tax liabilities are recognised for all taxable temporary differences between the tax basis of assets and liabilities and their carrying amounts at the reporting date which will give rise to taxable amounts in future periods.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unutilised tax losses can be utilised. The Group's policy is not to recognise deferred tax on balances related to IFRS 16 (assets and liabilities).

The book value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilise all or part of the deductible temporary differences or tax losses.

Deferred tax assets and liabilities are measured at the amounts that are expected to be recovered from or paid to the tax authorities, taking into account the legislation and tax rates in force or materially enacted, up to the reporting date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

17. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash deposits and other highly liquid investments that are readily convertible into cash or are repayable within three months of the date of acquisition, less any bank overdrafts. In the financial statement position, bank overdraft including liabilities and are considered short-term.

18. Provisions for legal disputes

Provisions for legal disputes are recorded when: (a) The Group has a current obligation (legal or constructive) arising from past events, (b) it is possible that a cash outflow of economic benefits would be required for settlement of the obligations and (c) a reliable estimate of the amount of the obligation can be made.

19. Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported in the consolidated statement of financial position when the Group has a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

20. Write off of financial liabilities

A financial liability is written off when it is repaid, namely when the contractual liability is fulfilled or cancelled, or when it expires.

21. Share capital and share premium

Ordinary shares are classified as equity. The difference between the fair value that is received by the Group upon the issue of shares and the nominal value of the issued share capital is transferred to the share premium account.

This difference can be recovered in limited ways, which do not include the distribution of dividends and is subject to the provisions of the Companies Law on the reduction of share capital.

22. Leases

The Group assesses at the conclusion of the contract whether a contract is or contains a lease. This is the case if the contract transfers the right to control the use of a specified asset for a period of time for consideration.

The Group as a lessee

The Group applies a uniform initial recognition and measurement approach for all leases except short-term leases and leases of low value assets. The Group recognises lease liabilities for lease payments and right-to-use assets for these assets.

A) Assets with the right of use

The Group recognises assets with a right to use on the date of commencement of the lease (i.e. the date that such asset is available for use). Right-to-use assets shall be valued at cost less accumulated depreciation and impairment losses, also adjusting them for any adjustment of lease liabilities. The cost of right-to-use assets includes the amount of recognised lease liabilities, initial direct costs as well as lease payments made on the start date or before the start date, less the rental incentives received. The right of use assets are depreciated using the fixed depreciation method during the shortest period of lease and the estimated useful life of the assets, as follows:

- Properties – 4 to 6 years
- Vehicles – 6 years

If ownership of the leased asset is transferred to the Group at the end of the lease or the cost reflects the exercise of a right to purchase, the depreciation is calculated on the basis of the estimated useful life of the asset. Assets with the right of use are also subject to impairment.

B) Lease liabilities

At the date of commencement of the lease, the Group recognizes lease liabilities that are measured at the present value of the payments to be made during the lease term. Liabilities payments include fixed payments (including fixed payments within the agreement) minus any receivables incurred, variable leases (depending on a ratio or percentage) and amounts expected to be paid with residual value guarantees. Lease payments also include the cost of exercising a purchase right that is reasonably certain to be exercised by the Group and payments to terminate the lease if the term of the lease indicates that the Group is expected to exercise the right to terminate. Variable rental payments that do not depend on an indicator or a percentage are recognised as expenses during the period in which the event or situation that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses its incremental interest rate on the date of commencement of the lease, as the interest rate on the lease is not immediately identifiable. After the start date, the amount of rental liabilities increases to reflect the increase in interest and decreases for lease payments. In addition, the book value of lease liabilities is revalued if there is a modification, change in lease term, change in lease payments (i.e. changes in future payments resulting from a change in the index or rate used to determine these payments) or change in the valuation of the right to purchase the asset.

C) Short-term leases and leases of low value assets

The Group applies the recognition of short-term leases exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from the start date and do not include the right to purchase). The Group applies the recognition of low-value assets exemption in leases that are considered low-value. Lease payments for short-term leases and leases of low-value assets are recognised as costs by the fixed method during the lease.

The Group's policy is not to recognise differed tax on balances related to IFRS 16 (assets and liabilities).

The Group as the lessor

A) Operating leases

When the Group is the lessor in a lease that substantially transfers all the risks and rewards associated with the lessee's ownership (i.e. operating lease), the rental income is recognised as "other income" using the straight-line method over the term of the lease. The initial direct costs incurred in obtaining an operating lease are added to the book value of the underlying asset and are recognised as an expense over the lease term on the same basis as the rental income. The corresponding leased assets are included in the statement of financial position based on their nature.

The modification of operating leases is accounted by the Group as a new lease as of the date of the modification, with any prepaid or accrued leases relating to the initial lease being considered part of the lease payments for the new lease.

23. Creditors and accruals

Creditors and accruals are liabilities for payment of goods or services acquired from suppliers during the normal course of the Group's operations. Creditors and accruals are initially recognised at fair value and subsequently presented at amortised cost using the effective interest rate. Creditors and accruals are considered as current liabilities if the payment is due within a year or less (or at the Group's normal turnover if higher). Otherwise, they are considered as non-current liabilities.

24. Prepayments

Prepayments are valued at cost less provisions for impairment. An advance payment is considered long-term when the goods or services related to the prepayment are expected to be acquired after one year or when the prepayment relates to an asset that will be classified as long-term upon initial recognition. Prepayments for the acquisition of assets are transferred to the book value of the asset as soon as the Group acquires control of the asset and it is probable that future financial benefits related to the asset will flow to the Group. Other prepayments are amortised on the results when the prepaid goods or services are obtained.

If there is an indication that the prepaid assets, goods or services will not be received, the book value of the prepayment is recorded accordingly and a corresponding impairment loss is recognised in the consolidated income statement.

25. Dividends distribution

The distribution of dividends to the shareholders of the Group is recognised as a liability in the consolidated financial statements of the Group in the year in which the dividends are approved and are no longer subject to the jurisdiction of the Group. In particular, interim dividends are recognised as a liability in the year approved by the Board of Directors of the Group and in the case of final dividends, they are recognised in the year approved by the shareholders.

26. Comparative information

The comparative amounts have been adjusted to conform with changes in the current year's presentation. Details of reclassifications and adjustments for previous years are presented in Note 3.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

The consolidated financial statements of the Universal Group for the year ended 31 December 2020, were authorised for issue by the Board of Directors on 18 May 2021.

Universal Life Insurance Public Company Ltd (the «Company») was incorporated in Cyprus and is a public company in accordance with the provisions of the Cyprus Companies and Income Tax Laws. The Company is the parent company of the Universal Group.

The Company's registered office is located at 85 Dighenis Akritas Avenue, 1070 Nicosia. The principal activities of the Company, its subsidiary and associated companies during the year continued to be life business, accident and health insurance business, the administration of superannuation and managed pension funds and the provision of other financial services and investment in property.

2. SIGNIFIGANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with IFRS requires that the Group's Management makes assumptions and judgments that affect the book value of assets and liabilities, the disclosures of contingent liabilities and commitments at the date of preparation of the financial statements as well as the income and expenses for the period under review. Consequently the actual results may differ from these estimates. These estimates are periodically reviewed and when adjustments are required these are accounted for in the period in which they occur. The main assumptions and estimates with respect to the future that are made the consolidated statement of financial position date and incorporate significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year are presented below.

Life insurance policies
Actuarial estimates are made for life insurance policies, for every year that the Group is at risk. The Group bases this on standard international mortality tables that reflect historical mortality experience. The expected number of deaths determines the value of potential future benefits expected to be paid. This value contributes to the calculation of adequate reserves that are monitored in relation to the expected revenue from current and future premiums of the Group.

Estimates are also made regarding future investment income arising from assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Estimates for future deaths, voluntary terminations, investment returns and administration expenses are used to calculate the liability over the term of the contract. At each reporting date, these are reassessed for adequacy, with corresponding adjustments. For the analysis of the sensitivity of the results to changes in significant assumptions, refer to Note 26.

Accident and health insurance policies
For accident and health insurance policies, estimates are made for the expected ultimate cost of claims reported to the Group as well as of claims incurred but not yet reported (IBNR) at the reporting date. The assessment of claims is based on past experience and on actual facts up to the date of preparation of the financial statements. For the analysis of the sensitivity of the results to changes in significant assumptions, refer to Note 26.

Fair value of properties for own use and investment properties
The Group's accounting policy in relation to both the Group's property for own use and the property held for investment requires that it be measured at fair value. In the case of real estate held for own use, the valuation is performed at regular intervals so that the book value does not differ materially from the fair value, while in the case of investment properties, the fair value is determined at each reporting date. Estimates are made by qualified valuers by applying valuation models as recommended by the Royal

Institution of Chartered Surveyors and the International Valuation Standards Committee. Valuers have used their knowledge of the market and professional judgment and have not been based solely on historical trading data, given that the degree of uncertainty is higher due to lack of an active market for determining the market value of a property. Depending on the nature of the property in question and the existing market information, the use of estimates such as future cash flows from the property and the appropriate discounted rate of such flows may be required to determine the fair value of the property. All these estimates are based on prevailing local market conditions at the reporting date. The relevant valuations, include assumptions of increased subjectivity due to the lack of sufficient available observable data for comparable properties. Assumptions and resulting estimates are subject to market conditions and may change substantially over time. To assess any impact on the financial position and performance of the Group, the Management prepares a sensitivity analysis for some important assumptions. The significant valuation uncertainties that result from the pandemic and the suspension/withdrawal of the Cyprus Investment Program as well as the significant unobservable data are presented in Notes 12 and 19. For sensitivity analysis of the results to changes in significant assumptions, refer to Note 36.

Provisions for impairment of debtors
The Group reviews the collectability of all amounts due from debtors. Evidence includes the customer's payment record, overall financial position and the realisable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for impairment and recognised in the consolidated statement of comprehensive income. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are regularly reviewed to reduce any differences between estimated and actual losses. The Management considers that the greatest credit risk relates to loans and receivables. A decrease in the fair value of mortgages in relation to these loans would lead to an increase in the provision for impairment of these loans amounting to €440 thousand.

Income Tax
The Group operates and is therefore subject to tax in Cyprus and Romania. Estimates are required in determining the provision for income taxes at the reporting date since the final tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the tax liabilities and deferred tax liabilities in the period in which the final tax is agreed with the tax authorities. If the final result (for issues that required judgment) was 10% different from the Management's calculations, the Group would have to increase its current tax liabilities by € 23 thousand.

3. CORRECTION OF PRIOR PERIOD ERRORS AND RECLASSIFICATION OF COMPARATIVE INFORMATION

a) Correction of prior period errors

1. INVENTORIES

Until 2019, the Group classified the properties it owned in its subsidiary Universal Golf Enterprises PLC as 'Inventories'. In 2020, reassessing the situation and taking into account that these properties were owned for the purpose of making a profit through a number of possible actions that can be taken, the Group proceeded with correcting the classification of these properties to 'Investment Properties'. As a result, the necessary corrections were made in the comparative amounts.

The estimated fair value of the investment properties was €37 241 987 as at 31 December 2020 (2019: €45 147 000). To determine the estimated fair value, the Group uses valuation techniques that are appropriate under the circumstances and for which there is sufficient data available to measure the estimated fair value, maximising the use of relevant observable data that are relevant to the measurement of the fair value.

The discounted cash flow model (DCF) was utilised by the Group for investment properties within the master project plan, while the comparative market method, adjusted for specific market and property conditions, was applied to investment properties outside the master plan of the project (Note 12).

The adjustments made to the consolidated statement of financial position and to the Group's results, as a result of the above for the comparative period are as follows:

Consolidated Statement of Financial Position

01/01/2019	As initially stated €000	Correction €000	Revised €000
Assets			
Investment properties	108 657	44 917	153 574
Inventories	42 671	(42 671)	-
	151 328	2 246	153 574
Equity			
Retained profits	3 389	2 246	5 635

31/12/2019	As initially stated €000	Correction €000	Revised €000
Assets			
Investment properties	107 768	45 147	152 915
Inventories	42 890	(42 890)	-
	150 658	2 257	152 915
Equity			
Retained profits	5 179	2 257	7 436

Consolidated Statement of Comprehensive Income

31/12/2019	As initially stated €000	Correction €000	Revised €000
Net change in the fair value of properties	(3 483)	2 268	(1 215)
Profit for the year after tax	4 326	11	4 337

2) Property and equipment

An amount of €1 413 000 relates to the fair value of specific properties that were transferred in previous years from the category of property and equipment to investment properties and for which incorrect entries were made between cost/fair value and accumulated depreciation. There was no effect on the net book value of these assets.

2019	As initially stated €000	Correction €000	Revised €000
Cost or fair value			
1 January	18 253	(1 413)	16 840
31 December	18 083	(1 413)	16 670

2019	As initially stated €000	Correction €000	Revised €000
Depreciation			
1 January	1 413	(1 413)	-
31 December	1 413	(1 413)	-

3) Correction of prior period errors in relation to offsetting balances in the consolidated statement of financial position

31/12/2019	As initially stated	Correction	Revised
Assets	€000	€000	€000
Debtors and prepayments	2 397	(1 023)	1 374
Loans and receivables	4 068	1 043	5 111
Reinsurers' share in insurance contract liabilities	16 845	966	17 811
Premium receivable and other insurance receivables	6 300	2 934	9 234
Deferred acquisition costs	-	776	776
Liabilities			
Creditors and accruals	3 949	2 988	6 937
Insurance liabilities	30 331	(35)	30 296
Insurance contracts liabilities	304 625	776	305 401
Reinsurers' share in deferred acquisition costs	-	967	967

1/1/2019	As initially stated	Correction	Revised
Assets	€000	€000	€000
Reinsurers' share in insurance contract liabilities	21 593	942	22 535
Premium receivable and other insurance receivables	14 730	3 936	18 666
Deferred acquisition costs	-	759	759
Liabilities			
Creditors and accruals	2 091	3 936	6 027
Insurance contracts liabilities	295 905	759	296 664
Reinsurers' share in deferred acquisition costs	-	942	942

Notes to the Consolidated Financial Statements

4) Correction of prior period errors in relation to the Consolidated Cash Flows Statement

	As initially stated	Correction	Revised
	€000	€000	€000
Net cash flow from operating activities (Note 31)			
Profit for the year before tax	5 325	(11)	5 314
Adjustments for:			
Investment income	(951)	(11)	(962)
Provision for impairment of inventory	(219)	219	-
Interest expenses	-	251	251
(Increase)/decrease in the fair value of investments and profits on sale of investments	(15 679)	15 679	-
(Increase)/decrease in the fair value of financial assets through profit or loss	-	(32 479)	(32 479)
(Increase)/decrease in the fair value of investment properties	(894)	2 109	1 215
Change in:			
Increase in insurance contracts liabilities	7 689	277	7 966
Decrease in deferred acquisition costs	-	(17)	(17)
Decrease in reinsurers' share in insurance contract liabilities	4 748	(24)	4 724
Increase in reinsurers' share in the deferred acquisition costs	-	25	25
Increase in creditors and accruals	1 855	(945)	910
Decrease in premiums and other insurance receivables	8 430	1 002	9 432
Decrease in debtors and prepayments	197	1 034	1 231
Decrease in insurance liabilities	(9 654)	(35)	(9 689)
Increase in lease liabilities	478	(478)	-
Cash flow from operating activities	2 651	(13 404)	(10 753)
Income tax paid	(1 414)	22	(1 392)
Net cash flow from operating activities	1 237	(13 382)	(12 145)
Consolidated Statement of Cash Flow			
Cash flow from operating activities	1 237	(13 382)	(12 145)
Cash flow from investing activities			
Net proceeds from investment property	5	(5)	-
Net proceeds/(payments) from sale and purchase of multi mutual funds	9 802	(9 802)	-
Net payments for purchase and sale and maturity of debt securities	(11 114)	11 114	-
Net proceeds/(payments) from purchase and sale of equity shares	15 394	(15 394)	-
Net proceeds from loans and policyholders	181	(181)	-
Net payments for purchase and sale of property and equipment	(147)	147	-
Assets with the right of use	(1 014)	1 014	-
Purchase of investment properties	-	(556)	(556)
Payments for the purchase of financial assets at fair value through profit or loss	-	(45 958)	(45 958)

Proceeds from sale of financial assets at fair value through profit or loss	-	76 492	76 492
Payments for loans and policyholders	-	(949)	(949)
Decrease in prepayments	-	14	14
Payments for the purchase of property and equipment	-	(181)	(181)
Net cash flow (for)/from investment activities	(3 132)	15 754	12 622
Cash flow for financing activities			
Minority rights	2 107	(2 107)	-
Payments of interest expense	-	(251)	(251)
Net cash flow from/(for) financing activities	1 535	(2 358)	(823)
Net increase/(decrease) in cash and cash equivalents	(360)	14	(346)
Cash and cash equivalents at 1 January	(2 517)	(1 092)	(3 609)
Cash and cash equivalents at 31 December	(2 877)	(1 078)	(3 955)

b. Reclassification of comparative information

The following comparative information has been reclassified to reflect changes in the presentation of the consolidated financial statements for the current year. The Management assessed that the presentation of a single Statement of Comprehensive Income that includes the results of the Consolidated Income Statement of both the 'Life and Annual Insurance Sector' and the 'Accident and Health Insurance Sector' is a more relevant representation of the overall performance of the Group. There was no effect on the results from this change in presentation.

Consolidated Statement of Comprehensive Income

	As initially stated	Reclassifi-cations	Correction of errors	Revised
For the year ended 31 December 2019	€000	€000		€000
Transfer from Consolidated Income Statement of:				
Life insurance and annuity business	5 900	(5 900)	-	-
Accident and health insurance business	869	(869)	-	-
Cost of voluntary retirement scheme	(1 905)	1 905	-	-
Net profit from other operations	578	(578)	-	-
Income				
Premiums		106 421	-	106 421
Reinsurance premiums	-	(43 467)	-	(43 467)
Commission from reinsurers and other commission	-	9 032	-	9 032
Investment and other income	-	962	-	962
Net change in fair value of investment properties	-	(3 483)	2 268	(1 215)
Net profit at fair value of financial assets at fair value through profit or loss		13 990		13 990
Outgo				
Gross payments to policyholders	-	(78 321)	-	(78 321)
Reinsurers' share of payments to policyholders	-	34 716	-	34 716
Gross change in insurance contracts liabilities	-	(8 568)	-	(8 568)
Reinsurers' share of change in insurance contracts liabilities	-	(4 847)	-	(4 847)
Gross change in deferred acquisition costs	-	17		17

Reinsurers' share in the deferred acquisition costs	-	25	25
Operating expenses	-	(13 191)	(13 191)
Commission to insurance agents	-	(9 956)	(9 956)
Foreign exchange differences	-	2	2
Change in unappropriated surplus	-	(30)	(30)
Retirement and pension funds management expenses	-	(12)	(12)
Interest expense	-	(251)	(251)

4. INVESTMENT AND OTHER INCOME

	2020 €000	2019 €000
Life insurance and annuity business		
Interest income	**383**	424
Dividends from equities	**287**	384
Rental income from investment property	**130**	151
	800	959
Accident and health insurance business		
Interest income	**-**	3
	800	962

5. EXPENSES ANALYSIS

	2020 €000	2019 €000
Salaries and employer's contributions	**6 397**	6 724
Retirement benefit costs	**443**	515
Directors' emoluments:		
- Fees	**161**	144
- Emoluments in executive capacity	**246**	197
- Employer's contributions	**32**	30
Cost of voluntary retirement scheme	**-**	1 905
Legal and other professional expenses	**327**	343
Depreciation of property and equipment	**284**	289
Depreciation of assets with rights of use	**178**	539
Amortisation of intangible assets	**90**	383
Profit on disposal and write-off of property and equipment and intangible asset	**(7)**	(2)
Operating lease rentals for buildings	**7**	8
Advertising and promotion expenses	**346**	299
Repair and maintenance expenses	**469**	393
Telecommunications and postages	**190**	244
Administrative expenses and related commissions	**274**	283
Printing and stationery	**170**	159
Other operating expenses	**1 230**	738
	10 837	13 191

Other operating expenses include the fees (including taxes) of the independent auditors PricewaterhouseCoopers Ltd for the year 2020 and Ernst & Young Cyprus Limited for 2019, for audit and other professional services rendered as follows:

	2020	2019
	€000	€000
Parent Company:		
- Fees for the audit of financial statements	**92**	109
- Fees for tax services	**3**	3
- Fees for other services	**29**	37
Subsidiaries:		
- Fees for the audit of financial statements	**30**	30
- Fees for tax services	**2**	2

6. MINORITY RIGHTS

As at 31 December 2020 and 2019 the Company held 94,14% of the share capital of Universal Golf Enterprises PLC (see Note 8) resulting in the creation of minority rights. The voting rights do not differ from the percentage held by minority shareholders.

The financial information of Universal Golf Enterprises Plc, a company registered in Cyprus, at 31 December 2020 and 2019 are presented below:

	2020	2019
	€000	€000
Investment properties	**37 242**	45 147
Cash and cash equivalent	**16**	50
Total assets	**37 349**	45 281
Total liabilities	**9 594**	8 783
Net change in fair value of investment properties	**(8 479)**	(320)
Losses after tax	**(8 743)**	(795)

7. TAX

	2020	2019
	€000	€000
Consolidated Statement of Comprehensive Income		
Corporation tax	**1 716**	1 029
Special contribution to the defence fund	**4**	3
Deferred tax	**(506)**	(55)
Total tax	**1 214**	977

Analysis of tax charge

	2020 €000	2019 €000
Tax at 1,5% on gross premiums of life insurance business in Cyprus	**834**	805
Tax at 12,5% of the taxable income of the accident and health insurance business	**882**	224
Special contribution for defence	**4**	3
Deferred tax	**(506)**	(55)
Total tax	**1 214**	977

The reconciliation between the income tax expense and the profit before tax using the current income tax rates is presented below:

		2020 €000	2019 €000
Profit before tax		**1 129**	5 337
Tax at standard rates in Cyprus		**266**	667
Tax at standard rates in Romania		**(30)**	-
Tax impact:	- expenses not deductible	**1 151**	522
	- non-taxable income	**(177)**	(215)
Special contribution for defence		**4**	3
		1 214	977

Cyprus
Income Tax
Income tax consists of the tax on insurance operations and other gains. The tax of insurance business is subject to special tax provisions. The income tax payable in Cyprus in relation to life insurance business is the greater amount of:

(a) the tax which is calculated at the rate of 12,5% (2019: 12,5%) on the taxable profits attributable to the shareholders, which consists of the net income/expense in the consolidated income statement of life insurance and annuity business and
(b) the tax which is calculated at the rate of 1,5% on gross premium income (minimum tax). The tax charge for life insurance business in Cyprus for the years 2020 and 2019 represents the minimum tax.

Income tax in respect of accident and health insurance business and of other financial services in Cyprus is calculated at the rate of 12,5% (2019: 12,5%) on the taxable income of the year.

Tax losses amounted to €174 988 (2019: €169 626) resulted from the activities of subsidiaries in Cyprus. According to current legislation, tax losses can be carried forward and offset against taxable income of the next five years from the reporting date. Tax losses for the year ended 31 December 2020, can be offset against future taxable profits by the year 2025 (2019: by 2024).

Deferred tax is not recognised for the above losses since it is not expected to be utilised before they expire.

Special contribution for defence
The special contribution for the defence tax is calculated at the rate of 3% on rental income.

Romania
Income tax
Tax losses arise from operations of the subsidiary companies of the Group (Priority Properties Srl and Unilife Properties Srl) in Romania. The balance of tax losses at 31 December 2020 were €4 978 000 (2019: €4 298 000). The tax for these companies is calculated at 3% on net profit (2019: 3%). Losses can be carried forward and can be used against future taxable profits for seven years as shown below:

	€000	**Carried forward to**
2014	566	2021
2015	765	2022
2016	1 323	2023
2017	636	2024
2018	1 008	2025
2019	-	2026
2020	680	2027
Total	**4 978**	

Deferred tax is not recognised for the above losses since it is not expected to be used before they expire.

Consolidated Statement of Financial Position

	2020	2019
	€000	€000
Tax receivable	**380**	380
Tax payable	**877**	1 015

Deferred tax

The deferred tax arises from:

	2020	2019
	€000	€000
Company		
Difference between wear and tear allowances and depreciation	**(813)**	(797)
Revaluation on investment properties	**(4 135)**	(4 303)
	(4 948)	(5 100)
Subsidiaries		
Revaluation on investment properties	**(2 134)**	(2 591)
	(7 082)	(7 691)

Deferred tax

The movement of deferred tax is as follows:

	Difference between depreciation and amortisation €000	Revaluation of land and buildings €000	Total €000
At 1 January 2019	**(807)**	**(6 981)**	**(7 788)**
Profit for the year	10	45	55
Other total income	-	42	42
At 31 December 2019 / 1 January 2020	**(797)**	**(6 894)**	**(7 691)**
(Loss)/profit for the year	(16)	516	500
Other total expenses	-	109	109
At 31 December 2020	**(813)**	**(6 269)**	**(7 082)**

8. GROUP COMPANIES

Universal Insurance Agency Ltd	Provision of general insurance services as an agent
Universal Properties Ltd	Owner of land
Priority Properties Srl	Owner of land
Unilife Properties Srl	Owner of land
Universal Golf Enterprises PLC	Development of the Limassol Hills Golf Project
Corenca Investments PLC (ex Universal Investments PlC)	Closed-end investment company
Wizcode Ltd (ex Universal Nominees Ltd)	Trustee services
Towmetre Ltd (ex Universal Securities Ltd)	Dormant

All the above companies were incorporated and operate in Cyprus, apart from Priority Properties Srl and Unilife Properties Srl which are incorporated in Romania and hold property. All of them were wholly owned subsidiaries on both in 2020 and in 2019 except for Universal Golf Enterprises PLC, in which at 31 December 2020 the Company held 94,14% (2019: 94,14% of its share capital (see Note 9). On 19 December 2018 Corenca Investments PLC, Wizcode Ltd and Towmetre Ltd applied to the Registrar of Companies for deregistration.

9. DIVIDENDS

The Board of Directors does not recommend the payment of a dividend for the year 2020.

As for 2019, at an extraordinary general meeting held on 27 November 2019, it was decided to distribute a dividend from 2017 earnings of €0,175 per ordinary share of the Company on condition that the net dividend payable to each shareholder holding more than 4% of the Company's issued share capital, or more than 579 569 shares, he will not be paid in cash but will be paid in kind in the form of fully paid shares of its subsidiary Universal Golf Enterprises PLC with a nominal value of €0,01 at the price of €1,06 each.

The dividend was paid to shareholders on 18 December 2019 and amounted to €2 535 617. An amount of €42 033 was deducted at source for special defence contribution, where applicable, under the Special Contribution for the Defence of the Republic Law and €4 203 for a contribution to the General Health Insurance Scheme.

10. CASH AND DEPOSITS AT BANKS

	2020	2019
	€000	€000
Cash and deposits at banks	**2 415**	2 157
Deposits held as investments of the insurance business, retirement and pension funds and other deposits relating to insurance activities	**26 414**	40 769
	28 829	42 926

For cash flows statement purposes cash and deposits at banks and bank overdrafts include:

	2020	2019
	€000	€000
Cash and deposits at banks	**2 415**	2 157
Bank overdraft	**(884)**	(5 034)
Cash collateral	**(184)**	(1 078)
	1 347	(3 955)

The breakdown per currency of cash and deposits at banks is as follows:

	2020	2019
	€000	€000
Euro	**28 751**	42 926
Other	**78**	-
	28 829	42 926

Cash and deposits at banks bear interest from 0% - 0,05% annually (2019: 0% - 1% annually) and relate to deposits maturing within one year.

An amount of €183 894 (2019: €1 078 157) is pledged as collateral to provide bank guarantees required for the Company's operations.

The bank overdraft is payable on demand and is not guaranteed.

11. DEBTORS AND PREPAYMENTS

	2020	2019
	€000	€000
Debtors	**1 374**	1 374

The above debtors arise in the normal course of business, are due within 12 months and do not bear interest. Due to their short-term nature, their book value is considered to be the same as fair value. None of the above balances are overdue or impaired.

12. INVESTMENT PROPERTIES

	2020	2019
		Revised
	€000	€000
1 January	**152 915**	153 574
Purchases	**574**	556
Disposals	**(84)**	-
Properties transferred from Investment properties to fixed assets	**(692)**	-
Properties transferred from fixed assets to investment properties	**876**	-
Revaluation	**(16 004)**	(1 215)
31 December	**137 585**	152 915
Investment properties relating to unit-linked funds	**54 714**	60 010
Other investment properties	**82 871**	92 905
	137 585	152 915

The amount labelled as 'Other investment properties' includes the value of investment properties of the subsidiary Universal Golf Enterprises PLC, amounting to €37 242 thousand of which a part is attributed to unit linked funds through the shares they hold in the subsidiary company Universal Golf Enterprises PLC. Refer to Note 17 for more information on investments for unit-linked policies.

Rental income from investment properties (note 4) amounting to €130 000 (2019: €151 000) includes an amount of €89 000 (2019: €41 000) of rentals from investments of unit linked funds.

The change in the estimated fair value of investment properties during the year is recognised in the consolidated statement of comprehensive income.

Investment properties consist of offices and other commercial properties in Cyprus, building and agricultural plots in Cyprus and Romania and residential properties in Cyprus. As at 31 December 2020 and 2019, the fair value of the investment properties is based on valuations made by independent qualified surveyors who have experience in the areas and categories of properties under consideration. Fair value measurements of real estate are classified in the 3rd level of the fair value hierarchy.

The valuation reports of the independent valuers concerning the agricultural plots of the Group located within the community boundaries of the villages of Gouri, Kalo Chorio Orinis, Klirou and Fikardou as well as of Pano Pyrgos Tillyrias of Nicosia province, which fall in the Urban Zone C3, are based on the urban planning possibilities of the said properties. Due to their large size they can be exploited in the framework of the provisions of the Policy Statement for Consolidated Developments of Large and Complex Uses (Chapter 9.6 Policy Statement). The above-mentioned areas are unique stockpiles of large-scale consolidated land with particularly attractive natural features, which are advantages that cannot be easily acquired.

In the view of the Management, the above characteristics justify the addition of a percentage of "hope value" to the market value of the above agricultural plots if compared to their existing use. On the one hand due to the 'marriage value" of smaller plots of land and on the other hand due to the development prospects created by the possible securing of the required urban permits for their inclusion in development zones. At the same time, given the specificity of these plots, their attractiveness may be limited to some extent by the potential liquidation difficulties, reduced marketability and large capital expenditure required to purchase such large properties.

The methodology for calculating the percentage of "hope value" includes the assessment of the potential value of these agricultural areas from the change in their existing use, reflecting the prospect of their inclusion in development zones if they obtained all the required urban planning permits. This potential value is then multiplied by a success rate and the result is added to the market value of the agricultural land.

In addition, the new reality resulting from the prolonged health crisis and the suspension/withdrawal of the Cyprus Investment Program creates an unprecedented situation and consequently the valuations by independent valuers are subject to "material valuation uncertainty", as defined by Royal Institution of Chartered Surveyors (VPS3 & VPGA 10, RICS Valuation Global Standards 2020) and the estimated values have been based mainly on the analysis and processing of comparative data before the Covid-19 pandemic. This report indicates less certainty and therefore a higher degree of attention to real estate appraisals as a result of the impact of the Covid-19 pandemic and of the Cyprus investment program termination. This represents a significant valuation uncertainty in relation to the valuation of real estate investments. The data on which the valuers relied are comparative data before the pandemic and before restrictions on free movement. Restrictions on movement make new transactions almost impossible, a necessary element for setting up valuations based on the definition of market value and fair value.

(a) Investment properties except golf development plots

Description of valuation techniques and data used in measuring the fair value of properties

31 December 2020

Category	**Valuation 2020 €000**	**Technical valuation**	**Significant non-observable data**	**Variation of values 2020 €000**
Offices and other commercial properties measured using the comparative market method	5 060	Comparative market method	Annual estimated fair value per sq.m.	€1 648 - €1 800
			Area in sq.m.	2 887
			Highest and best use	Existing
Offices and other commercial properties measured using the comparative market method of income capitalisation	2 648	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.	€62 - €118
			Rental yield	5,00% - 6,00%
			Annual estimated fair value per sq.m.	€1 203 - €2 757
			Area in sq.m.	1 632
			Highest and best use	Existing
Agriculture plots – Pano Pyrgos Tillyrias	14 996	Comparative market method	Annual estimated fair value per sq.m. before goodwill rate	€8 - €15

			Area in sq.m.	1 278 893
			Highest and best use	Development of large projects
			Goodwill rate	35,00%
Agriculture plots – Kalo Chorio, Klirou, Fikardou of the subsidiary Universal Properties Ltd	15 728	Comparative market method	Annual estimated fair value per sq.m. before goodwill rate	€5 - €16
			Area in sq.m.	1 404 419
			Highest and best use	Development of large projects
			Goodwill rate	20,00%
Agriculture and other plots	51 838	Comparative market method	Annual estimated fair value per sq.m.	€2 - €149
			Area in sq.m.	3 223 498
			Highest and best use	Existing
Residential	2 379	Comparative market method	Annual estimated fair value per sq.m.	€550 - €1 410
			Area in sq.m.	2 284
			Highest and best use	Existing
Plots in Romania	7 694	Comparative market method	Annual estimated fair value per sq.m.	€3 - €46
			Area in sq.m.	996 594
			Highest and best use	Existing
Total	**100 343**			

31 December 2019

Category	**Technical valuation**	**Significant non-observable inputs**	**Variation of values (average) 2019**
Offices and other commercial premises	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.	€68-€250
		Annual rental yield	5,00%-6,00%
		Annual estimated fair value per sq.m.	€1 057 - €4 182
		Area in sq.m.	Total 3 826

		Highest and best use	Existing
Building plots and agricultural plots	Comparative market method	Annual estimated fair value per sq.m	€10 - €34
		Area in sq.m.	Total 6 903 046
		Highest and best use	Existing
Residential	Comparative market method	Annual estimated fair value per sq.m	€1 451 - €1 647
		Area in sq.m.	Total 2 761
		Highest and best use	Existing

The comparative market method is based on the comparison to properties with similar physical and legal characteristics of both the area under review and in other areas. These comparative data, collected from the archives of the Land Registry Department, have been evaluated taking into account factors such as the specific characteristics of the property, location, urban data, and any restrictions on use and features of the immediate and wider area.

The capitalisation of income method determines the value of the property by capitalizing the annual rental income at the rate of annual rental yield and is applicable on a case by case basis based on the knowledge of the market, the most widely acceptable levels of return of income by type of property and attractiveness of the area and its special features. The methodology does not assume any direct or ongoing renting of the property and the yield used for the capitalisation of rental income takes into account the risk to remain empty until a new tenant is found.

The limited information (lack of sufficient comparable sales) and low levels of liquidity and market activity have affected the degree of certainty in conducting valuations. For sensitivity analysis of the fair value measurement to changes in unobservable inputs, reference is made in Note 36.

(b) Investment properties relating to Golf development plots

The discounted cash flow valuation (DCF) model was applied by the Group for properties located within the master plan of the project, while the comparative market method, adapted to specific market and ownership conditions, was applied to the assessment of properties outside the project master plan.

However, the dependence of demand and consequently the prices of this project on the Cyprus Investment Program (Citizenship program) should be emphasised. The recent suspension/withdrawal of the program is expected to lead to a negative impact on property prices/values in general. This fact has been taken into account by the independent valuers both in determining the sales rate of the units in the project under consideration and in determining the unit values. However, the possibility of further adjustments to the relevant values in the near future cannot be overlooked.

Description of valuation techniques and data used in measuring the fair value of Golf development plots

Category	Valuation 31/12/2020	Technical valuation	Significant non-observable data		Variation of values 2020	2019
	€000				2020	2019
Plots (outside the general plan)	900	Comparative market method	Area in sq.m.	Total	**90 279**	90 279
			Annual estimated fair value sq.m		**€10**	€10
			Highest and best use		**Existing**	Existing
Plots for Golf development (within the general plan)	36 342	Discounted cash flow valuation method (DCF)	Area in sq.m.	Total	**1 986 98**	1 986 986
			Annual estimated fair value sq.m		**€18**	€22
			Percentage of cash flow time adjustment		**15,4%**	10%
			Sales duration		**25 years**	25 years
			Residential sales prices		**€4 981/sq.m.**	
			Director construction costs		**€1 350 - €1 800/ sq.m.**	
			Professional expenses		**5,00%**	
			Highest and best use		**Golf development**	Golf development
Total	**37 242**					

For the sensitivity analysis of the fair value hierarchy refer to Note 36

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 €000	2019 €000
Debt securities (Note 13.1)	**96 560**	68 010
Equity shares (Note 13.2)	**49 656**	69 444
Multi asset funds (Note 13.3)	**6 722**	12 581
Money market fund (Note 13.4)	**8 500**	12 784
Corporate debt securities (Note 13.5)	**6 053**	-
	167 491	162 819
Investments relating to unit-linked funds	**127 117**	126 518
Investments relating to superannuation and pension funds	**14 935**	12 827
Other investments	**25 439**	23 474
	167 491	162 819

All the above investments are held for trading.

13.1 Debt securities

	2020	2019
	€000	€000
Foreign companies	**96 560**	68 010
	96 560	68 010
Repayable:		
Within one year	**-**	-
Between two and five years	**-**	-
After five years	**96 560**	68 010
	96 560	68 010
Units in collective investment debt securities funds – unlisted	**96 560**	68 010
	96 560	68 010

Investments in debt securities are held for trading. Debt securities amounting to €66 903 000 (2019: €42 803 000) relate to unit linked funds. Debt securities investments relating to superannuation and pension funds amount to €4 279 000 (2018: €5 674 000).

13.2 Equity shares

	2020	2019
	€000	€000
Listed on the Cyprus Stock Exchange	**3 388**	4 312
Units in collective equity investment funds – listed on foreign stock exchanges	**26 206**	-
Units in collective equity investment funds - unlisted	**20 062**	65 132
	49 656	69 444

Investments in equity shares are held for trading. Investments in equity shares include unit linked equity shares amounting to €41 907 000 (2019: €59 623 000). Investments in equity shares relating to superannuation and pension funds amount to €4 289 000 (2019: €7 124 000).

13.3 Multi asset funds

	2020	2019
	€000	€000
Listed on European stock exchanges	**4 502**	-
Unlisted	**2 220**	12 581
	6 722	12 581

Investments in multi assets funds are held for trading. Investments in multi asset funds include unit linked multi assets funds amounting to €4 758 000 (2019: €11 157 000). Investments in multi asset funds relating to superannuation and pension funds amount to €1 964 000 (2019: €1 425 000).

13.4 Money market funds

	2020	2019
	€000	€000
Unlisted	**8 500**	12 784

Investments in money market funds are held for trading. Investments in money market fund include unit linked money market fund amounting to €8 000 000 (2019: €12 784 000). Investments in money market funds relating to superannuation and pension funds amounting to €500 000 (2019: Zero).

13.5 Corporate debt securities

	2020	2019
	€000	€000
Foreign companies	**6 053**	-
Repayable:		
Within one year	**6 053**	-
Unlisted	**6 053**	-

Investments in corporate debt securities are held for trading. Investments in corporate debt securities include unit linked corporate debt securities amounting to €5 549 000 (2019: Zero). Investments in corporate debt securities relating to superannuation and pension funds amount to €504 000 (2019: Zero).

14. LOANS AND RECEIVABLES

	2020	2019
	€000	€000
Mortgage loans to policyholders (Note 14.1)	**2 515**	2 954
Loans on policies (Note 14.2)	**1 426**	2 111
Interest receivable	**37**	46
	3 978	5 111
Loans and receivable relating to unit-linked funds	**302**	636
Other loans and receivables	**3 676**	4 475
	3 978	5 111

The book value of the above balances is considered to be approximately the same as their fair value.

14.1 Mortgage loans to policyholders

Mortgage loans to policyholders bear interest at 5,5% - 7% annually (2019: 5,5% - 7% annually) and are secured by first mortgage on the property.

	2020	2019
	€000	€000
Mortgage loans to policyholders	**4 322**	4 390
Provision for impairment	**(1 807)**	(1 436)
	2 515	2 954

In 2020, the net amount of €1 766 000 of mortgage loans to policyholders (2019: €1 924 000) was considered non-performing. The remaining net loan amount of €749 000 (2019: €1 030 000) was considered as performing. The increase in impairment provisions is due to additional impairment charges deemed necessary based on the Management's assessment.

14.2 Loans on policies

Loans on policies are secured by the surrender value of life insurance policies, bear interest at 7,25% annually (2019: 7,25% annually) and are repaid before or at the maturity of the insurance policies.

15. INVESTMENTS AND LIABILITIES OF SUPERANNUATION AND MANAGED PENSION FUNDS

15.1 Investments of superannuation and managed pension funds

The assets of the superannuation and managed pension funds are presented below:

	2020	2019
	€000	€000
Debt securities	**7 678**	4 278
Corporate debt securities	**504**	-
Money market fund	**500**	-
Equity shares	**4 289**	7 893
Multi asset funds	**1 964**	1 425
	14 935	13 596
Bank deposits	**2 850**	1 110
	17 785	14 706

In 2019, the equity shares at the above table include the shares held by the retirement and pension funds in Universal Golf Enterprises Plc, a subsidiary company of the Group, at their fair value. For the purposes of the consolidated financial statements this investment has been eliminated and the assets and liabilities of Universal Golf Enterprises Plc are presented in the appropriate lines in the consolidated statement of financial position.

15.2 Liabilities of superannuation and managed pension funds

The movement of the liabilities of superannuation and managed pension funds is presented below:

	2020	2019
	€000	€000
1 January	**14 706**	15 476
Employer's and members contribution	**4 619**	973
Income from investments	**6**	4
Payments to retired members	**(264)**	(3 381)
Administrative expenses	**(276)**	(54)
Net (profit)/loss from the change in fair value of investments and from sale of investments	**(1 006)**	1 688
31 December	**17 785**	14 706

Notes to the Consolidated Financial Statements

16. PREMIUMS RECEIVABLE AND OTHER INSURANCE RECEIVABLES

	2020	2019
	€000	€000
Premiums receivable	**6 689**	7 227
Amount receivable from reinsurers	**1 848**	1859
Amount receivable from insurance agents	**130**	148
	8 667	9 234

The above amounts are receivable within one year and bear no interest. Due to their short-term nature, their book value is considered to be the same as their fair value. For more information on the credit risk of the above amounts receivable, refer to note 32.

17. UNIT LINKED ASSETS

	2020	2019
	€000	€000
Assets		
Debt securities	**66 903**	42 803
Corporate debt securities	**5 549**	-
Equity shares	**52 996**	74 626
Multi asset funds	**4 758**	11 157
Money market funds	**8 000**	12 784
	138 206	141 370
Investment properties	**54 714**	60 010
Cash and deposits at banks	**19 374**	28 061
Loans and other receivables relating to unit-linked funds	**302**	636
	212 596	230 077

In 2020 and 2019, the shares at the above table, in addition to the equity shares presented in note 13.2, also include the shares held by the insurance funds in Universal Golf Enterprises Plc, a subsidiary company of the Group, at their fair value. For the purposes of the consolidated financial statements this investment has been eliminated and the assets and liabilities of Universal Golf Enterprises Plc are presented in the appropriate lines in the consolidated statement of financial position.

18. TEMPORARY EXEMPTION OF THE IMPLEMENTATION OF IFRS 9 FINANCIAL INSTRUMENTS

The Group meets the provisions set out in the amendments to IFRS 4 Insurance Contracts regarding the implementation of IFRS 9 Financial Instruments and has decided to postpone the implementation of IFRS 9 until the date when the Group adopts for the first time the IFRS 17 Insurance Contracts (the "deferral option"), which is currently expected to be the consolidated financial statements for the year ending 31 December 2023.

The criteria for applying the deferral option are that the Group's activities are mainly related to insurance at the annual reference date that took place before 31 December 2020, and the percentage of the total carrying amount of the Group's insurance contract liabilities is greater than 97% of the total value of all its liabilities. There was no significant change in the Group's operations after that date.

The following tables present the fair value at 31 December 2020 and 2019 and the changes in fair values for the year ended 31 December 2020 and 2019, of the financial assets separately for the following categories:

- Financial assets that meet the criteria of the SPPI of IFRS 9, excluding financial assets held for trading or managed and valued at fair value; and
- All other financial assets, including those that do not meet the criteria of the SPPI of IFRS 9 and those that are "held for trading" or which are managed and valued at fair value.

Financial assets that meet the criteria of the SPPI of IFRS 9 are those whose contractual cash flows represent only capital and interest payments (SPPI).

The fair value of financial instruments at 31 December 2020 and 2019 that were analysed between those that meet and those that do not meet the SPPI criteria are presented to the table below:

2020

Financial assets	**Financial assets that meet SPPI**		**Other financial assets**	
	Fair value	*Change in fair value*	*Fair value*	*Change in fair value*
	€000	€000	€000	€000
Cash and deposits with banks (Note 10)	28 829	-	-	-
Debtors and prepayments (Note 11)	1 374	-	-	-
Loans and receivables (Note 14)	3 978	-	-	-
Premium receivable and other insurance receivables (Note 16)	8 667	-	-	-
Debt securities (Note 13.1)	-	-	96 560	5 380
Corporate debt securities (Note 13.5)	-	-	6 053	-
Equity shares (Note 13.2)	-	-	49 656	456
Multi asset funds (Note 13.3)	-	-	6 722	271
Money market funds (Note 13.4)	-	-	8 500	23
	42 848	**-**	**167 491**	**6 130**

2019

Financial assets	**Financial assets that meet SPPI**		**Other financial assets**	
	Fair value	*Change in fair value*	*Fair value*	*Change in fair value*
	€000	€000	€000	€000
Cash and deposits with banks (Note 10)	42 926	-	-	-
Debtors and prepayments (Note 11)	1 374	-	-	-
Loans and receivables (Note 14)	5 111	-	-	-
Premium receivable and other insurance receivables (Note 16)	9 234	-	-	-
Debt securities (Note 13.1)	-	-	68 010	2 312
Corporate debt securities (Note 13.5)	-	-	69 444	14 150
Equity shares (Note 13.2)	-	-	12 581	(504)
Multi asset funds (Note 13.3)	-	-	12 784	(80)
	58 645	**-**	**162 819**	**15 878**

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A financial instrument that is not impaired at initial recognition is classified in Stage 1. Financial assets in Stage 1 recognise their expected credit loss (ECL) at an amount equal to the ECL percentage over the life of any defaults within the next 12 months or until the end of the contract, if earlier ("12-month ECL"). If there is a significant increase in credit risk from initial recognition, the asset is transferred to Stage 2 and the ECLs are measured on the basis of the ECLs throughout the life of the financial asset, i.e. until the end of the contract but taking into account the expected prepayments, if any ("ECL during life). If a financial asset is determined to be credit impaired, the asset is transferred to Stage 3 and the ECLs are measured as EPAs for life.

The following table provides information about the fair value and the carrying amount in accordance with IAS 39 for the SPPI financial assets that the Group has determined that have no low credit risk. Management believes that financial assets are considered low credit risk when they have low default risk and the issuer has a strong capacity to meet short-term liquidity to contractual obligations. The book value is measured in accordance with IAS 39, although it is presented before any impairment for those that are measured at amortised cost.

2020

Financial assets	*Fair value*	*Accounting Value*
	€000	€000
Cash and deposits with banks (Note 10)	2 415	2 415
Loans and receivables (Note 14)	2 515	2 515

2019

Financial assets	*Fair value*	*Accounting Value*
	€000	€000
Cash and deposits with banks (Note 10)	2 157	2 157
Loans and receivables (Note 14)	2 954	2 954

In the above tables the amounts related to cash and deposits with banks do not include deposits that are investments of insurance operations, superannuation managed pension funds and other deposits relating to insurance operations.

For financial assets that meet the SPPI criteria, the current accounting values measured in accordance with IAS 39 are analysed in the following table with their credit rating:

2020

		Credit rating	
Financial assets	*Total*	*B3*	*No rating*
	€000	€000	€000
Cash and deposits with banks (Note 10)	2 415	2 410	5
Loans and receivables (Note 14)	4 322	-	4 322

2019

		Credit rating	
Financial assets	*Total*	*B3*	*No rating*
	€000	€000	€000
Cash and deposits with banks (Note 10)	2 157	1 795	362
Loans and receivables (Note 14)	4 390	-	4 390

For the year 2020 and 2019 the cash and deposits with banks are categorised in Stage 1. For the year 2020 an amount of €1 766 thousand from loans and receivables is considered non-performing (Stage 3) and the remaining amount of €749 thousand is considered performing (Stage 1). For 2019 an amount of € 1 924 thousand of loans and receivables relates to non-performing loans (Stage 3) and the remaining amount of €1 030 thousand relates to performing loans (Stage 1). For the year 2020 and 2019 the Management evaluated that the remaining financial data are categorised in Stage 1.

19. PROPERTY AND EQUIPMENT

2020	**Properties €000**	**Equipment €000**	**Total €000**
Cost or fair value			
1 January	16 670	6 452	**23 122**
Additions	91	311	**402**
Disposals and write-offs	-	(26)	**(26)**
Transfer of properties to investment properties	(876)	-	**(876)**
Transfers from investment properties	692	-	**692**
Revaluation	361	-	**361**
31 December	16 938	6 737	**23 675**
Depreciation			
1 January	-	5 957	**5 957**
Charge for the year	92	192	**284**
Disposals and write-offs	-	(26)	**(26)**
Transfer of properties to investment properties	-	-	**-**
Reversal of depreciation due to revaluation	(92)	-	**(92)**
31 December	-	6 123	**6 123**
Net book value			
31 December	16 938	614	**17 552**

2019	**Properties €000**	**Equipment €000**	**Total €000**
Cost or fair value			
1 January (revised – Note 3)	16 840	6 324	**23 164**
Additions	(1)	182	**181**
Disposals and write-offs	-	(54)	**(54)**
Revaluation	(169)	-	**(169)**
31 December	16 670	6 452	**23 122**
Depreciation			
1 January (revised – Note 3)	-	5 858	**5 858**
Charge for the year	136	153	**289**
Disposals and write-offs	-	(54)	**(54)**
Reversal of depreciation due to revaluation	(136)	-	**(136)**
31 December	-	5 957	**5 957**
Net book value			
31 December	16 670	495	**17 165**

All properties are owned and used for the Group's operations. All properties were revalued in 2020 by independent valuers at fair value.

During 2019 and 2020, there was a limited number of similar sales in the local market and the valuation techniques used were based on unobservable data. Therefore, the fair value of the properties was classified at Level 3. The accumulated appreciation as at 31 December 2020 from the revaluation is included in the revaluation reserves of the Group (Note 29) and amounts to €9 412 000 (2019: €8 850 000).

The carrying value of properties of the Group based on the cost less accumulated depreciation, would have been €6 053 000 (2019: €6 880 000). Properties include land amounting to €9 589 000 (2019: €9 589 000) for which no depreciation is recognised.

Depreciation of properties and equipment for the year is included in operating expenses of insurance operations (note 5) in the consolidated statement of comprehensive income.

Description of valuation techniques and inputs used in measuring the fair value of properties

31 December 2020

Category	**Valuation**	**Technical valuation**	**Significant non-observable inputs**	**Variation of values**
	2020 €000			**2020**
Offices that are measured with the comparative market method	2 305	Comparative market method	Annual estimated fair value per sq.m.	€1 272 - €1 634
			Area in sq.m.	1 643
			Highest and best use	Existing
Offices that are measured with the comparative market method and Method of income capitalisation	14 633	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.	€63 - €147
			Annual rental yield	5,00% - 6,00%
			Annual estimated fair value per sq.m.	€1 065 - €2 967
			Area in sq.m.	6 186
			Highest and best use	Existing
Total	**16 938**			

31 December 2019

Category	Technical valuation	Significant non-observable inputs	Variation of values (average) 2019
Offices	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.	€40-€354
		Annual rental yield	5,00%-6,00%
		Annual estimated fair value sq.m	€1 039 - €2 912
		Area in sq.m.	Total 8 602
		Highest and best use	Existing

20. INTANGIBLE ASSETS

	Software 2020 €000	2019 €000
Cost		
1 January	**6 498**	6 369
Additions	**210**	129
31 December	**6 708**	6 498
Amortisation		
1 January	**6 083**	5 700
Charge for the year	**90**	383
31 December	**6 173**	6 083
Net book value		
31 December	**535**	415

21. ASSETS WITH THE RIGHT OF USE

The Group as a lessee

The Group maintains lease agreements for office buildings which, at the start date, have a lease duration of five to six years and do not include a right to buy. The Group also maintains contracts for vehicles for six years. The application of IFRS 16 has led to the recognition of the right of use assets and liabilities of leases.

2020	Properties €000	Vehicles €000	Total €000
Cost			
1 January	925	89	**1 014**
Additions	-	34	**34**
Disposals and write-offs	(24)	-	**(24)**
31 December	901	123	**1 024**

Depreciation			
1 January	509	30	**539**
Depreciation	155	23	**178**
Disposals and write-offs	(9)	-	**(9)**
31 December	655	53	**708**
Net book value			
31 December	246	70	**316**

2019	**Properties €000**	**Vehicles €000**	**Total €000**
Cost			
1 January	**-**	-	-
Additions	925	89	**1 014**
31 December	925	89	**1 014**
Depreciation			
1 January	-	-	**-**
Charge for the year	509	30	**539**
31 December	509	30	**539**
Net book value			
31 December	416	59	**475**

The movement in the balance of lease liabilities is as follows:

	2020 €000	2019 €000
1 January	**631**	-
Additions	**34**	803
Disposals and write-offs	**(18)**	-
Increasing debit interest rate	**14**	18
Payments against leases	**(194)**	(190)
31 December	**467**	631

In the consolidated statement of comprehensive income the following are recognised in terms of leases.

	2020 €000	2019 €000
Interest expense on lease liabilities	**14**	18
Depreciation	**178**	539
	192	557

22. CREDITORS AND ACCRUALS

	2020	2019
	€000	€000
Creditors	**4 603**	3 511
Accruals	**1 694**	3 064
Provisions for expenses	**342**	362
	6 639	6 937

The creditors represent amounts payable within 12 months in the normal course of business of the Group and bear no interest. The fair value of creditors and due expenses that have expired within one year is approximately the same as the book value at the date of the consolidated statement of financial position.

23. INSURANCE LIABILITIES

	2020	2019
	€000	€000
Amount due regarding policyholders' claims	**15 164**	20 333
Amount payable to insurance intermediaries	**50**	41
Amounts payable to reinsurers		
- Life insurance and annuity business	**2 390**	2 204
- Accident and health insurance business	**6 796**	7 718
	24 400	30 296

The movement in the rest of the claims for compensations to the policyholders is as follows:

	Gross claims		**Reinsurers' share**		**Net claims**	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
1 January	**20 333**	30 124	**(704)**	(2 292)	**19 629**	27 832
Increase in amount due regarding life policyholders' claims	**43 471**	37 461	**(1 528)**	(4 685)	**41 943**	32 776
Settlement of amount due regarding life policyholders' claims	**(48 640)**	(47 252)	**706**	6 273	**(47 934)**	(40 979)
31 December	**15 164**	20 333	**(1 526)**	(704)	**13 638**	19 629

24. UNAPPROPRIATED SURPLUS OF LIFE INSURANCE BUSINESS

The movement in the unappropriated surplus is as follows:

	2020	2019
	€000	€000
1 January	**462**	432
Surplus for the year before distribution	**1 917**	6 194
Transfer to the results of life insurance and annuity business (net)	**(1 750)**	(5 900)
Appropriation to policies with Discretionary Participation Features (DPF)	**(222)**	(264)
31 December	**407**	462

The unappropriated surplus is presented separately in the Consolidated Statement of Financial Position and distributed to shareholders and policyholders with discretionary participation features at the discretion of the Board of Directors, taking into account the actuary's recommendation.

25. INSURANCE CONTRACT LIABILITIES

	Insurance contract liabilities		**Reinsurers' share**		**Net liabilities**	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
Life insurance policies	**269 309**	287 628	**(3 959)**	(5 029)	**265 350**	282 599
Accident and health insurance policies	**14 008**	17 773	**(10 108)**	(12 782)	**3 900**	4 991
Total insurance contracts liabilities	**283 317**	305 401	**(14 067)**	(17 811)	**269 250**	287 590

The life insurance contracts liabilities are analysed as follows:

	Insurance contract liabilities		**Reinsurers' share**		**Net liabilities**	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
With fixed and guaranteed terms	**11 912**	12 304	**(3 255)**	(4 324)	**8 657**	7 980
With Discretionary Participation Features (DPF)	**30 798**	27 097	**-**	-	**30 798**	27 097
Without DPF	**226 599**	248 227	**(704)**	(705)	**225 895**	247 522
Total life insurance contracts liabilities	**269 309**	287 628	**(3 959)**	(5 029)	**265 350**	282 599

The movement in the life insurance contracts liabilities is as follows:

	Insurance contract liabilities		**Reinsurers' share**		**Net liabilities**	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
1 January	**287 628**	278 060	**(5 029)**	(9 183)	**282 599**	268 877
Premiums received	**55 630**	53 686	**(3 548)**	(4 888)	**52 082**	48 798
Payments for death claims, surrenders and maturities	**(43 471)**	(37 461)	**1 528**	4 685	**(41 943)**	(32 776)
Management charges	**(13 101)**	(12 748)	**-**	-	**(13 101)**	(12 748)
Adjustment due to change in assumptions	**1 200**	(898)	**(143)**	(73)	**1 057**	(971)
Return on unit-linked investments	**(15 179)**	12 387	**-**	-	**(15 179)**	12 387
Appropriation of surplus to insurance contracts with DPF	**222**	264	**-**	-	**222**	264
Diversification experience requirements and benefits and other movements	**(3 620)**	(5 662)	**3 233**	4 430	**(387)**	(1 232)
31 December	**269 309**	287 628	**(3 959)**	(5 029)	**265 350**	282 599

The liabilities of accident and health insurance policies are analysed as follows:

	Insurance contract liabilities		Reinsurers' share		Net liabilities	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
Provision for reported claims	**4 919**	5 624	**(3 645)**	(4 154)	**1 274**	1 470
Provision for claims incurred but not reported (I.B.NI..N.R.)	**3 006**	5 118	**(2 233)**	(3 792)	**773**	1 326
Total provision for claims	**7 925**	10 742	**(5 878)**	(7 946)	**2 047**	2 796
Provision for claims management costs	**238**	322	**-**	-	**238**	322
Provision for unearned premiums	**5 845**	6 709	**(4 230)**	(4 836)	**1 615**	1 873
Total accident and health insurance contracts liabilities	**14 008**	17 773	**(10 108)**	(12 782)	**3 900**	4 991

The provision for reported claims of accident and health insurance business and claims incurred but not reported are analysed as follows:

	Insurance contract liabilities		Reinsurers' share		Net liabilities	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
1 January	**10 742**	11 713	**(7 947)**	(8 640)	**2 795**	3 073
Provision for the year	**25 957**	39 889	**(19 096)**	(29 337)	**6 861**	10 552
Payments for claims during the year	**(28 774)**	(40 860)	**21 165**	30 030	**(7 609)**	(10 830)
31 December	**7 925**	10 742	**(5 878)**	(7 947)	**2 047**	2 795

The provision for unearned premiums of accident and health insurance business is analysed as follows:

	Insurance contract liabilities		Reinsurers' share		Net liabilities	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
1 January	**6 709**	5 781	**(4 836)**	(3 770)	**1 873**	2 011
Premiums:						
- written during the year	**45 671**	52 904	**(33 294)**	(38 702)	**12 377**	14 202
- earned during the year	**(46 535)**	(51 976)	**33 900**	37 636	**(12 635)**	(14 340)
31 December	**5 845**	6 709	**(4 230)**	(4 836)	**1 615**	1 873

26. INSURANCE CONTRACTS LIABILITIES AND REINSURANCE-TERMS, CONDITIONS, ASSUMPTIONS AND SENSITIVITIES

Terms and conditions

Life insurance contracts

Life insurance contracts offered by the Group include whole life, term insurances, endowment, annuities and unit-linked policies. In addition there is a choice of supplementary benefits for disability, accidental death, dread disease and medical expenses.

Whole life insurance policies are conventional products where lump sum benefits are payable on death and which attain surrender value over the duration of the contract.

Term insurance policies refer to plans with fixed duration aiming to provide death benefits. In case of death within the period of cover, the sum assured is paid. On maturity these plans expire with no value.

Endowment insurance policies refer to fixed duration plans where the sum assured is paid in case of death during the period of cover or upon expiration of the policy.

Annuities refer to plans where periodic payments begin at a predetermined age and continue for life. Unit linked insurance policies refer to plans (whole life or with fixed duration) where the amount payable upon death is the greater of the chosen sum assured and the value of the units allocated to the policyholder.

Discretionary Participating Features (DPF) of life insurance contracts
Certain insurance policies include Discretionary Participation Features (DPF). A DPF is defined as the contractual right to receive additional benefits supplementary to the guaranteed benefits:
(a) that may form an important part of the total contractual benefits,
(b) the amount of which is annually declared by the Group following the actuarial valuation of liabilities, and
(c) which are based on surplus of life insurance business.

Accident and health insurance contracts
The Group provides health plans that offer various options as to the type (in-hospital or outpatient), the amount and the geographical location of cover.

In addition, the Group writes personal accident policies that provide insurance cover in case of accidental death or disability following an accident.

Key assumptions
Material judgment by the Group's management is required in the choice of assumptions and in determining the insurance contracts liabilities.

The assumptions used are based on past experience, current internal data and conditions and on external market data which reflect current market prices and other published information. Assumptions are adopted at each valuation date and are periodically reassessed in order to maintain a realistic and reliable basis for the actuarial valuation.

For insurance contracts estimates are made in two stages: At inception of the contract, the Group determines the assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. Subsequently, at each reporting date, an actuarial valuation is conducted to determine whether the liabilities are adequate in the light of current estimates.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality rates
Assumptions are based on standard international mortality tables, according to the type of insurance contract. In addition a study is conducted of historical mortality experience (actual deaths) for comparison purposes and if this data is considered adequate and thus statistically reliable, then it is incorporated into the abovementioned tables.

An increase in mortality rates will lead to a larger number of claims (and in a shorter than expected period of time) which will increase the expenditure and reduce profits for the shareholders.

Investments return and discount factor
The weighted average rate of return is derived based on the assets that back liabilities, consistent with the long term asset allocation strategy of the Group. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment returns will lead to increased profits for the shareholders.

Administration expenses
Operating expense assumptions reflect the projected costs of maintaining and servicing the in force policies and associated overhead expenses and are based on the actual expenses of the Group, taking into account the legislative provisions for calculating insurance contracts liabilities. Assumptions are also made with regard to the rate of increase of expenses in relation to the rate of inflation.

An increase in the level of expenses will result in a reduction of profits for the shareholders.

Persistency (Lapses)
Every year an analysis is performed of the percentage of terminated policies, using actual data up to the preceding year. These percentages may differ according to the type and duration of the plan. According to the Cyprus Laws on Insurance Services and Other Related Issues, no assumptions are made in the actuarial valuation for the percentage of terminations.

The assumptions that have the greatest effect on the consolidated statement of financial position and the consolidated statement of comprehensive income are listed below:

Life business assumptions	**Mortality rates**		**Discount factor**		**Administration expenses**	
	2020	2019	**2020**	2019	**2020**	2019
Policies with fixed and guaranteed benefits	**50% A67/70**	50% A67/70	**1,00%**	1,50%	**€77**	€74
Policies with DPF	**50% A67/70**	50% A67/70	**0,60%**	0,80%	**€77**	€74
Policies without DPF	**50% A67/70**	50% A67/70	**1,00%**	1,50%	**€77**	€74

Sensitivity of results
The table below presents the sensitivity of results to the changes in assumptions that have the greatest effects.

	Change in assumption	**Increase/(decrease) in profit and equity**	
		2020	2019
	%	**€000**	€000
Mortality			
- Increase	10	**(469)**	(452)
- Decrease	10	**253**	234
Discount factor			
- Increase	1	**3 916**	3 303
- Decrease	1	**(6 234)**	(5 049)
Administration expenses			
- Increase	10	**(2 650)**	(2 109)
- Decrease	10	**2 039**	1 633
Provision for claims incurred but not reported (I.B.NI.B.N.R.)			
- Increase	10	**(301)**	(512)
- Decrease	10	**301**	512

27. CONTINGENT LIABILITIES

A number of clients have filed lawsuits against the Group in relation to their insurance contracts. The total of contingent liabilities from pending lawsuits amounts to €717 013 (2019: €900 785).

According to currently available information on the above lawsuits, the Group assessed the probability of a negative judgement of less than 50%, so no provision was made in the consolidated financial statements.

28. SHARE CAPITAL

	2020	2019
	€000	€000
Authorised		
16 000 000 shares of €1 each	**16 000**	16 000
Issued and fully paid		
14 489 231 shares of €1 each	**14 489**	14 489

29. REVALUATION RESERVES AND RETAINED PROFITS

The revaluation reserves are the difference between fair value and cost for the properties used for the Group's operations and the deferred tax arising from the revaluation.

Revaluation reserves

	2020	2019
	€000	€000
1 January	**8 850**	8 841
Revaluation of fixed assets	**453**	(33)
Deferred tax	**109**	42
31 December	**9 412**	8 850

Retained profits
The retained profits are the only reserve that is distributable as dividend.

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during 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 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. As of 1 March 2019, deemed dividend distribution is subject to a contribution of 1,70% to the General Health Insurance System, which has been increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 where the rate of 1,70% applies. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Group on behalf of the shareholders.

As at 31 December 2020 and 2019 the Company held 94,14% of the share capital of Universal Golf Enterprises PLC (see Note 9) and as a result minority rights were calculated.

30. CAPITAL EXPENDITURE AGREEMENTS

The liabilities arising from agreements for capital expenditure of the Group amount to €891 360 (2019: €638 000).

31. NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	**2020**	2019 Revised
		€000	€000
Profit for the year before tax		**1 129**	5 314
Adjustments for:			
Investment income		**(800)**	(962)
Amortisation of intangible assets	20	**90**	383
Depreciation of property and equipment	19	**284**	289
Depreciation of assets with rights of use	21	**178**	539
Interest expenses		**287**	251
Profit on disposal of investment property		**(22)**	-
Provision for impairment of amounts due		**149**	87
Profit on disposal and write-off of property and equipment and intangible asset	5	**(7)**	(2)
Increase in the fair value of financial assets through profit or loss		**(737)**	(32 479)
Decrease in the fair value of investment property	12	**16 004**	1 215
		16 555	(25 365)
Change in:			
(Increase)/decrease in unappropriated surplus of life insurance business	24	**(55)**	30
(Increase)/decrease in reinsurers' shares in insurance contract liabilities and superannuation managed pension funds	15, 25	**(19 005)**	7 966
(Increase)/decrease in the deferred acquisition costs		**108**	(17)
Decrease in reinsurers' share in insurance contracts liabilities	25	**3 744**	4 724
(Increase)/decrease in reinsurers' share in deferred acquisition costs	25	**(121)**	25
(Decrease)/increase in creditors and accruals	22	**(298)**	910
Decrease in premiums and other insurance receivables	16	**567**	9 432
Decrease in debtors and prepayments	11	**-**	1 231
Decrease in insurance liabilities	23	**(5 896)**	(9 689)
Cash flow for operating activities		**(4 401)**	(10 753)
Income tax paid		**(1 961)**	(1 392)
Net cash flow for operating activities		**(6 362)**	(12 145)

32. MANAGEMENT OF RISK FROM INSURANCE OPERATIONS AND FINANCIAL INSTRUMENTS

As part of its normal operations, the Group is exposed to a variety of risks namely, from insurance operations and financial instruments held. These risks are monitored on a systematic basis and all the necessary measures are undertaken to prevent undue risk concentrations.

Risk arising from insurance operations
The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. For risks from insurance operations such estimates are created to meet adequately the obligations under the Group's insurance policies, following advice of the actuaries.

The main risk faced by the Group, are the actual claims and benefits to exceed the amount of liabilities recognised in the consolidated financial statements. This risk is influenced by the frequency and severity of claims and by the risk that actual benefits paid will be greater than originally estimated.

The risk exposure is limited by dispersion on a large portfolio of insurance contracts and by the careful selection and implementation of underwriting strategies and guidelines and is also limited by the use of reinsurance arrangements.

Although the Group has entered into reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. For this reason the Group monitors regularly the credit rating of the reinsurance companies with which it cooperates through their financial results and their credit rating by well known agencies and takes all necessary steps so that this risk is minimised.

Life insurance contracts
The main factors affecting the frequency of claims are epidemics, widespread changes in lifestyle and natural disasters.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and medical history, regular review of actual claims experience and product pricing. The Group has the right to refuse renewal of individual policies, to impose deductibles or to reject the payment of fraudulent claims.

Accident and health insurance contracts
The most important factors affecting accident and health contracts result from changes in lifestyle, climate and environmental changes.

The risks are reduced by following a strict underwriting policy and by investigating possible fraudulent claims.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk:

	2020			2019		
	Unit Linked	**Other**	**Total**	Unit Linked	Other	Total
	€000	€000	**€000**	€000	€000	€000
Debt securities (Note 13.1, 13.5 and 17)	72 452	30 161	**102 613**	42 803	25 207	68 010
Cash and cash equivalents Note 10 and 17)	19 374	9 455	**28 829**	28 061	14 865	42 926

Policy loans (Note 14.2)	302	1 124	**1 426**	636	1 475	2 111
Mortgage loans (Note 14.1)	-	2 552	**2 552**	-	3 000	3 000
Debtors and accrued income (Note 11)	-	1 374	**1 374**	-	1 374	1 374
Reinsurers' share in insurance contract liabilities (Note 25)	704	13 363	**14 067**	705	17 106	17 811
Premium receivable and other insurance receivables (Note 16)	4 585	4 082	**8 667**	4 152	5 082	9 234
	97 417	**62 111**	**159 528**	76 357	68 109	144 466

Policy loans and mortgage loans are secured by the value of insurance policies and mortgages on properties respectively (Note 14).

Life insurance premiums receivable amounting to €2 954 431 (2019: €2 788 500) are secured by the surrender value of insurance policies.

The table below shows the exposure to credit risk:

	Neither past due nor impaired	**Impaired**	**Total**
2020	€000	€000	**€000**
Premiums receivable and other insurance receivables	8 867	-	**8 667**
	8 667	**-**	**8 667**
2019			
Premiums receivable and other insurance receivables	9 234	-	9 234
	9 234	-	9 234

Exposure to credit risk by credit rating
The table below provides information regarding the credit risk exposure of the Group by classifying assets according to their credit rating of financial and insurance assets:

	Aaa -Aa3	**A1-A3**	**B1-B3**	**Caa1- Caa3**	**Unrated**	**Total**
2020	€000	€000	€000	€000	€000	**€000**
Debt securities	-	-	-	-	29 657	**29 657**
Corporate bond	-	-	-	-	504	**504**
Cash and deposits with banks	279	5 687	2 723	32	734	**9 455**
Policy loans	-	-	-	-	1 124	**1 124**
Mortgage loans to policyholders	-	-	-	-	2 552	**2 552**
Debtors and accrued income	-	-	-	-	1 374	**1 374**
Premium receivable and other insurance receivables	-	-	-	-	4 082	**4 082**
Reinsurers' share in insurance contract liabilities	13 363	-	-	-	-	**13 363**
	13 642	**5 687**	**2 723**	**32**	**40 027**	**62 111**

2019						
Debt securities	-	-	-	-	25 207	25 207
Cash and deposits with banks	73	7 585	4 270	951	1 986	14 865
Policy loans	-	-	-	-	1 475	1 475
Mortgage loans to policyholders	-	-	-	-	3 000	3 000
Debtors and accrued income	-	-	-	-	1 374	1 374
Reinsurers' share in insurance contract liabilities	17 106	-	-	-	-	17 106
Premium receivable and other insurance receivables	-	-	-	-	5 082	5 082
	17 179	7 585	4 270	951	38 124	68 109

Deposits without credit rating represent balances in domestic banking institutions that are subject to the supervision of the authorised supervisory authorities and are evaluated by the Management as satisfactory in financial strength and solvency.

Debt securities without credit rating represent units in collective investment funds (unlisted) and are rated by the Management as satisfactory in terms of financial soundness and solvency.

The Group has not performed credit risk analysis for the financial assets linked to unit linked investment funds. This is due to the fact that for these funds, liabilities against insurance policies are directly linked to the return and value of assets that support these liabilities and shareholders are not directly exposed to credit risk with respect to those assets.

Liquidity risk
Liquidity risk is the risk that the Group is unable to fully or promptly meet payment obligations as and when they fall due. This risk includes the possibility that the Group may have to raise funding at high cost or sell assets at a discount to fully and promptly satisfy its obligations.

The Group's business requires a steady flow of cash to meet payment obligations to policyholders and associates.

The basic source of liquidity for the Group are premiums received, disposals and income from investments, cash and cash equivalents and the bank overdraft.

To provide necessary cash inflow to cover future payment obligations the Group invests in assets with the same maturity profile as the maturity of insurance contracts liabilities.

The following table presents the Group's financial and insurance liabilities based on the remaining contractual maturity at 31 December 2020 and at 31 December 2019. The analysis was based on undiscounted cash flows analysed in time bands according to the number of days remaining from 31 December to the contractual maturity date.

2020	Within one year €000	1-5 years €000	6-15 years €000	More than 15 years €000	Without expiry date €000	Unit-Lined €000	Total €000
Bank overdraft	884	-	-	-	-	-	**884**
Insurance contract liabilities	16 631	27 078	5 240	7 017	16 177	212 597	**284 740**
Insurance liabilities	18 158	4 280	838	1 124	-	-	**24 400**
Creditors and accruals	6 297	-	-	-	-	-	**6 297**
Leases liabilities	-	467	-	-	-	-	**467**
Unallocated surplus life insurance business	407	-	-	-	-	-	**407**
Reinsurers' share in deferred acquisition costs	846	-	-	-	-	-	**846**
Liabilities of superannuation and managed pension funds	17 785	-	-	-	-	-	**17 785**
	61 008	**31 825**	**6 078**	**8 141**	**16 177**	**212 597**	**335 826**
2019							
Bank overdraft	5 034	-	-	-	-	-	5 034
Insurance contract liabilities	20 040	25 246	5 448	6 472	17 804	232 563	307 573
Insurance liabilities	23 839	4 365	956	1 136	-	-	30 296
Creditors and accruals	6 575	-	-	-	-	-	6 575
Leases liabilities	-	631	-	-	-	-	631
Unallocated surplus life insurance business	462	-	-	-	-	-	462
Reinsurers' share in deferred acquisition costs	967	-	-	-	-	-	967
Liabilities of superannuation and managed pension funds	14 706	-	-	-	-	-	14 706
	71 623	30 242	6 404	7 608	17 804	232 563	366 244

Insurance contract liabilities that fall into the category 'No expiration date' consist of life contracts where the insurance obligation will arise on the date of death of the insured.

Market risk
Market risk is the risk of adverse movements in the rates of exchange between currencies, in the level of interest rates and the current prices of investments. The Group's profitability is not affected to the extent that such variations relate to investments held for unit-linked investment plans. For the remaining investments relating to insurance business this risk is kept at low levels through diversification, both geographically and through diversification in different sectors of the economy.

Equity shares price and debt securities risk
The risk of loss from changes in the price of equity shares and debt securities arises when there is an unfavorable change in the price of equity shares and debt securities held by the Group. Investments in equity shares and debt securities as at 31 December 2020 and 2019 are shown in Note 13. Moreover, risk reduction is achieved through diversification in various sectors.

a) Equity securities

2020	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
Cyprus Stock Exchange	**+5%**	**52**	**46**
	-5%	**(52)**	**(46)**
Units in collective equity investment funds – listed in foreign stock exchanges	**+5%**	**103**	**90**
	-5%	**(103)**	**(90)**
Units in collective equity investment funds – unlisted	**+5%**	**233**	**204**
	-5%	**(233)**	**(204)**

2019	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
Cyprus Stock Exchange	+5%	132	119
	-5%	(132)	(119)
Units in collective equity investment funds – unlisted	+5%	410	369
	-5%	(410)	(225)

b) Multi asset funds and money market fund

2020	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
Multi asset funds	**+5%**	**98**	**86**
	-5%	**(98)**	**(86)**
Money market fund	**+5%**	**25**	**22**
	-5%	**(25)**	**(22)**

2019	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
Multi asset funds	+5%	71	62
	-5%	(71)	(62)

Unlisted investments include direct and indirect investments in foreign multi asset funds.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is mainly focused on the Group's investments. Changes in interest rates do not affect profitability if they relate to unit-linked investment plans.

The Group reduces its exposure to this risk by investing in a combination of fixed interest and variable interest financial assets and by regular monitoring of assets and liabilities positions.

On 31 December 2020 if interest rates on all interest bearing financial instruments and obligations in any currency increased / decreased by 0,5%, with other things being equal, the Group profit after tax for the year, and consequently its equity, would show an increase / decrease of €190 014 (2019: €145 901).

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to currency risk is not significant.

33. ANALYSIS OF ASSETS AND LIABILITIES BY EXPECTED MATURITY DATE

The table below presents an analysis of assets and liabilities based on expected maturity or redemption date:

2020	**Within one year**	**Over one year**	**Total**
	€000	**€000**	**€000**
Assets			
Cash and cash equivalents	28 829	-	**28 829**
Debtors and prepayments	1 374	-	**1 374**
Financial assets at fair value through profit or loss			
Equity shares	-	49 656	**49 656**
Debt securities	-	96 560	**96 560**
Multi asset fund	-	6 722	**6 722**
Money market fund	8 500	-	**8 500**
Corporate bond	6 053	-	**6 053**
Loans and receivables	198	3 780	**3 978**
Reinsurers' share in insurance contract liabilities	619	13 448	**14 067**
Premium receivable and other insurance receivables	8 667	-	**8 667**
Investment properties		137 585	**137 585**
Property and equipment	-	17 552	**17 552**
Intangible assets	-	535	**535**
Assets with right of use		316	**316**
Deferred acquisition costs	668	-	**668**
Tax receivable	380	-	**380**
	55 288	**326 154**	**381 442**
Liabilities			
Bank overdraft	884	-	**884**
Creditors and accruals	6 639	-	**6 639**
Leases liabilities	-	467	**467**
Insurance liabilities	18 158	6 242	**24 400**
Reinsurers' share in deferred acquisition costs	846	-	**846**
Tax payable	877	-	**877**
Deferred tax	-	7 082	**7 082**
Unallocated surplus life insurance business	407	-	**407**
Insurance contracts liabilities	16 070	267 247	**283 317**
Liabilities of superannuation and managed pension funds	17 785	-	**17 785**
	61 666	**281 038**	**342 704**

2019	Within one year	Over one year	Total
	€000	€000	€000
Assets			
Cash and cash equivalents	42 926	-	**42 926**
Debtors and prepayments	1 374	-	**1 374**
Financial assets at fair value through profit or loss			
Equity shares	-	69 444	**69 444**
Debt securities	-	68 010	**68 010**
Multi asset fund	-	12 581	**12 581**
Money market fund	12 784	-	**12 784**
Reinsurers' share in insurance contract liabilities	681	17 130	**17 811**
Loans and receivables	255	4 856	**5 111**
Premium receivable and other insurance receivables	9 234	-	**9 234**
Investment properties	-	17 165	**17 165**
Property and equipment		152 915	**152 915**
Intangible assets	-	415	**415**
Assets with right of use		475	**475**
Tax receivable	380	-	**380**
Deferred acquisition costs	776	-	**776**
	68 410	**342 991**	**411 401**
Liabilities			
Bank overdraft	5 034	-	**5 034**
Creditors and accruals	6 937	-	**6 937**
Leases liabilities	-	631	**631**
Insurance liabilities	23 839	6 457	**30 296**
Reinsurers' share in deferred acquisition costs	967	-	**967**
Tax payable	1 015	-	**1 015**
Deferred tax	-	7 691	**7 691**
Unallocated surplus life insurance business	462	-	**462**
Insurance contracts liabilities	19 476	285 925	**305 401**
Liabilities of superannuation and managed pension funds	14 706	-	**14 706**
	72 436	**300 704**	**373 140**

The determination of the expected maturity date of the insurance policy obligations and reinsurers' share in the insurance contract liabilities is determined based on the expected expiration/termination date of the contracts in force.

Investments and other assets that are directly related to insurance/investment funds are separately presented along with the respective liabilities of insurance policies, provided that their maturity profile corresponds to the estimated timing of outflows that will arise for the settlement of liabilities.

34. CAPITAL MANAGEMENT

The Directive 2009/138/EC of the European Parliament and the Council and the relevant Regulations concerning the acquisition and pursuit of Insurance and Reinsurance businesses (Solvency II) came into force on 1 January 2016. The new Directive requires significantly enhanced information both in quantitative and qualitative terms and is divided into three pillars:

- Pillar I: Quantitative requirements - includes calculation of solvency capital requirements, technical provisions and principles for measurement of assets and liabilities.
- Pillar II: Qualitative requirements - includes the corporate governance requirements that guarantee the correct and prudent management of the insurance business, including the risk management function, compliance, internal audit and actuarial function.
- Pillar III: Disclosure requirements - includes the requirements to disclose quantitative and qualitative information necessary for supervisory authorities to better inform members - consumers.

With the implementation of the Directive, the Company manages its capital base by evaluating on a quarterly basis, the adequate coverage of the Solvency Capital Requirement of the company with high quality own equity. In this context, a number of actions was taken to optimize asset management and own funds, including adjusting its dividend policy, in order to be able to cover the increased quantitative capital requirements. At 31 December 2020, the coverage ratio of the Company's Solvency Requirements was above 115%, which is the minimum rate set by the Insurance Companies Control Service.

Additionally, the Company assesses annually the ongoing compliance with regulatory capital requirements of the Directive throughout the period of future business planning. This assessment takes into account possible future changes in the risk profile, quantity and quality of own funds, and their composition by class and how this can change during the period of future business planning. The results of the own risk assessment were taken into account for capital management, business planning and development and design of the Company's products.

35. ADDITIONAL INFORMATION ON INSURANCE OPERATIONS

Additional information is shown below based on the Accounting Directives issued according to paragraph 2 of article 87 of the Laws on Insurance Services and Other Related Issues:

A) Analysis of premiums and reinsurance premiums

Life insurance and annuity business

	2020	2019
	€000	€000
Individual life premiums	**53 483**	50 338
Group life premiums	**2 146**	3 348
	55 629	53 686
Regular premiums	**49 602**	48 247
Single premiums	**6 027**	5 439
	55 629	53 686
Non-linked life premiums:		
- Without participation in profits	**4 855**	5 909
- With participation in profits	**1 541**	1 230
	6 396	7 139
Premiums of unit-linked life policies for which the investment risk is borne by policyholders	**49 233**	46 547
	55 629	53 686

Accident and health insurance business

	2020	2019
	€000	€000
Gross premiums of individual and group contracts	**46 447**	52 904
Unearned premiums of individual and group contracts	**864**	(169)
	47 311	52 735
Total premiums	**102 940**	106 421

Life insurance and annuity business

Reinsurance premiums of non-linked life business	**2 476**	3 770
Reinsurance premiums of unit-linked life business	**1 072**	1 119
	3 548	4 889

Accident and health insurance business

	2020	2019
	€000	€000
Gross reinsurance premiums of individual and group contracts	**34 261**	38 702
Unearned reinsurance premiums of individual and group contracts	**606**	(124)
	34 867	38 578
Total reinsurance premiums	**38 415**	43 467
Net premiums	**64 525**	62 954

B) Analysis of gross payments to policyholders and reinsurers' share

Life insurance and annuity business

	2020	2019
	€000	€000
Gross payments with unchanged and guaranteed benefits	**3 887**	6 507
Gross payments with participation in profits	**1 958**	2 980
Gross payments without participation in profits	**37 625**	27 974
	43 470	37 461

Accident and health insurance business

	2020	2019
	€000	€000
Gross payments on individual contracts	**17 417**	24 038
Gross payments on group contracts	**11 357**	16 822
	28 774	40 860
Gross payments to policyholders	**72 244**	78 321

Life insurance and annuity business
Reinsurers' shares of payments to policyholders:

- With unchanged and guaranteed benefits	**1 420**	4 593
- Without participation in profits	**108**	93
	1 528	4 686

Accident and health insurance business

Reinurers' shares of payments to policyholders:		
- Individual contracts	**12 904**	17 930
- Group contracts	**8 261**	12 100
	21 165	30 030
Reinsurers' shares of payments to policyholders	**22 693**	34 716

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND PROPERTIES

The Group uses the following hierarchy for determining and disclosing the fair value:

Level 1: investments measured at fair value based on quoted prices in active markets.

Level 2: investments measured at fair value based on valuation models in which all factors affecting the fair value is based on observable market data.

Level 3: investments measured at fair value based on valuation models in which the data significantly affect the fair value are not based on observable market data. This category includes unlisted investments.

The method used for determining the fair value of financial instruments presented at fair value using valuation models is described in accounting policy number 12 for investments at fair value through profit or loss. These models include estimates of the Group regarding the assumptions that an investor would use in measuring fair value. The method used for determining the fair value of property is described in notes 11 and 13.

The analysis of financial instruments and properties measured at fair value by level is shown below:

	Level 1	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Financial assets and properties				
2020				
Equity shares	49 502	-	154	**49 656**
Debt securities	96 560	-	-	**96 560**
Corporate bonds	-	6 053	-	**6 053**
Multi asset funds	6 722	-	-	**6 722**
Money market fund	8 500	-	-	**8 500**
Investment properties	-	-	137 585	**137 585**
Freehold properties	-	-	16 938	**16 938**
	161 284	**6 053**	**154 677**	**322 014**

	Level 1	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Financial assets and properties				
2019				
Equity shares	69 291	-	153	69 444
Debt securities	68 010	-	-	68 010
Multi asset funds	12 581	-	-	12 581
Money market fund	12 784	-	-	12 784

Investment properties	-	-	152 915	152 915
Freehold properties	-	-	16 670	16 670
	162 666	-	169 738	332 404

Sensitivity of fair value measurement to changes in unobservable inputs – 31 December 2020
Given the uncertainties in the market, any changes in unobservable inputs may lead to measurement with significantly higher or lower fair value.

A variation of the annual estimated fair value per sq.m. would affect the fair value of privately owned properties per sq.m. as follows:

	Change in assumption	Impact on fair value of owned properties
		2020
	%	**€000**
Annual estimated fair value per sq.m.		
- Increase	10	1 694
- Decrease	10	(1 694)

A variation in the annual yield would affect the fair value of properties as follows

	Change in assumption	Impact on fair value of owned properties
		2020
	%	**€000**
Annual yield		
- Increase	0,5	(1 323)
- Decrease	0,5	1 616

Sensitivity of fair value measurement to changes in unobservable investment property data - other than properties related to Golf development plots:

	Change in assumption	Impact on fair value of investment properties
		2020
	%	**€000**
Percentage of hope value		
- Increase	10	2 439
- Decrease	10	(2 439)
Annual estimated fair value per sq.m.		
- Increase	10	10 034
- Decrease	10	(10 034)
Rental yield		
- Increase	0,5	(262)
- Decrease	0,5	328

Sensitivity of fair value measurement to changes in unobservable investment property data relating to Golf development plots:

	Impact on fair value of investment properties
	2020
	€000
Discounting rate: 15%	**1 950**
Discounting rage: 16%	**(2 770)**
Sales duration: 30 years (+5 years)	**(5 020)**
Sale prices of houses: -10% (€4.483 / sq.m.)	**(12 000)**
Direct construction costs: +€100 / sq.m.	**(3 170)**
Direct construction costs: -€100 / sq.m.	**3 180**
Professional expenses: +2% (7%)	**(1 530)**

Sensitivity of fair value measurement to changes in unobservable inputs – 31 December 2019
Given the uncertainties in the market, any changes in unobservable inputs may lead to measurement with significantly higher or lower fair value. A variation of the rental yield rate of return would affect the fair value of investment property and own property as follows:

	Impact on fair value of investment properties
Change in rental yield	
+0,05 (+5%)	**-7,5% to -9%**
-0,05 (-5%)	**+9%**

37 OTHER TRANSACTIONS WITH RELATED PARTIES

The Group is controlled by Photos Photiades Group Ltd, which is registered in Cyprus and holds 54,10% of the Company's shares. The remaining percentage of the shares is widely dispersed and there is no final person to control the Company.

The end parent company that prepares the consolidated statements of the maximum set of companies of which the Company is a part as a subsidiary, is Photos Photiades Group Ltd, registered in Cyprus, with a registered office at 8 Stasinou Street, 1060 Nicosia.

The Group's related transactions include associates, senior management, members of the Board of Directors and their affiliates.

Balances from transactions with related parties

Management team (including close family members)

	2020	2019
	€000	€000
Loans	**29**	35

Emoluments of members of the Board of Directors

	2020	2019
	€000	€000
Fees	**155**	146

Retirement benefits in the form of a pension payable as annuities	**138**	139
Benefits in kind	**18**	15

Emoluments of Senior Management

	2020	2019
	€000	€000
Emoluments including other short-term benefits and employer's contributions	**1 007**	783
Contributions in medical fund	**17**	14
Contributions in the retirement and pension fund	**69**	62
Benefits in kind	**24**	14
Total emoluments	**1 117**	873

Other transactions with related parties

Members of the Board of Directors (including close family members)

	2020	2019
	€000	€000
Premiums	**676**	92
Claims	**615**	167

Management Team (including close family members)

	2020	2019
	€000	€000
Premiums	**174**	146
Claims	**14**	8
Interests from loans	**1**	1

Entities under joint control

	2020	2019
	€000	€000
Premiums	**1 301**	1 231

38 EVENTS AFTER THE REPORTING PERIOD

On 29 March 2021, Hellenic Bank Public Company Ltd acquired 17,94% of the share capital of the Company.

Regarding the duration of the coronavirus pandemic (COVID-19) and the continuing negative impact on economic activity, the Group may be adversely affected. The precise impact on the Group's activities in 2021 and thereafter cannot be accurately predicted.

Embedded Value

In addition to the annual statutory actuarial valuation which is reflected in the audited financial statements, Universal Life reports the results of the Company using the embedded value method.

The embedded value of a life insurance company is defined as the sum of the value of shareholders' assets and the present value of the projected future transfers to the shareholders arising out of future profits. No allowance is made for profits to be generated out of future new business (goodwill).

The calculation of the projected future cash flows is based on assumptions of investment return, mortality and morbidity, lapse rates, commissions and management expenses, tax and any other factors which contribute positively or negatively in the risk management and profitability of a life insurance company. The assumptions are set by allowing for the economic conditions and the Company's own recent experience. The projected future cash flows are discounted back to their present value using a risk discount rate which represents the shareholders' expected return from an investment in a life insurance company.

The embedded value of the Company is calculated at the beginning and at the end of the year and the change in value, adjusted for any transfers to or from the shareholders, represents the embedded value earnings of the Company.

2020 Results

The table below gives a breakdown of the Group's embedded value as at 31 December 2020. The corresponding figures for 2019 are given for comparison. The risk discount rate used for the 2020 provisions was 7,00% per annum (2019: 7,00%).

	2020	2019 (Revised)
	€000	€000
Value of net assets as per the IFRS financial statements	**37 463**	36 604
Value of policies in force	**47 533**	41 766
Embedded Value	**84 996**	78 370

The change in the embedded value in successive years plus the dividends paid to shareholders within the year represents the embedded value profits / losses for the year. The embedded value profits for 2020 are €6 626 000 (2019: profits €6 677 000).

The table below shows the key elements of the results for 2020 as well as for 2019 under the traditional accounting standards method compared to the alternative embedded value method.

	As per audited financial statements		**Embedded Value basis**	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
(Losses)/profits for the year after tax	**(85)**	4 337	**6 626**	6 677
Equity	**38 738**	38 261	**84 996**	78 370
Profit/(loss) per share – cent	**(0,01)**	0,30	**45,73**	46,08
Net asset value per share - €	**2,56**	2,49	**5,87**	5,41

The embedded value was not audited by the external auditors of the Group.