Electricity Authority of Cyprus | Energy for life!

annual report 2020

Electricity
Authority
of Cyprus

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The Electricity Authority of Cyprus

The Electricity Authority of Cyprus is an independent, Public Corporate corporation established under the Electricity Development Law Cap.171 of 1952 in order to exercise and perform functions relating to the generation, transmission, distribution and supply of electric energy in Cyprus.

The above definition is used in Cyprus for corporations which are independent and which were established in accordance with the relevant Law, in order to render services in the utility field. Such corporations are governed by Authorities, the members of which are appointed by the Council of Ministers.

In case of the Electricity Authority of Cyprus, the government, through the Minister of Energy, Commerce and Industry, is empowered to give directives to the Authority on matters appertaining to the general interest of the Republic.

Our Vision

To be the leading player in the Energy Sector, Services and other Activities

Our Mission

To provide Consumers, Customers and Network Users with the highest quality of safe and reliable services in the energy sector and in other activities at competitive prices, utilizing new technologies, respecting society, the environment and our people and contributing to the development of our country

Our Values

- Integrity
- Respect to our clients
- Quality
- Human Capital
- Society and Environment

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Board of Directors

Electricity Authority of Cyprus

From 1.1.2020 until 31.12.2020

CHAIRMAN
Michael Komodromos
(from 29.7.2019)

VICE CHAIRMAN
George Nikolettos
(from 29.7.2019)

ΜΕΛΗ

Agni Shialarou
Elena Tsolakis
Chrstina Zikkou
Chrysostomos Chrysostmou
(from 31.1.2019)
Charis Millas
(from 29.7.2019)

Polyvios Lemonaris
(from 31.1.2019)
Georgios Siammas
(until 04.02.2019)
Kyriakos Kyriakou
(from 05.02.2020)

Michael Komodromos
Chairman

George Nikolettos
Vice Chairman

Agni Shialarou
Member

Elena Tsolakis
Member

Christina Zikkou
Member

Chrysostomos Chrysostomou
Member

Charis Millas
Member

Polyvios Lemonaris
Member

Kyriakos Kyriakou
Member

Georgios Shammas
Member

Management

General Manager
Panayiotis Olympios
BSc (Hons), MSc (Eng), MIET

Executive Networks Manager
Adamos Kontos
BSc (Eng), MEng, PhD, MBA

Executive Generation and Supply Manager
Alexis Michael
BSc (Hons), PhD, CEng, MIET

Executive Finance Manager
Maria Charalambous
BA Economics, MBA, FCA

Distribution Manager
Vacant Post

Anastasis Gregoriou (acting from 1.12.2018)
BEng, MBA, CEng, MIET

Distribution System Owner Manager
Adonis Yiasemides
Dipl Eng, MBA, MIET

Distribution System Operator Manager
Anastasis Gregoriou
BEng, MBA, CEng, MIET

Transmission Manager
Costas Gavrielides
BSc (Hons), MEng, MBA, CIPR Diploma
MIET, MCIPR

Generation Manager
Charalambos Menelaou (acting from 1.7.2019)
BSc, M.Phil

Supply Manager
Marios Skordellis
BSc (Hons), MSc , MBA
CEng, MIET

Chairman's Message

Michael Komodromos

The Electricity Authority of Cyprus has been the main energy pillar of Cyprus for almost 70 years. With specialized know-how, modern infrastructure, quality, risk and governance management systems, efficient service and prompt technical response, it has stood out for the reliability and security it offers to meet even the most demanding energy needs.

The year 2020 was notably unique, with the wave of the pandemic washing through our country's society and economy. The EAC Management, with the purpose of mitigating the effects, took the decision to reduce the tariffs of all its customers by 10%, for a period of 6 months. This action corresponds to an amount exceeding €30 million, which the EAC returned to the Cypriot society and economy.

On the basis of the regulatory decision of CERA, the EAC fully complied with the provisions governing the Operational and Accounting Separation of its Activities. To implement the European Directive and the relevant regulatory decisions of CERA in order to facilitate the opening of the electricity market in Cyprus, the EAC has divided into 4 Key Independent Regulated Activities and the Directorate of Non-Regulated Activities, with the purpose to respond effectively to the new needs of the Open Market, in a context of transparency and healthy competition.

The main goal remains the independence from liquid fuels and the expanded utilization of Renewable Energy Sources. Construction of the Photovoltaic Park (PP) will begin soon at Akrotiri Limassol, which is a project with a total capacity of 12MW. Moreover, in the context of the EAC consortium with the Holy Archbishopric of Cyprus, we are in the process of securing the necessary permits for the development of important PPs in the Achera area, while at the same time the Agios Ioannis PP is also underway. Furthermore, the EAC, in collaboration with the Ministry of Education, is in the process of installing photovoltaic systems in all schools in Cyprus. In the context of the implementation of its strategic planning, the EAC has signed an agreement to participate in the share capital of the Natural Gas Infrastructure Company (ETYFA) with a percentage of 30% having paid an amount of €43 million. The goal is to contribute to the energy fortification of Cyprus through the development of Natural Gas (NG) infrastructure, making it a project of special importance for our country.

Regarding the use of natural gas, the necessary modifications to the Generation Units of the Vasilikos Power Station are already in progress and are progressing rapidly so that they are ready when the NG is at our disposal. Specifically, the conversions in boilers 1, 2 and 3 to operate with natural gas have been completed. The installation of Natural Gas infrastructure in Units 4 and 5 has also been completed and it remains testing using Natural Gas. At the beginning of 2021, the work of the common infrastructure (measurement of quantity, regulation of pressure and temperature) of natural gas for the Production Units 1, 2 & 3 of the Vasilikos Power Station started. The work of this project is expected to be completed in June 2022.

Regarding the compliance of the EAC with the EU directives and the permissible emission limits of gaseous pollutants, as defined by the operating license issued by the Ministry of Labour, in 2020 the installation of modern environmental protection systems has been completed. We are now in the stage of final checks before their final delivery.

At the same time, a Community Tender was announced for the installation of a new Combined Cycle Gas Turbine Unit with a capacity of 160 MW, at the Vasilikos Power Station. The new Unit, according to schedule, is expected to be put into commercial operation at the end of April 2023.

One of the main pillars of the EAC priorities is energy saving. For this purpose, agreements have been made with all Communities and most Municipalities for the replacement of energy-consuming street lighting with LED lights. This agreement, between the EAC and the Ministry of Interior, is a big challenge for the Organisation. With the human resources and the specialized know-how in our possession, we have met this challenge successfully.

An additional option is the smart lighting and smart pillars, which are part of a smart city, as they can be controlled through the software of the central management platform. The smart pillars are equipped with specialized equipment and provide information, communication messages, announcements and free internet to the citizens and visitors of the Municipality. The Municipality of Paphos chose to install this smart lighting system.

The EAC networks form the "circulatory" system of all electricity flowing from Generation to final consumption. Our networks are continuously evolving within the new needs of the Electricity Market, transforming the traditional system from simple passive wires to a platform of two-way flow of energy and information between the network and the network users.

Among the biggest changes that are taking place are smart meters, which revolutionize the island. Through their operational capabilities, they offer multiple benefits to consumers, for example detailed information on how they consume electricity. Consumers are provided with a modern energy saving tool that offers them significant economic benefits. According to a relevant decision of CERA, 400,000 conventional meters are to be replaced with smart ones, during a timeframe beginning in 2022 until 2025. The specifications and terms of the tender have already been prepared.

The smart meter system, the SCADA / DMS Distribution Management System and the MDMS system (the metering data management system), which is the foundation of reliability and transparency for the smooth and unrestricted operation of the competitive electricity market, form the basis of smart grids developed by the EAC, in the ever-changing field of the Electricity Market.

The EAC implements its strategic planning in close cooperation with the Ministry of Energy and CERA. The goal is to be at the forefront of the energy challenges in the next decade. At the heart of them is the transition to a zero-carbon economy, with global penetration and efficient green energy management as a key factor.

Regarding Telecommunications, it was decided to carry out a pilot project for the installation of a Fiber Optic Cable in the aerial Distribution Network. The pilot application includes the telecommunication interconnection of the Omonia 132 kV Transmission Substation with the Suez and Hatzigiannis Distribution Substations, via a Fiber Optic cable. The two substations that have been selected, meet the conditions for their upgrade and the installation of a terminal unit. Fiber Optic cables with a total length of approximately 1100m, will be installed both aerial and underground, in a central area of Limassol.

The aim of this pilot project is on the one hand to highlight some of the telecommunications applications as well as any issues that may arise and on the other hand to mark the beginning of the important and decisive project of the development of a telecommunications network in Distribution to support the energy distribution network.

With the expansion of the application of the Fiber Optic Network and the simultaneous digitization and automation of the switching equipment of the EAC, it will be possible to better monitor and control the Distribution network remotely from the SCADA System, through a privately owned, reliable and widely used telecommunications network. This will contribute both to improving the EAC's response to various incidents - such as the restoration of supply after network failures - and to possibly take preventive actions to avoid them.

By focusing on the modern technologies of the Network's Geographic Information System, we pave the way towards digital transition with a complete digital environment in the customer service processes, but also with complete digitization of the network itself. For this reason, we have input the network data in digitized form in the GIS, which is the necessary condition for a wide development of online applications. Such examples are the automated submission of network connection requests and the acceleration of the issuance of connection terms to the customer and also our more immediate responses to failures and emergencies.

At the same time, pioneering projects are underway, such as the integration of drones and smart applications in the development and maintenance processes of the Network and the automation of the process for the immediate issuance of connection terms.

The value of education, in an Organisation with the role and objective of the EAC, is self-evident. In order to expand the areas of knowledge and learning and to provide opportunities for the continuous development of skills, to all our employees, the EAC is implementing a comprehensive e-Learning system, building on existing, established platforms.

Furthermore, the EAC Staff Training School has been modernized. The School is the place of learning and continuous development of knowledge and skills of the EAC personnel. With professionalism, experience, knowledge and continuous training, they are able to successfully face any challenge.

In addition to the Training School, a Research and Innovation Centre has been established. The aim of the EAC is to liaise with recognized research and academic institutions, to join forces with the scientific community and to contribute to the exchange of expertise and the encouragement of the implementation of innovative ideas and applications.

Regarding its internal affairs, the Cyprus Electricity Authority proceeded, through a relevant Tender, to the purchase of Consulting services for the design of a new Personnel Assessment System. This must meet the new needs of the

Organisation and the relevant requirements of the Cyprus Energy Regulatory Authority. The amending Regulation governing the New EAC Assessment System was sent through the Ministry of Energy, Trade and Industry to the Law Office of the Republic of Cyprus for the necessary legislative control, in order to be forwarded as soon as possible to the Cabinet of Ministers for approval and then to the House of Representatives for voting.

The new, green building of the EAC, which will house the Famagusta - Larnaca Regional Office, is in the final stage of completion. This building, of modern aesthetics and construction perfection, meets the technological and environmental challenges of our era and provides improved functionality, easy access to parking spaces and a comfortable public service environment.

Our philosophy centres around our customers. Having optimal customer service as our main focus, we have implemented a programme for the operational upgrade of our CSC and the support of operational units. The EAC has completed the new Customer Contact Centres, has implemented the Easy Payment Service and is rapidly redesigning and upgrading the “EAC Mobile App” that will provide immediate and qualitative information, as well as new functions to the Cypriot consumer.

I would like to express my gratitude to the President of the Republic of Cyprus, Mr. Nicos Anastasiades for the honour he has bestowed upon me and for the trust he has shown me. I would also like to thank the Minister of Energy, Commerce and Industry, Ms. Natasa Pilides for her close cooperation, as well as all the officials of the Ministry.

I would also like to express my appreciation to the Government, the House of Representatives, the Auditor General of the Republic, the Cyprus Energy Regulatory Authority, the Cyprus Transmission System Operator, to all Government Bodies and Local Authorities with which the EAC has collaborated, as well as to the representatives of the Media for the promotion of the work and the role of the EAC.

Finally, I especially wish to thank all my associates on the Board of Directors, the General Manager of the EAC, Mr. Panayiotis Olympios and the members of the Management, the Union leaders as well as the EAC personnel. It is our common goal to lead the Organisation higher, on the path of evolution, becoming a strong pillar of the future of energy of our country.

By showing its face of confidence and utilizing new technologies, the EAC is continuously changing. It is innovative and ever evolving. During a course of steady growth, the EAC opens the door to the future, always with respect to man and the environment.

The EAC has been, is and will always be here. It remains open to challenges, which render it more capable and more efficient. Its energy moves the economy and improves our lives.

It is the energy of the EAC that unifies us towards our common goal of developing the future of our country.

Prof. Michael Komodromos
Chairman of the Board of Directors

General Manager's Message

Panayiotis Olympios

2020. Another difficult year marked by the pandemic. A test but also a challenge for our Organisation, to ensure the uninterrupted generation, transmission, distribution and supply of electricity in Cyprus.

With the overriding concern of protecting the health of all, employees, partners and consumers, we have prepared action plans to ensure the continuation of our operational activities. In this context, the operation of the Customer Service Centres and the Network User Centres was adapted, and new technologies were utilized, with emphasis on communication and electronic consumer service. All services were offered both electronically and by telephone.

In an environment of rapid change in the energy sector and despite the difficulties, the Organisation's development programme moved at a rapid pace:

In the Generation sector, the complex projects of installation of environmental protection systems in the Generation Units continued, in accordance with the reduced emission limits set by the EU. At the same time, the necessary modifications of the Generation Units in order to operate with Natural Gas are underway. In addition, within 2020, a Community Tender was announced for the installation of a Unit 6 Combined Cycle Gas Turbine (CCGT) plant with a capacity of 130 to 160 MW, at the Vasilikos Power Station. The Project includes design, manufacture and supply, complete erection, testing in works, commissioning and putting into normal operation. The Tender also includes the Long Term Service Agreement (LTSA) maintenance of the gas turbines, up to the completion of the first major overhaul, which is expected to take place over a period of approximately 8 years from the original date of operation of the Unit.

In the Supply sector, the service centres have been upgraded and new services were developed, such as the Easy Payment Service, always aiming at optimal customer service. In 2020, the EAC's Supply sector continued its preparation for the operation of the competitive electricity market. In mid-2020, the new Customer Contact Centre was put into operation, where customers can contact the Accounts service by calling the 4-digit telephone number 1818 and receive assistance on issues related to electricity bills.

The expansion, upgrade and maintenance of the Transmission and Distribution Networks continued at an intensive pace.

Projects that were implemented in 2020 or are in progress and are worth mentioning, among others, are:

- The completion of the New Moni GIS Transmission Substation, having all of the old equipment of the Moni Station completely replaced.
- The completion of the new interconnection of the Vasilikos Power Station with the Moni GIS Substation.
- The installation of 11/22 kV Interbus Transformers to connect the photovoltaic parks with the substations of Mari, Kofinou, Agios Nikolaos, Orounta and Pissouri.
- The upgrade of the Sotira Substation from 2X31.5 to 2X40 MVA.
- The development and operation of the SCADA / DMS (Distribution Management System) system, in order to provide the Organisation with the necessary tools for the integrated dynamic management of the Distribution network.
- The implementation of the pilot project for the installation of 3000 smart meters, which is the forerunner of the mass installation of smart meters and the design for the development of an advanced intelligent metering system, known as AMI. By 2025, it is expected that the mass replacement of 400,000 conventional meters will be completed.
- The state of the art system of recording and management of all metering data (MDMS), which serves the needs of consumers, Suppliers, Producers and generally all stakeholders in the Electricity Market has been implemented.

The Non-Regulated Activities Unit focused on the areas of electromobility, replacement of high energy consuming street lighting, desalination and RES. Given the international trend for environmentally friendly kinetic energy, the EAC contributes to the effort to reinforce electromobility in our country. Six years ago, the EAC created the e-charge service to allow electric vehicle owners to have access to reliable charging for their vehicles in public areas. We are currently operating 24 stations throughout Cyprus, with 48 charging points while, the installation of another 12 stations is planned for 2021. These include five new generation fast chargers that can charge the battery in just 20 minutes. At the same time, by using the platform myeac.etrel.com which works on a mobile phone or a computer, drivers can be informed regarding charging points, the chargers' status and if they are occupied, as well as obtain other information.
The replacement of energy-consuming street lighting in all communities in Cyprus and also in a large number of Municipalities, with new technology LED lights, is the largest project of such caliber that has ever been carried out in Cyprus. In 2020, an agreement was signed with the Ministry of Defence for the replacement of energy-consuming lighting with LED lamps in all military camps in Cyprus. The benefits are significant and extend to the whole of society and the economy. It is estimated that electricity consumption for street lighting will be reduced by 60%.

Regarding the use of RES the EAC, in collaboration with the Ministry of Education, continues the work of installing PV systems in school buildings throughout Cyprus. The agreement includes the installation of PV systems in 405 schools, with a total capacity of 4.85 MW.

In the context of the EAC planning for the utilization of Renewable Energy Sources, a 425 kW photovoltaic power system was installed at the EAC Headquarters and equivalent planning underway for the remaining EAC buildings throughout Cyprus.

Furthermore, in 2020, the construction project of the new Regional Office of Famagusta - Larnaca continued in the Design – Construction phase. It is emphasized that each new EAC building is constructed with all the specifications of a green building. Thus, this is characterized as a Building of Almost Zero Energy Consumption, according to the guidelines of the Ministry of Energy. The completion of the Project is expected in early 2021.

For an Organisation of the size and importance of the EAC, which belongs to the Cypriot society, its participation in social events is an act of self-evident responsibility. In 2020 and within the framework of the Corporate Social Responsibility programme of the Organisation, the EAC continued its support to Associations and Organisations active in the fields of Health and the Environment.

The EAC's driving force is its experienced and specialized human resources. For this reason, we believe that investing in our people is an investment in our future. At the same time, the EAC is committed to the sustainable promotion of gender equality in the workplace, in all its sectors and activities. Through its certification as an Equality Employer, the EAC has set as long-term goals the systematic training and awareness in Equality issues, taking measures and adopting strategies for changing the culture on gender equality, strengthening the participation of women in decision-making centres, developing actions to increase female employment and taking additional measures to harmonize work and family life.

In conclusion and on behalf of the EAC Management and staff, I would like to express my gratitude to the Chairman of the Board of Directors, Prof. Michael Komodromos, the Vice-Chairman Mr. George Nikolettos, as well as the other Members of the Board of Directors for the impeccable collaboration towards achieving the operational, functional and development goals of the Organisation.

Panayiotis Olympios
General Manager

Operational Unbundling

EAC continued throughout 2020 to take all measures necessary in order to comply with Regulatory Decisions No. 02/2014, 03/2014 and 04/2014 for the Unbundling of EAC accounts as well as the Operational Unbundling.

EAC is Organised in four independent Core Regulated Activities (CRAs) namely the Generation, Supply, Transmission and Distribution as well as to the Non- Regulated Activities, In line with the compliance process.

According to the provisions of Regulatory Decision 04/2014, as amended in 2019 by Regulatory decision 05/2019, R.A.A. 419/2019, EAC's activities that do not fall under the above Core Regulated Activities, operate as "Non-Regulated Activities".

The "Non-Regulated Activities", provide and as well as receive services from all other CRAs.

Under Regulatory Decision 04/2014, EAC drafted a Compliance Program for each Activity which is audited by the Compliance Officers appointed for this purpose. During 2020, compliance reports were prepared and submitted to CERA.

The Corporate Governance and Operational Independence of the Core Regulated Activities are attested through the following:

• by the independent preparation of each Core Regulated Activity's budget, Strategic, Business and Action Plan

• with the implementation of the Corporate Governance Code and the Code of Conduct, as well as

•with the correct costing ofall services provided to and between Core Regulated Activities, Non-Regulated Activities and Common Services, in order to avoid cross-subsidization and distortion of competition.

In addition to the above, EAC has established an independent directorate for the Distribution System Operator (DSO) within which the ring-fenced "Department of Meter Registration and Metering Records" operates in order to provide services to all Suppliers without discrimination.

By implementing the above measures, EAC aims to protect competition, avoid "discrimination" and non-discriminatory behavior towards consumers while safeguarding equal treatment of the users of the system and electricity market participants.

Since December 1, 2016, a date which was set by CERA as the day of the implementation of Operational Unbundling to mark the beginning of the regulatory control period, EAC officially applies Operational Unbundling. The implementation of Operational Unbundling is a continuous and dynamic process in which improvements are based on recommendations by EAC's Compliance Officers and the findings of internal and external auditors.

Public Governance

The Electricity Authority of Cyprus was established and operates in accordance with the provisions of the Electricity Development Law, Cap. 171, which inter alia provides for the way in which it is governed.

In addition to the above, the Board of Directors of the EAC, has adopted its own Corporate Governance Code and Code of Conduct, in the context of implementing CERA's Regulatory Decision 04/2014 on Operational Unbundling, dated 3 March 2015.

The Corporate Governance Code is a comprehensive text that consolidates and incorporates the principles of corporate governance, in accordance with international best practices, such as those implemented by the administration and management of EAC.

It includes, inter alia, the legal framework governing EAC's operation, recording the manner of operation of the Board, of the Joint Special Sub-committees (JSS), the other committees of the Board as well as the role of the General Manager and the Executive Directors.

It also includes the Internal Rule of Operation of the Joint Special Sub-committees (JSS), in which the powers granted or not by the Board of Directors are recorded.

In accordance with the principles of the Code of Public Governance:

• The Board ensures that the Organisation's purpose and the expected results for the citizens and users of the services provided is clear and makes sure that users receive high quality of services.

• The Board of Directors ensures that taxpayers and users receive value added services for the fee they pay.

• The responsibilities of the Board of Directors are clearly specified and the duties of the Directors are clearly specified and the Board ensures that they are fulfilled.

• Relations between Directors and the public must be clearly regulated.

• The Board specifies the Organisation's values, principles and standards and ensures that they are fully implemented. In addition, the Board sets strategic objectives, ensures sufficient financial and human resources and reviews the performance of the management.

• The behaviour of each Director is an example to emulate effective governance and the Board takes decisions in a detailed, diligent and transparent manner. There is also a clear distinction between the Board of Directors and management of the Organisation.

• The Board of Directors has access to high-level information, advice and support and ensures that an effective risk management system is in place.
• Directors have the skills, know-how and experience they need to perform their duties adequately.

• Balance must be achieved between continuity and renewal in the composition of the Board of Directors.

• Regarding accountability, the Board of Directors makes a distinction between official and unofficial relations and adopts an active and planned approach to dialogue with the public and its accountability towards the public.

• The Board undertakes an active and planned approach to its responsibility towards the Organisation's personnel and cooperates effectively with institutional bodies. In addition, the Board is responsible for the consequences of its actions and omissions, including civil or other liability of the Directors.

• In addition to the above, both the Administration and the Management of the EAC, as well as its personnel, must monitor and comply with the issued legislation, by planning and implementing measures and monitoring their proper implementation. More specifically, the EAC must comply with all Legislation concerning, inter alia, environmental issues, energy issues, the protection of consumers, employees, as well as the protection of personal data.

The EAC is in the process of harmonizing the Corporate Governance Code with the new Public Governance Code as approved by the Council of Ministers for immediate implementation by all State Organizations and State Enterprises.

Committees/Subcommittees of the Board of Directors

Electricity Authority of Cyprus

1. Advisory Subcommittee of the EAC for Personnel Matters

CHAIRPERSON
Michael Komodromos

MEMBER
Christina Zikkou
Polyvios Lemonaris

COORDINATOR
Charilaos Karavas

The Advisory Subcommittee of the EAC for Personnel Matters consists of three Members of the Board of Directors of the Authority, one of which is the Authority Chairman. The remaining two Members are designated by the Board of Directors of the Authority.

The Members of the Advisory Subcommittee of the EAC for Personnel Matters, acts in accordance to Regulation 19 of the Electricity Authority Cyprus (Terms of Service) Regulations of 1986 (R.A.A. 291/86), as amended to this day and deals with personnel matters, such as hiring, appointment and promotion of employees, making recommendations and suggestions to the Board of Directors of the Authority.

The role of the Subcommittee is advisory, assisting the Board of Directors of the Authority in making decisions on personnel matters.

During the year 2020, this Subcommittee held 9 meetings and made respective recommendations on staff issues that it dealt with.

2. Finance Committee (Bills, Budgets, Financial Reports, Pricing, Insurance, Customer service for customers with overdue/outstanding electricity bills, etc.)

CHAIRPERSON
Michael Komodromos

MEMBER
Charis Millas
Ttomis Chrysostomou
Kyriakos Kyriakou
Elena Tsolaki
Agni Shialarou

COORDINATOR
Maria Charalambous

The Committee's composition may change only upon the decision of the Board. It consists of six members from the Board and the Executive Finance Manager serves as the Coordinator.

The responsibilities of the Finance Committee are of advisory nature, mainly concerning submitting recommendations and opinions to the BoD on financial matters regarding the EAC as a Vertically Integrated Undertaking.

The Committee meets regularly once every three months and/or extraordinarily and calls any Member of the Board if deemed appropriate. The Committee met 12 times within 2020.

3. Audit Committee

CHAIRPERSON
Charis Millas

MEMBER
George Nikolettos
Agni Sialarou
Elena Tsolaki
Kyriakos Kyriakou

COORDINATOR
Michael Ioannou

The main purpose of the Audit Committee is to support the Board on the fulfilment of its supervisory role and to monitor:

- The performance and efficiency of the internal audit systems implemented by the Management and the Board of Directors.
- The EAC's compliance with the legal and regulatory regime in force at each time and with the Code of Conduct.
- Monitoring and assessment of the work carried out by the Internal Audit Management (IAM) to ensure the independence of the officers of the IAM, in accordance to the International Standards on the Professional Practice of Internal Auditing.
- The completeness and accuracy of the financial statements compiled by the EAC.

The Committee met 7 times within 2020.

4. Communication Policy Committee

CHAIRPERSON
Agni Sialarou

MEMBER
Elena Tsolaki
Christina Zikkou
George Nikolettos

COORDINATOR
Christina Papadopoulou

The Communication Policy Committee is composed of four members from the Board of Directors. The Communication Policy Committee coordinator is the EAC Press Spokesperson, as designated by the BoD.

The Communication Policy Committee has a supervisory and coordinating role and is responsible for recording, planning and implementing the communication actions of the EAC.

The responsibilities of the Communication Policy Committee are as follows:

- taking into account the public opinion and the views and concerns of customers and other stakeholders
- defining strategic communication with customers and other stakeholders through the media.

The Committee met 7 times within 2020.

5. Networks Joint Special Subcommittee (JSS)

CHAIRPERSON
Tomis Chrysostomou

MEMBER
Christina Zikkou
Adamos Kontos

The Networks Joint Special Subcommittee (JSS), which is comprised of the Executive Networks Manager and two Non-executive Members of the EAC Board of Directors, manages the Networks Business Unit (NBU).

The mission and purpose of the Networks JSS is to ensure the independence of the function of and to make decisions regarding the Core Regulated Activities (CRA) of Transmission and Distribution.

The Networks JSS makes recommendations for the improvement of the organization and operation of the NBU, approves the Operational Plan, the Strategic Plan and the CRA Networks Budget and cares for the application and implementation of the aforesaid without interfering with the daily operational matters of the CRA.

The Subcommittee met 38 times within 2020.

6. Generation and Supply Joint Special Subcommittee (JSS)

CHAIRPERSON
Michael Komodromos

MEMBER
Polyvios Lemonaris

COORDINATOR
Alexis Michael

The Generation and Supply Joint Special Subcommittee (JSS), which is comprised of the Executive Generation and Supply Manager and two Non-executive Members of the EAC Board of Directors, manages the Generation and Supply Business Unit (GSBU).

The mission and purpose of the Generation and Supply JSS is to ensure the independence of the function of and to make decisions regarding the Core Regulated Activities (CRA) of Generation and Supply.

The Generation and Supply JSS makes recommendations for the improvement of the organisation and operation of the GSBU, approves the Operational Plan, the Strategic Plan and the CRA Generation and Supply Budget and cares for the application and implementation of the aforesaid without interfering with the daily operational matters of the CRA.

The Committee met 43 times within 2020.

7. NG and RES Steering Committee

CHAIRPERSON
Michael Komodromos

MEMBER
Polyvios Lemonaris
George Nikolettos

COORDINATOR
Petros Andreou
(NG matters)
Constantinos Rouvas
(RES matters)

The Committee monitors the progress on all issues related to the availability and use of Natural Gas as well as RES projects development by the EAC for Electricity Generation purposes. More specifically the Committee monitors issues related to:

- The NG Supply and the signing of the relevant NG Supply Agreement with DEFA
-
- EAC Participation in Natural Gas Infrastructure Company (ETYFA)
- The Conversion of the Generating Units and the Development of the necessary NG Infrastructure at Vasilikos Power Station.

The Committee provides directions to the Natural Gas Teams for the best coordination of the actions with the relevant Authorities in order to make NG available the soonest and at the best possible price.

The Committee met 13 times within 2020.

8. Monitoring of Development Projects, Building Plans and Real Estate Utilisation

CHAIRPERSON
Elena Tsolaki

MEMBER
Agni Sialarou
Ttomis Chrysostomou
George Nikolettos
Polyvios Lemonaris

COORDINATOR
Dorina Papadopoulou

The Committee for the Monitoring of Development Projects, Building Plans and Real Estate Utilisation was created to support the Board of Directors in matters of monitoring development projects, building plans and real estate utilization.

The Committee met 19 times within 2020.

9. Risk Management Committee

CHAIRPERSON
Polyvios Lemonaris

MEMBER
Christina Zikkou
Elena Tsolaki
Agni Sialarou
Kyriakos Kyriakou

COORDINATOR
Andreas Ioannides

The Risk Management Committee supports the Board of Directors on risk management issues. In particular, it informs the BoD of the most important risks and their management framework, supervises the operation of the Risk Management Unit, and monitors and evaluates the risk profile of the EAC and the effectiveness of the risk management policies implemented by the EAC.

It also monitors and evaluates compliance with approved risk levels and the appropriateness of exposure limits. The Risk Management Committee is composed of four members from the Board of Directors. The Secretary of the Risk Management Committee is the Head of the Quality Assurance Division.

The Chairman of the Risk Management Committee shall submit an annual evaluation and assessment report on the work, proposals and findings of the Risk Management Committee to the Board of Directors.

The Subcommittee met 8 times within 2020.

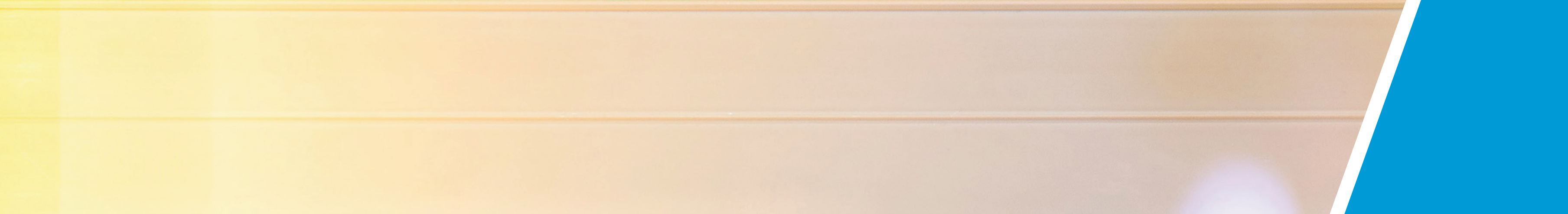
10. Disciplinary Committee

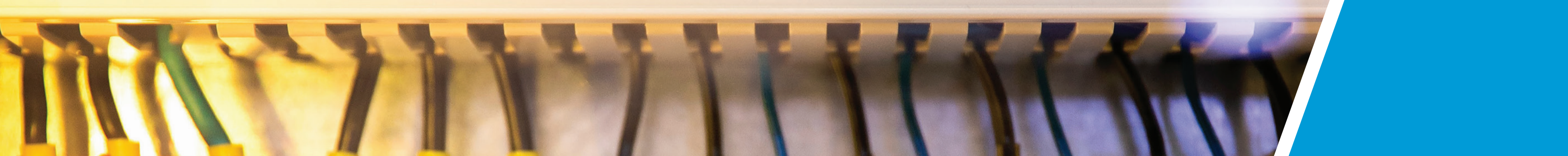
The Disciplinary Committee

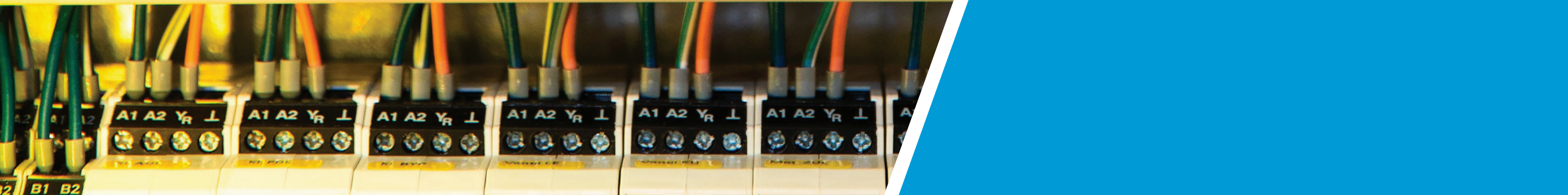
The Disciplinary Committee is comprised by all the members of the Board of Directors.

The Disciplinary Committee handles disciplinary cases for employee misconduct.

During the year 2020, the Committee met 11 times.







Annual Report tables 2020

The year in brief

		2020	2019	% Increase (Decrease)
FINANCIAL ACTIVITY				
Total income	€ thousand	668.491	837.946	(20,2)
Total costs	€ thousand	688.290	779.257	(11,7)
Operating (loss)/profit	€ thousand	(19.799)	58.689	(133,7)
Net (loss)/profit for the year	€ thousand	(11.943)	47.611	(125,1)
Average net assets employed	€ thousand	1.741.309	1.848.321	(5,8)
Return on average net assets employed	%	(1,1)	3,2	(134,4)
EMPLOYEES				
Employees in service at 31 December		2.131	2.154	(1,1)

Financial Review

FINANCIAL REVIEW

The financial statements of the Group for the year 2020 together with the supporting statements are set out in pages 31 to 101.

Chart 1
Income, Costs & profit from operations

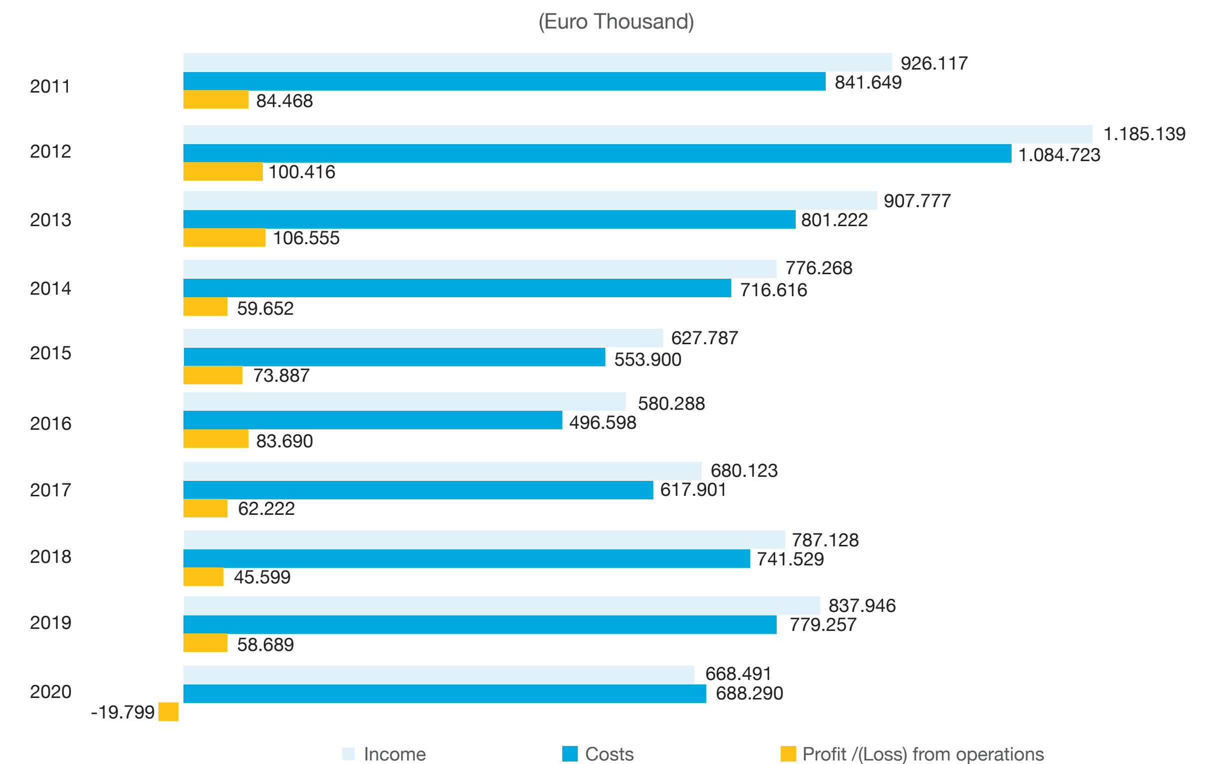
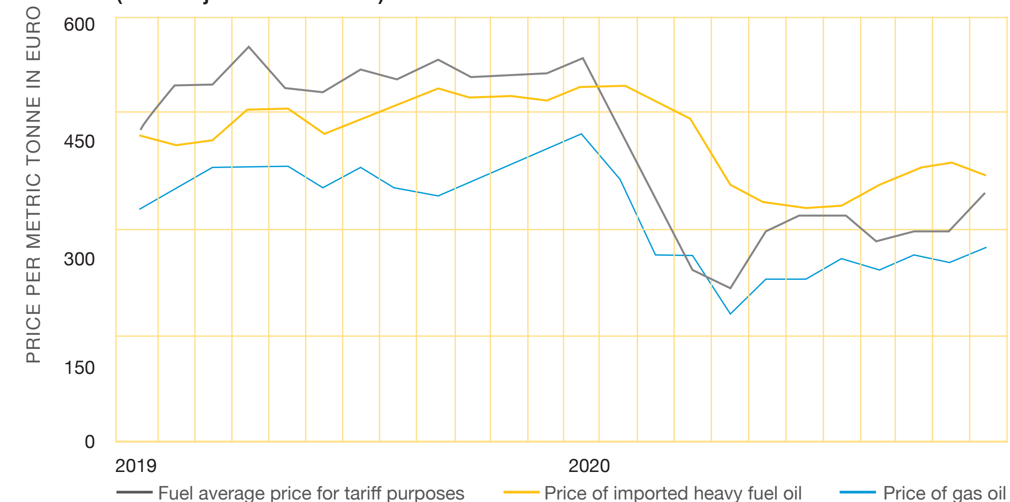


Chart 2
Prices paid for fuel oil & average prices used for tariff purposes
(Fuel adjustment clause)



Consolidated income statement for the year ended 31 December 2020 and changes from previous year

	2020	Increase (Decrease)
	€000	€000
INCOME		
Revenue from sale of electricity	645.171	(129.399)
Special discount	(31.923)	(31.923)
Consumers' capital contributions	23.705	691
Income from desalination	8.504	(5.181)
Other operating income	22.045	(2.329)
Finance income	989	(1.314)
	668.491	(169.455)
Other losses net	(42)	1.012
OPERATING COSTS	(688.526)	92.840
Net profit from reversal of impairment of financial assets	278	(2.885)
Operating loss	(19.799)	(78.488)
Finance costs	(2.542)	(483)
Share of loss in equity accounted investees	(29)	(29)
Loss before tax	(22.370)	(78.034)
Tax income	10.427	18.480
Net loss for the year	**(11.943)**	**(59.554)**

FINANCIAL RESULTS

The financial results for the year and the changes from the previous year are shown in the table above. The income from sales of electricity for the year, totaled to €645.171.000 showing a decrease of €129.399.000 or 17%. The significant decrease in sales revenue was mainly due to the decrease in units sold by 7% and the decrease in the tariff price as a result of the automatic adjustment due to the decrease in fuel prices. During the year, customers were granted a special discount of €31.923.000 due to the COVID-19 pandemic. The total operating costs were €688.526.000 showing a decrease of €92.840.000 or 12%, mainly due to the decrease in fuel costs resulting from the decrease in production of electricity as well as the decrease in fuel prices. The reduction in fuel costs was offset to some extent by the increase in greenhouse gas emission allowances cost. After accounting for net profit from reversal of impairment of financial assets of €278.000, finance costs of €2.542.000 and share of loss from associate of €29.000, there was a loss before tax of €22.370.000 compared to a profit before tax of €55.664.000 in the previous year. After the addition of tax income amounting to €10.427.000, the net loss was €11.943.000 (2019: net profit €47.611.000).

ANALYSIS OF OPERATING COSTS

The following table gives an analysis of the operating costs according to each category. The principal factors underlying the changes are reviewed below:

The average cost of fuel oil used by the EAC power stations decreased by 20% to €322,75 per metric tonne. The consumption decreased by 8% to 944,9 thousand metric tonnes as a result of the respective decrease in production of electricity of approximately 8%. Mainly as a result of the decrease in production and the decrease in the fuel price, the fuel oil bill decreased by €112.435.000 to €304.952.000.

Despite the decrease in the fuel oil price and the resulting decrease in the purchase price of energy from RES, the purchase of electricity from third parties increased by 6% to €46.420.000 due to the increase in the units purchased by approximately 18%.

The greenhouse gas emission allowances cost increased by €7.640.000 to €74.660.000. The increase was mainly due to the increase in the number of allowances purchased during the year by approximately 11%, resulting from the fact that based on a relevant decision of the European Commission, 2019 was the last year in which the Authority was granted free rights by the Competent Authority. The average price per emission allowance purchased in 2020 reached €24,86/allowance compared to €24,76/allowance during the previous year.

The total salaries and related costs amounted to €105.030.000 out of which €12.426.000 was capitalised in fixed assets and work in progress. The amounts capitalised relate to expenditure for development projects executed by the Authority's employees during the year. An amount of €92.604.000 or 88,2% was charged to the income statement. The increase of €4.845.000 or 5,5% to the total salaries and related costs charge is mainly due to salary increments and promotions and the increase in current year defined benefit cost.

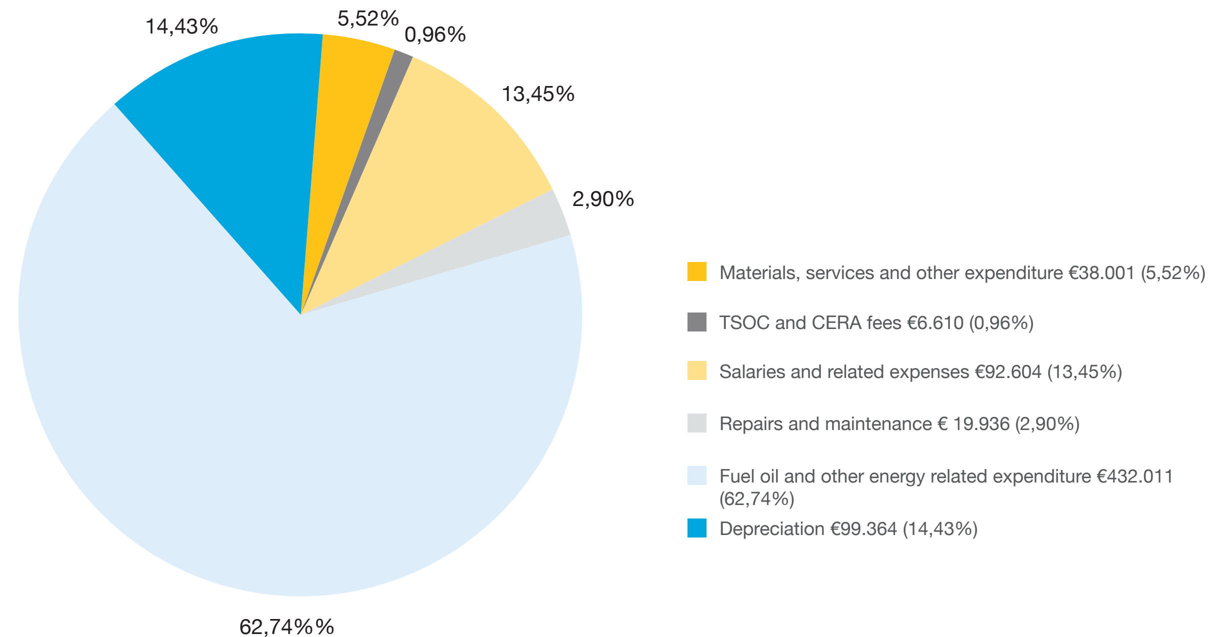
Materials, services and other expenditure were €38.001.000 (increase of €6.052.000 or 19%). The increase is mainly due to the cost of temporary generating units for the year of €4.087.000.

The depreciation charge was €99.364.000 (increase of €446.000 or 0,5%). The depreciation charge includes €602.000 (2019: €511.000) in relation to the right-of-use assets.

Operating costs for the year ended 31 December 2020 and changes from previous year

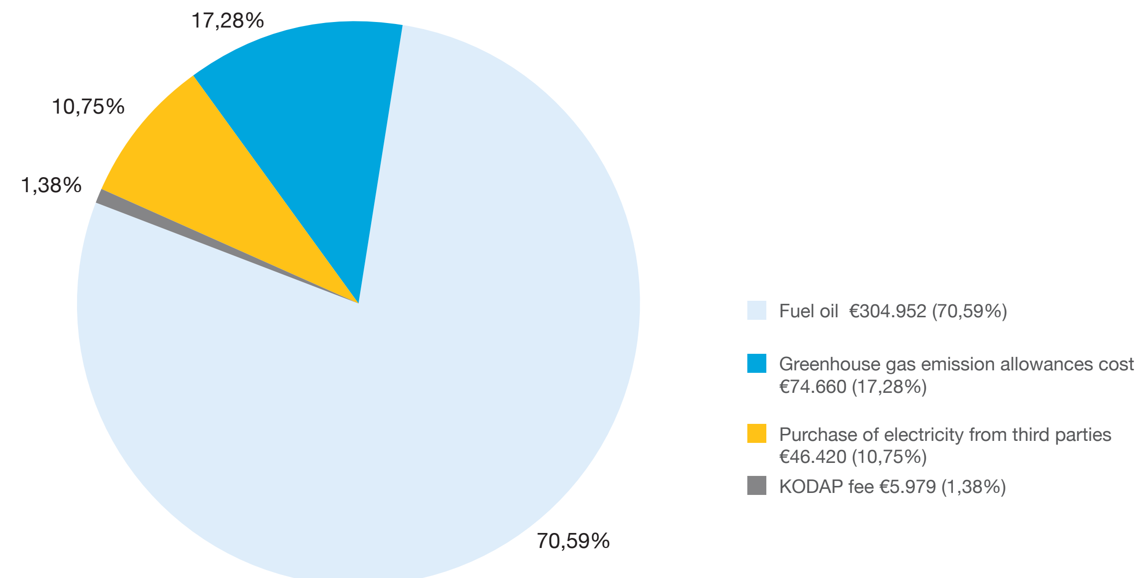
	2020		Increase/(Decrease) over 2019	
	€000	%	€000	%
Fuel	304.952	44,3	(112.435)	(26,9)
Purchase of electricity from third parties	46.420	6,7	2.628	6,0
Greenhouse gas emission allowances cost	74.660	10,8	7.640	11,4
KODAP fee	5.979	0,9	613	11,4
Staff costs	92.604	13,5	4.845	5,5
Repairs and maintenance	19.936	2,9	(303)	(1,5)
Cyprus Transmission System Operator fee	4.799	0,7	(2.264)	(32,1)
Cyprus Energy Regulatory Authority fees	1.811	0,3	(62)	(3,3)
Materials, services and other expenditure	38.001	5,5	6.052	18,9
Depreciation	99.364	14,4	446	0,5
Total	**688.526**	**100,0**	**(92.840)**	**(11,9)**

Chart 3
Operating Expenditure
(Euro Thousand)
As percentage of total operating expenditure



Materials, services and other expenditure €38.001 (5,52%)
TSOC and CERA fees €6.610 (0,96%)
Salaries and related expenses €92.604 (13,45%)
Repairs and maintenance € 19.936 (2,90%)
Fuel oil and other energy related expenditure €432.011 (62,74%)
Depreciation €99.364 (14,43%)

Chart 4
Fuel oil and Other energy related Expenditure
(Euro Thousand)
As percentage of total fuel oil and other energy related expenditure



Fuel oil €304.952 (70,59%)
Greenhouse gas emission allowances cost €74.660 (17,28%)
Purchase of electricity from third parties €46.420 (10,75%)
KODAP fee €5.979 (1,38%)

PERFORMANCE OF BASIC REGULATED ACTIVITIES

The table below presents the returns of the Basic Regulated Activities as calculated based on the Unbundled Accounts of the EAC for the year 2020 and relevant decisions of CERA. It should be noted that based on the Regulation, the Approved Rate of Return of the Activities of Generation, Transmission (System Owner) and Distribution (Distribution System Owner and Distribution System Operator) is 4,6% on the Regulated Asset Base (RAB) of each Activity. Regarding the Regulated Activity of Supply, the approved percentage of profit margin on the cost of management services is 20%.

Calculation % return based on decisions for allowable income and RAB

	GENERATION	SUPPLY	TRANSMISSION	DISTRIBUTION
	2020	2020	2020	2020
	€000	€000	€000	€000
Operating (loss)/profit as per Income Statement	**(20.358)**	**(17.467)**	**11.241**	**3.057**
Provision for impairment of financial assets	(266)	98	(100)	(171)
Special discount*	25.504	1.137	1.638	3.644
Adjusted operating profit/(loss)	**4.880**	**(16.232)**	**12.779**	**6.530**
Cost of management services		14.843		
Adjustments based on decisions for allowable income:				
Allocation of annual pension fund deficiency contribution to activities	(2.677)	(892)	(1.048)	(5.395)
Reversal of receivables write-off		(51)		
Installation/inspection				1.826
Reversal of depreciation PYA	4.263			
Reversal of depreciation FGD	533	-	-	-
Total adjustments	**2.119**	**(943)**	**(1.048)**	**(3.569)**
Adjusted operating (loss)/profit	**6.999**	**(17.175)**	**11.731**	**2.961**
Adjusted cost of management services		**15.688**		
Average Regulated Asset Base (RAB)	**541.126**		**246.277**	**270.268**
Return on Average Regulated Asset Base	**1,29%**		**4,76%**	**1,10%**
Profit margin on cost of management services		**(109,48%)**		

* The special discount of 10% on the final price of electricity for a period of 6 months, was granted based on the decisions of the Cyprus Energy Regulatory Authority no. 104/2020, 141/2020 and 222/2020. Based on the decisions of CERA, the reduced income of EAC will not be recovered during the rest of the current regulatory period or during the next regulatory period.

CAPITAL REQUIREMENTS AND SOURCES OF FINANCE

Capital expenditure during the year amounted to €92.342.000 compared with €90.388.000 in 2019 (increase of €1.954.000). The amount paid for taxation during the year 2020 amounted to €12.396.000 (2019: €532.000).

Loan repayments, repayments of lease liabilities and interest paid amounted to €37.556.000 (2019: €40.815.000).

During the year, an amount of €43.000.000 was paid for the acquisition of 4.285 shares in the Natural Gas Infrastructure Company (ETYFA) Ltd (30% of the share capital of ETYFA), which will own the natural gas infrastructure to be developed in Cyprus.

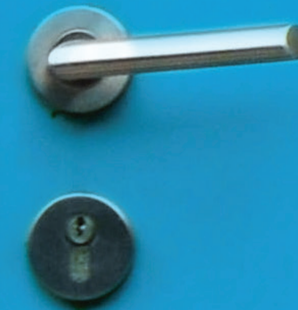
The total financing requirements of €185.294.000 were covered from internal sources and consumers contributions. The table below shows the financing requirements during the year and the sources of finance.

Financing Requirements and Sources of Finance

	2020		2019	
	€000	**%**	**€000**	**%**
FINANCING REQUIREMENTS				
Tax	12.396	6,7	532	0,4
Capital expenditure	92.342	49,8	90.388	68,6
Investment in associate company	43.000	23,2		
Loan servicing	37.556	20,3	40.815	31,0
	185.294	100,0	131.735	100,0
SOURCES OF FINANCE				
Profit before interest, tax and deprecation	54.989	29,7	(130.265)	98,9
Proceeds from disposal of fixed assets and investments	333	0,2	1	0,0
Interest received	1.379	0,7	2.575	1,9
Consumers’ contributions	32.404	17,5	30.675	23,3
Working Capital changes	96.189	51,9	(31.781)	(24,1)
	185.294	**100,0**	**131.735**	**100,0**

FINANCIAL POSITION AT END OF YEAR

The historical cost of the assets employed at 31 December 2020 was €3.346.669.000 and the accumulated depreciation was €1.734.719.000. Therefore, the net value of the assets employed was 48.2% of the historical cost. The total net assets at 31 December 2020 were €1.681.029.000 and were financed by loans (€194.573.000 or 11,6%), other long term liabilities (€532.471.000 or 31,7%) and the balance (€953.985.000 or 56,7%) from own funds.



Report and
consolidated
financial
statements
31 December
2020

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Consolidated statement of comprehensive income	45
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Consolidated statement of cash flows	48
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Board of Directors and other officers

CHAIRMAN:	Despina Panayiotou Theodosiou (from 3.8.2021) Michael Komodromos (until 30.7.2021)
VICE-CHAIRMAN:	George Nikolettos
MEMBERS:	Chrysostomos Chrysostomou Polyvios Lemonaris Constantinos Loizides (from 3.8.2021) Emilios Michael (from 3.8.2021) Panagiotis Toulouras (from 3.8.2021) Avraam Georgiou (from 3.8.2021) Savvas Haperis (from 3.8.2021) Elena Tsolakis (until 30.7.2021) Agni Shialarou (until 30.7.2021) Christina Zikkou (until 30.7.2021) Charis Millas (until 30.7.2021) Kyriacos Kyriacou (from 5.2.2020 until 30.7.2021) Georgios Shammas (until 4.2.2020)
LEGAL ADVISERS:	Ioannides Demetriou LLC, Nicosia
AUDITORS:	PricewaterhouseCoopers Limited

1. The Board of Directors presents its report together with the audited consolidated financial statements of the Electricity Authority of Cyprus (the “Authority”) and its subsidiaries Elektriki Ananeosimes Ltd, EAC LNG Investments Company Ltd and ESCO AHK Ltd (together the “Group'') for the year ended 31 December 2020.

Principal activities and nature of operations of the Group

2. The principal activities of the Group, which have not changed since last year, are the generation, transmission, distribution and supply of electricity in Cyprus. Following an amendment in the Law on 24 November 2000 the Authority has been empowered to engage in activities that are relevant with the exploitation and development of its assets, technical capabilities, installations, services, knowhow and renewable energy sources.

Changes in group structure

3. On 9 March 2020, the Authority signed a shareholders' agreement with the Natural Gas Infrastructure Company of Cyprus (ETYFA) Ltd and on 29 April 2020 the Authority acquired 4.285 shares (30% of the share capital of the company) by paying the amount of €43m. The remaining 70% of ETYFA's share capital is held by the Natural Gas Public Company (DEFA) which will be the only importer of natural gas in Cyprus, in an emerging market. ETYFA will own the natural gas infrastructure that will be developed in Cyprus. The Authority's investment in ETYFA is an investment in an associate company and is recognized using the equity method.

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

4. The loss of the Group for the year ended 31 December 2020 was €11.943 thousand (2019: profit €47.611 thousand). On 31 December 2020 the total assets of the Group were €2.307.606 thousand (2019: 2.378.367 thousand) and the net assets were €953.985 thousand (2019: €1.038.780 thousand). The financial position of the Group as presented in the consolidated financial statements is considered satisfactory. The reduction in profitability was mainly due to the spread of the pandemic, the ensuing economic downturn and the concession of a 10% reduction to the final electricity price for a period of 6 months based on relevant decisions of the Cyprus Energy Regulatory Authority. The reduction to the final electricity price was made in order to support all citizens and Cypriot companies and the total discount granted by the Group amounted to €31.923 thousand. The Board of Directors does not anticipate any significant changes in the activities of the Group in the near future.

5. As at 31 December 2020 the Group had 2.131 employees (2019: 2.154) and 587.470 consumers of electricity (2019: 581.708).

Principal risks and uncertainties

6. The principal risks are uncertainties faced by the gorup are disclosed in notes 6,7 and 27 of the consolidated financial statements.

Financial risk management

7. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

8. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Market Risk

9. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

10. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

11. Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollar but believes that any change in foreign exchange rates will not have a material effect on its results.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Cash flow interest rate risk

12. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are dependent on changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Refer to Note 6 for further disclosures on cash flow interest rate risk.

Credit risk

13. Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk arises from cash and cash at bank, short term bank deposits, as well as from credit exposures to customers, including outstanding receivables.

Sales to customers are settled in cash, direct debits or using major credit cards. Refer to Note 6 for further disclosures on credit risk.

Liquidity risk

14. Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. Refer to Note 6 for further disclosures on liquidity risk.

Future developments of the Group

15. The Board of Directors of the Authority does not expect any major changes or developments in the operations, financial position and performance of the Group in the foreseeable future.

Results

16. The results of the Group for the year are presented on page 44. The net loss for the year is carried forward.

Board of Directors

17. The members of the Board of Directors as at 31 December 2020 and at the date of this report, as well as changes during the year, are presented on page 38.

18. There were no changes in the assignment of responsibilities of the Board of Directors.

Events after the reporting period

19. Other than the events mentioned in Note 30, there were no other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Branches

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

Independent Auditors

21. The Independent Auditors, PricewaterhouseCoopers Limited, as contractors of the contract EY 4/2020, where the Coordinating Contracting Authority is the Audit Office of the Republic, have expressed their willingness to continue in office.

By order of the Board of Directors

Despina Panayiotou Theodosiou
Chairwoman

8 March 2022
Nicosia

Independent Auditor's report

To:
Board of Directors of the Electricity Authority of Cyprus, Minister of Energy, Commerce and Industry, House of Representatives and Auditor General of the Republic

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Electricity Authority of Cyprus (the ''Authority") and its subsidiaries (the ''Group"), which are presented in pages 9 to 81 and comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the requirement of the Electricity Development Law, Cap. 171, the requirements of the Law 130(I)/2021 Regulating the Electricity Market and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

The Authority's investment in the Natural Gas Infrastructure Company (ETYFA) Ltd, an associate company acquired during the year and accounted for using the equity method, is recognized in the amount of €43 million in the consolidated financial position at 31 December 2020. We were unable to obtain sufficient and appropriate audit evidence regarding any impairment of the Authority's investment in ETYFA as at 31 December 2020. Therefore, we have not been able to determine whether any adjustment to the investment value in ETYFA is required.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including the International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report of the group, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient and appropriate audit evidence regarding any impairment of the Authority's investment in ETYFA as at 31 December 2020. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the

requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- AEvaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

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

- In our opinion, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.

- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Consolidated Management Report, except as explained in the Basis for Qualified Opinion Paragraph.

Other Matter

This report, including the opinion, has been prepared for and only for the Board of Directors of the Electricity Authority of Cyprus as a body, the Minister of Enegry, Commerce, Industry and Tourism, the House of Representatives, and the Auditor General of the Republic in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Loizos A. Markides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited

Cetrified Public Accountants and Registered Auditors

Nicosia, 8 March 2022

Consolidated Income Statement for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Revenue	8	**689.448**	819.957
Special discount	8	**(31.923)**	-
Other operating income - net	9	**10.966**	17.989
Other losses - net	10	**(42)**	(1.054)
Operating costs	11	**(688.526)**	(781.366)
Net profit from reversal of impairment of financial assets	6	**278**	3.163
Operating (loss)/ profit		**(19.799)**	58.689
Finance costs	13	**(2.542)**	(3.025)
Share of loss in investments in equity-accounted investees	17	**(29)**	-
(Loss)/ profit before tax		**(22.370)**	55.664
Tax income/ (charge)	14	**10.427**	(8.053)
(Loss)/ profit for the year		**(11.943)**	47.611

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 €000	2019 €000
(Loss)/ profit for the year		**(11.943)**	47.611
Other comprehensive loss for the year, net of tax			
Items that will not be reclassified to income statement in future periods:			
Remeasurement of post-employment benefit obligations	12	**(70.856)**	(117.274)
Total loss for the year		**(82.799)**	(69.663)

Other comprehensive loss is presented after tax. The tax relating to each item of other comprehensive income is shown in Note 14.

Notes from page 47 to page 100, form an integral part of these consolidated financial statements.

Consolidated statement of financial position at 31 December 2020

	Note	2020 €000	2019 €000
Assets			
Non-current assets			
Property, plant and equipment	15	**1.611.950**	1.618.639
Right-of-use assets	16	**9.203**	8.358
Investments in equity-accounted investees	17	**42.971**	-
Financial assets at amortised cost	18	**3**	122
		1.664.127	1.627.119
Current assets			
Inventories	19	**122.403**	144.991
Trade receivables	18	**82.504**	117.167
Financial assets at amortised cost	18	**14.993**	24.903
Other non financial receivables	18	**13.485**	12.213
Greenhouse gasses emission allowances		**492**	3.086
Financial assets at fair value through profit or loss	18	**166**	272
Contract assets	8	**844**	-
Tax refundable	20	**4.298**	4.287
Short term deposits	21	**203.316**	334.078
Cash and cash at bank	21	**200.978**	110.251
		643.479	751.248
Total assets		**2.307.606**	2.378.367
Reserves and liabilities			
Capital reserve		**15.555**	15.555
Actuarial losses reserve		**(424.564)**	(353.708)
Revenue reserve		**1.362.994**	1.376.933
Total equity		**953.985**	1.038.780
Non-current liabilities			
Borrowings	22	**194.573**	228.628
Lease liabilities	16	**8.898**	7.980
Deferred tax liabilities	23	**84.054**	94.646
Deferred income	24	**439.519**	431.554
		727.044	762.808
Current liabilities			
Trade and other payables	25	**160.983**	175.857
Net defined benefit obligation	12	**403.918**	330.535
Contract liabilities	8	**1.962**	-
Tax liability	20	**770**	12.220
Borrowings	22	**34.055**	34.055
Deferred income	24	**24.439**	23.705
Lease liabilities	16	**450**	407
		626.577	576.779
Total liabilities		**1.353.621**	1.339.587
Total reserves and liabilities		**2.307.606**	2.378.367

These consolidated financial statements are signed today, 8 March 2022, as a result of the approval and decision of the Board of Directors.

D. PANAYIOTOU THEODOSIOU Chairwoman	A. KONTOS Acting General Manager	M. CHARALAMBOUS Executive Manager Finance

Notes from page 47 to page 100, form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2020

	Note	Capital reserve €000	Actuarial losses reserve €000	Revenue reserve €000	Total €000
Balance at 1 January 2019		**15.555**	**(236.434)**	**1.341.542**	**1.120.663**
Comprehensive income					
Profit for the year		-	-	47.611	47.611
Other comprehensive loss					
Remeasurement of post-employment benefit obligation	12	-	(117.274)	-	(117.274)
Contributions and distributions					
Defence contribution on deemed dividend distribution		-	-	(12.220)	(12.220)
Balance at 31 December 2019 / 1 January 2020 as previously reported		**15.555**	**(353.708)**	**1.376.933**	**1.038.780**
Remeasurement of post-employment benefit obligation		-	-	**(1.226)**	**(1.226)**
Balance at 1 January 2020		**15.555**	**(353.708)**	**1.375.707**	**1.037.554**
Comprehensive income					
Loss for the year		-	-	(11.943)	(11.943)
Other comprehensive loss					
Remeasurement of post-employment benefit obligation	12	-	(70.856)	-	(70.856)
Contributions and distributions					
Defence contribution on deemed dividend distribution		-	-	(770)	(770)
Balance at 31 December 2020		**15.555**	**(424.564)**	**1.362.994**	**953.985**

(1) The Capital Reserve represents a government grant.

(2) Organizations 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 the rate of 17% will be payable on such deemed dividend at the end of the period of two years from the end of the year of assessment to which the profits refer. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assesment to which the profits refer. This special contribution for defence is paid by the Group on behalf of the Government of Cyprus.

(3) The actuarial losses reserve represents the cumulative losses from the Defined Benefit Plans that were recognized in the Consolidated Statement of Other Comprehensive Income. The actuarial losses arise from changes in the present value of post-employment benefit obligation resulting from experienced adjustments and the consequences of changes in actuarial assumptions.

Notes from page 47 to page 100, form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Cash flows from operating activities			
(Loss)/ profit before tax		**(22.370)**	55.664
Adjustments for:			
Depreciation of property, plant and equipment	15	**98.762**	98.408
Depreciation of right-of-use assets	16	**602**	511
Amortization of consumers' capital contributions	24	**(23.705)**	(23.014)
(Profit)/ loss from the sale of property, plant and equipment	10	**(64)**	112
Impairment charge - property, plant and equipment	15	**-**	863
Net impairment gain on financial assets	6	**(278)**	(3.163)
Share of loss from investments in equity-accounted investees	17	**29**	-
Interest expense	13	**3.002**	3.187
Interest income	9	**(989)**	(2.303)
		54.989	130.265
Changes in working capital:			
Inventories		**22.588**	(12.100)
Contract assets		**(844)**	-
Trade receivables		**34.531**	(288)
Financial assets at amortised cost		**9.612**	(10.172)
Other non-financial assets		**(1.272)**	4.218
Greenhouse gasses emission allowances		**2.594**	(1.413)
Financial assets at fair value through profit or loss	10	**106**	79
Trade and other payables		**(14.861)**	24.551
Trade and other payables		**1.301**	1.067
Contract liabilities		**1.962**	-
Cash generated from operations		**110.706**	136.207
Tax paid		**(12.396)**	(532)
Net cash from operating activities		**98.310**	135.675
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	**(92.342)**	(90.388)
Payment for acquisition of shares in associate company	17	**(43.000)**	-
Short-term deposits		**131.226**	25.952
Proceeds from sale of property, plant and equipment	15	**333**	1
Additions to consumers' capital contributions	24	**32.404**	30.675
Interest received		**1.379**	2.575
Net cash generated from/ (used in) investing activities		**30.000**	(31.185)
Cash flows from financing activities			
Repayments of long term borrowings	21	**(34.055)**	(37.134)
Repayments of obligations under finance leases		**(486)**	(482)
Interest paid		**(3.015)**	(3.199)
Net cash used in financing activities		**(37.556)**	(40.815)
Net increase in cash and cash at bank		**90.754**	63.675
Net increase in cash and cash at bank		**110.251**	46.600
Loss allowance for the year		**(27)**	(24)
Cash and cash at bank at end of the year	**21**	**200.978**	110.251

Notes from page 47 to page 100, form an integral part of these consolidated financial statements.

1. General Information

The Electricity Authority of Cyprus (the "Authority") is a Public Corporate Body which was established in Cyprus under the Electricity Development Law Cap.171 of 1952. It is managed by a Board of Directors, consisting of a Chairman, Vice-Chairman and seven members, who are appointed by the Council of Ministers.

The address of the Authority's Head Office is at 11 Amfipoleos Street, Strovolos, P.O.Box 24506, 1399 Nicosia, Cyprus. Pursuant to the above Law, the Group is engaged in the generation, transmission, distribution and supply of electricity. Following an amendment in the Law on 24 November 2000 the Authority has been empowered to engage in activities that are relevant with the exploitation and development of its assets, technical capabilities, installations, services and knowhow.

With the accession of Cyprus to the European Union and the opening up of the electricity market to competition, the Electricity Authority of Cyprus in preparing for its harmonization with the European Union has taken all the necessary steps in order to conform with Directive 2003/54/EC of the European Parliament and of the Council of 19th December 1996 concerning common rules for the internal market for electricity.

The Group prepares separate financial statements for the activities of generation, transmission, distribution and supply of electricity and for the other activities in accordance to the Law 130(I)/2021 regulating the Electricity Market and the relevant resolutions of the Cyprus Energy Regulatory Authority (CERA) regarding the functional and accounts unbundling.

Operating environment of the Group

The Cyprus economy has been adversely affected by the outbreak of the new coronavirus SARS-CoV-2. On 11 March 2020, the World Health Organisation declared the outbreak of coronavirus as global pandemic COVID-19 recognising its rapid spread across the globe. In response to the pandemic, the government of the Republic of Cyprus and various governments globally implemented and continue to implement numerous measures attempting to contain and now delay the spreading and impact of COVID-19, such as requiring self-isolation by those potentially infected, implementing social distancing measures and mass quarantines, controlling or closing borders and imposing limitations on business activity, including closure of non-essential businesses.

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

The Group has taken and continues to take necessary measures to ensure minimum disruption to and sustainability of its operations and support its employees, customers and suppliers. The measures taken comprise of: self-isolation for vulnerable employees and social distancing measures, such as replacement of face-to-face meetings with telecommunications. Specifically, since March 2020, employees in non-critical functions of the Group have been working from time to time from home on a rotation basis and employees for critical functions have been split into various locations. Further, strict rules of hygiene have been imposed to protect the health and safety of the Group's employees and customers.

The unprecedented economic conditions and the significant impact to Cyprus' GDP and the fact that these may have affected the ability of the Group's trade and other debtors to repay the amounts due to the Group as well as the Group's cash flow forecasts in relation to financial and non-financial assets, the Group's management has assessed:

(1) The impact on the expected credit losses of the Group's financial instruments that are subject to impairment under IFRS 9. IFRS 9 requires forward-looking information (including macro-economic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses. As with any economic forecast the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may significantly differ from those projected. Refer to Note 6 for more information on impairment of financial assets.

(2) The potential impairment of non-financial assets. IAS 36 requires goodwill and indefinite-lived intangible assets to be tested for impairment at a minimum every year, and other non-financial assets whenever there is an indicator that those assets might be impaired. Based on the impairment testing performed no impairment charges have been recognized in relation to non-financial assets as a result of the economic conditions created by the pandemic.

(3) Whether the net realizable value for the Group's inventory exceeds cost.

(4) The Group's ability to comply with the terms of its loan agreements and the impact of this on the classification of the Group's borrowings, as this is detailed in Note 22.

The future effects of the COVID-19 pandemic and of the above measures on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Group, are difficult to predict and management's current estimates could differ from actual results. The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current economic environment.

2. Basis of preparation

The consolidated financial statements of the Electricity Authority of Cyprus have been prepared in accordance with

International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU), the requirements of the Electricity Development Law, Cap. 171, the Law 130(I)/2021 Regulating the Electricity Market and the Companies Law Cap. 113.

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2020 and are relevant to the Group's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below in Note 4. These accounting policies have been applied consistently for all years presented in these consolidated financial statements unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, except in the case of financial assets at fair value through profit or loss which are shown at their fair value and the defined benefit obligation which is recognized as plan assets, less the present value of the defined benefit obligation.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

3. Adoption of new or revised Standards and Interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Group.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of the new standards, amendments to existing standards and interpretations effective from 1 January 2020, these policies have been consistently applied to all the years presented, unless otherwise stated.

Subsidiary undertakings

Subsidiary undertaking is an entity controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The subsidiary undertaking is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated as is also the case with unrealized losses unless cost cannot be recovered.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given and equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are recognized in the profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

Dividends received or receivable from associate are recognised as a reduction in carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, including recognising the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment and recognizes the amount of impairment adjacent to "share of profit/(loss) of associates" in the profit or loss.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes).

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the income statement in the period in which the circumstances that give rise to the revision become known by management.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a good or service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

(a) Sales of electricity

Sales of electricity represent amounts receivable, based on consumption recorded by meters, net of V.A.T. Sales also include an estimate of the value of units supplied to consumers between the date of the last meter reading and the year end, and this estimate is included in trade receivables in the consolidated statement of financial position.

(b) Consumers' capital contributions

The Group accepts applications for extension of its network in areas not yet covered by the existing network by individuals and legal entities. Furthermore the Group accepts applications for additional load from the existing network. In both cases the Group charges the applicants with the construction cost.

The fact that the cost is recovered from applicants results in not having to be recovered by consumers through electricity tariffs. Otherwise this cost would have been included in tariffs and consumers would have been billed for the consumption of electricity with higher prices. All network extension applicants are charged with capital contributions and all consumers are billed with the same tariffs.

Applicants are ensured of the right of permanent access to the network for an unlimited period of time. The Group is committed to provide access for an unlimited period of time. Capital contributions represent the price for this continuous service and hence income is shown as deferred income and is gradually released to the consolidated income statement over a period identical to that of the assets constructed/acquired for this purpose, and which have an average life of 33 1/3 years. This period is considered a reasonable approximation for calculating the period of the customer relationship.

(c) Revenue from Desalination

Revenue from desalination represents the sale of desalinated water to the Water Board Authority in accordance with the supply as recorded by meters net of VAT. Sales also include an estimate of the value of metric tonnes supplied between the date of the last invoice and the end of the year and this estimate is included in financial assets at amortised cost in the consolidated statement of financial position.

(d) Income from contracts for replacement and maintenance of public lighting

The income represents the replacement and maintenance of public lighting for Community Boards and Municipalities. The Group recognises the performance obligations per contract and allocates the transaction price to each obligation identified, with reference to the stand-alone price.

Financing component

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Contract assets and contract liabilities

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

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

Foreign currency translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Euro (€), which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

All foreign exchange gains and losses are presented in profit or loss within "finance costs".

Employee benefits

The Group operates a defined benefit plan, comprising of a lump sum amount at the termination of employees services and post-employment benefits (Pension Fund), and various other defined contribution plans, the assets of which are held in separate trustee-administered funds. The Group also operates a defined benefit plan, comprising of a lump sum amount at the termination of employees on a contract basis. There is no separate Fund for this plan. These plans, with the exemption of the Provident Fund, are mainly funded by the Group.

For the two defined benefit plans, the net expense/(income) from interest and current service cost is charged to the income statement over the period of the expected service lives of the employees and is estimated annually by independent actuaries, using the projected unit method, in order to create sufficient reserves. The Group determines the net interest expense/(income) on the net defined benefit obligation (asset) for the period by applying the discount rate used to measure the defined benefit obligation (asset), taking into account any changes in the net defined benefit obligation (asset) during the period as a result of contributions and benefit payments. Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets where applicable (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

A provision for the contribution to the Pension Fund is made on a monthly basis so that adequate reserves are created during the working life of the employees. Additionally, from 2015 a recovery plan was effected which provides that an annual deficit payment should be made to the Pension Plan. From October 2011 under the first package of austerity measures, 3% from the salaries of the members of the Pension Fund is deducted in order to ensure its viability. For employees on a contract basis, the deduction of 3% applies from 14 February 2014.

IAS 19 does not specify whether an entity should distinguish current and non-current portions of assets and liabilities arising from post-employment benefits. The Group recognizes the net defined benefit obligation as current liability because a distinction between current and non-current portion arising from defined benefit plans may sometimes be arbitrary.

The Authority's contributions to the defined contribution plans are charged to the consolidated income statement in the year to which they relate.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax including interest and penalties. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Group operates and generates taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. In accounting for the tax effects of on-balance sheet leases, the Group views the right-of-use asset and lease liability separately and considers that the temporary difference on each item does not give rise to deferred tax since the initial recognition exception applies.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted until the reporting date and are expected to apply when the related deferred income tax asset is recognized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Authority where there is an intention to settle the balances on a net basis.

Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within "finance costs" and other "gains/(losses)-net", respectively.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly related to the acquisition of property, plant and equipment. For projects carried out by external contractors, cost is based on the value of work executed and certified by engineering consultants. For projects carried out by the Group's own staff, cost comprises of materials, labour and related overheads.

Major spare parts and stand-by equipment are accounted for as property, plant and equipment when the Group expects to use them during more than one period.
Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The estimated useful lives of the major elements of property plant and equipment are as follows:

Power station buildings	30
Other buildings	35
Power station plant and machinery	25
Other plant and machinery	25-30
Lines and cables	35-40
Meters	15
Motor vehicles	7
Furniture, fixtures and office equipment	10
Tools and instruments	10
Computer hardware	5
Computer software	3

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

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

Expenditure for repairs and maintenance of property, plant and equipment is charged to the consolidated income statement of the year in which they were incurred.

The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment is determined by comparing proceeds with the carrying amount and these are included in "other gains/losses-net" in the consolidated income statement.

Greenhouse gas emission allowances

According to the Cyprus Law for the Scheme of Greenhouse Gas Emission Allowance Trading, N.110(I)/2011, a Greenhouse Gas Emissions Trading Scheme is established in order to promote the reduction of greenhouse gas emissions with the objective of reducing the level of pollution in the environment.

According to the Law, each operator, whose annual emissions exceed the number of emission allowances allocated for the specific year, is obliged to buy as many emission allowances as required to cover the shortage. From 2020 onwards, no free rights are assigned to any electricity operator, including the Authority.

Granted CO_2 emission allowances are initially recognized at nominal value (nil value) when the Group is able to exercise control over these rights. Purchased greenhouse gases emission allowances are initially recognized at cost (purchase price) within intangible assets. A liability is recognized when the level of emissions exceeds the level of allowances granted. The liability includes the total cost of the purchased allowances and any additional deficit at the current market value of the allowances as at the reporting date. Movements in the liability are recognized in the consolidated statement of profit or loss.

The intangible assets are surrendered at zero value at the end of the compliance period reflecting the consumption of economic benefit. Surplus emission allowances can be carried forward and off-set future shortages (up to the end of the compliance period) or be sold. Proceeds from the sale of surplus emission allowances are recognized upon the sale of these rights. During the year no sales of surplus took place.

Impairment of non-financial assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortization and are tested annually for impairment. Assets (except inventory and deferred tax) that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment loss is recognized in the profit or loss.

Financial assets – classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss),

and

- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost, as FVOCI or as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified at fair value through profit or loss (FVTPL).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets – recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)-net" together with foreign exchange gains and losses.

Financial assets – measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "other income". Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, short-term bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses)". Interest income from these financial assets is included in other income. Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the income statement.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment and any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVTPL.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets – impairment – credit loss allowance for expected credit losses

The Group assesses on a forward-looking basis the expected credit losses ("ECL") for debt instruments (including loans) measured at amortised cost ("AC") and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "net impairment losses on financial and contract assets". Subsequent recoveries of amounts for which credit losses have been previously recognized are credited to the same line item in the income statement.

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial instrument assessed for impairment. Refer to Note 6, Credit risk section, for a description of the impairment methodology applied by the Group for calculating expected credit losses for financial assets that are subject to impairment under IFRS 9.

Additionally, the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering any new contractual terms that substantially affect the risk profile of the asset.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash at bank

In the statement of cash flows, cash and cash at bank includes cash in hand, deposits held at call with banks with original maturities of less than three months which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash at bank are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Short-term bank deposits

These amounts relate to short-term bank deposits with maturity 3-12 months. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost, less provision for impairment.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Interest income

Interest income from financial assets at amortised cost which is calculated using the effective interest method is recognised in the income statement as “other income”. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 – gross amount of financial assets.

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

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

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

A material modification in the terms of an existing financial liability or part of it, is treated as a termination of the original financial liability and recognition of a new financial liability. Any gain or loss on termination is recognised in profit or loss except when it arises as a result of transactions with shareholders acting in their capacity as shareholders, in which case it is recognised directly in equity. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any expenses or fees arising are recognised as part of the gain or loss on termination.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Borrowings are classified as short-term liabilities unless the Group has the unconditional right to postpone the repayment of the liability for at least twelve months after the date of the consolidated statement of financial position.

Leases

The Group as the lessee:
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, with limited exceptions as set out below. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing.

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

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

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

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

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.
Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

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

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

As an exception to the above, payments associated with

short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets and associated lease liabilities are presented as separate lines on the face of the balance sheet.

The Group as the lessor:

(a) Finance leases
Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within other operating income in the income statement for the year.

(b) Operating lease
Where the Group is a lessor in a lease which does not transfer substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), rental income is recognised as “other income” on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. Modification of operating leases are accounted for by the Group as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease considered as part of the lease payments for the new lease.

(c) Impairment of lease receivable
The Group recognises credit loss allowance on lease receivables in accordance with the general model of Expected Credit Losses (“ECL”). The ECL is determined in the same way as for financial assets measured at amortised cost and recognised through an allowance account. In assessing the ECL, the Group considers the cash flows that may result from obtaining and selling the assets subject to the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Cost includes purchase cost, transport and handling costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for damaged, deteriorated, obsolete and unusable items where appropriate.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Refer to Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period mainly of not less than 2 years. The assessment is carried out separately for each customer, taking into account the specific data of the customer.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of the Group’s business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the Group if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

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

5. New accounting pronouncements

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

- 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 known.

- 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.

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 known.

- 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 known.

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

6. Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co operation with the Group's operating units.

• Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

• Foreign exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollar but believes that any change in foreign exchange rates will not have a material effect on its results.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The net foreign exchange difference credited/ debited to the consolidated income statement amounts to (€460.000 (2019: €162.000)) and relates to normal operating and financing activities (Note 13).

The Group's exposure to foreign currency risk was as follows:

31 December 2020	United States Dollars
	€000
Assets:	
Short term deposits	12.127
Cash and cash at bank	2
	12.129
Liabilities:	
Suppliers	(16.805)
Amount available for interpleader proceedings	(12.976)
	(29.781)
Net foreign currency exposure	**(17.652)**

31 December 2019	United States Dollars
	€000
Assets:	
Short term deposits	12.951
	12.951
Suppliers	(29.904)
Amount available for interpleader proceedings	(13.878)
	(43.782)
Net foreign currency exposure	**(30.831)**

Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2020 and 2019 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant foreign currency at Euro and 2019, there would be an equal and opposite impact on the equity and profit or loss.

	Equity		Profit or loss	
	2020	2019	2020	2019
	€000	€000	€000	€000
United States Dollars	1.545	2.698	1.545	2.698
	1.545	2.698	1.545	2.698

Cash flow interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are dependent on changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2020 €000	2019 €000
Fixed rate instruments		
Financial assets	**203.316**	334.078
Financial liabilities	**(287)**	(326)
Variable rate instruments		
Financial liabilities	**(228.341)**	(262.357)
	(25.312)	71.395

Sensitivity analysis

A decrease of 100 basis points in interest rates at 31 December 2020 and 2019 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the equity and profit or loss.

	Equity		Profit or loss	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Variable rate instruments	**1.998**	2.296	**1.998**	2.296
	1.998	2.296	**1.998**	2.296

The Management of the Group monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

Credit risk arises from cash and cash at bank, short term deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

Sales to customers are settled in cash, direct debits or using major credit cards.

For banks and financial institutions, credit ratings from independent parties are utilised.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Financial assets at amortised cost
- Cash and cash equivalents (cash and cash at bank and short-term bank deposits with maturity date of three months and above)

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

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The following table represents the Group's trade receivables grouping:

Category	Category
Government departments/services	Related Parties
Municipalities	
Villages	
Other Related Parties	
Residential	Others
Vulnerable	
Other	

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

In particular, any difference in the GDP growth rate of more than 50% requires a reassessment of the expected loss rates. At the reporting date, the GDP growth rate differed by more than 50% compared to the previous reporting period. Following a detailed analysis of the account profiles, the debt-sales ratio and the historical experience of credit loss, no indications of an upward trend in the percentage of bad debts that would result in a possible final loss of receivables were found. The Management of the Group considered that the expected loss rates were determined taking into account historical information of the years 2014-2018 during which the Cypriot economy was negatively affected by the financial crisis of 2013, which had a more serious economic impact on the Cypriot economy than the current pandemic. To this end, Management has concluded that the expected loss ratios already used by the Group are prudent, as they take into account financial information affected by a financial crisis, thus reflecting in the expected credit loss, rates resulting for trade debtors from an economic crisis.

The following table summarises the Group's expected loss rates:

	Expected Loss Rate			
	Active		Final	
Past due dates	**Related parties**	**Other**	**Related parties**	**Other**
Before expiration	0,12%	0,25%	0,25%	0,50%
21 to 60	0,25%	0,50%	0,50%	1,00%
More than 61 to 90	1,00%	2,00%	2,00%	4,00%
More than 91 to 120	2,50%	5,00%	10,00%	20,00%
More than 121 to 360	10,00%	15,00%	40,00%	60,00%
More than 360	40,00%	60,00%	80,00%	100,00%

For all the final accounts (irrespective of their classification) for which the year of issue is prior to the year of the financial statements, an expected credit loss is recognised of 100%. Additionally, the Group recognises an expected credit loss on receivables from unread consumption of 0,1%.

On that basis, the loss allowance for trade receivables, included receivables from unrecorded consumption, as at 31 December 2020 and 31 December 2019 was determined as follows:

	31 December 2020					
	Final Accounts		Active accounts		Other trade receivables	
Past due days	**Gross book value €000**	**Loss Provision Amount €000**	**Gross book value €000**	**Loss Provision Amount €000**	**Gross book value €000**	**Loss Provision Amount €000**
Over 365	12.044	11.854	2.190	1.267	1.116	1.116
From 181 up to 365	472	309	657	91	-	-
From 121 up to180	200	124	513	72	-	-
From 91 up to 121	124	26	805	38	-	-
From 61 up to 90	142	40	1.491	28	-	-
From 21 up to 60	141	10	9.626	46	18	-
Not overdue	699	271	26.793	62	40.861	34
Total	**13.822**	**12.634**	**42.075**	**1.604**	**41.995**	**1.150**

	31 December 2019					
	Final Accounts		Active Accounts		Other trade receivables	
Past due days	**Gross book value €000**	**Loss Provision Amount €000**	**Gross book value €000**	**Loss Provision Amount €000**	**Gross book value €000**	**Loss Provision Amount €000**
Over 365	11.304	11.259	2.056	1.182	1.331	1.185
From 181 up to 365	461	316	661	92	-	-
From 121 up to180	164	109	459	65	-	-
From 91 up to 121	170	55	916	44	-	-
From 61 up to 90	499	380	1.582	30	-	-
From 21 up to 60	174	23	18.834	90	-	-
Not overdue	380	288	40.763	92	52.669	46
Total	**13.152**	**12.430**	**65.271**	**1.595**	**54.000**	**1.231**

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2020 €000	2019 €000
Opening loss allowance 1 January	**15.256**	16.017
Increase in the allowance recognised in profit or loss during the year	132	-
Unused amount reversed	-	(761)
Closing loss allowance as at 31 December	**15.388**	**15.256**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include other financial receivables and cash and cash equivalents.

For the other financial assets at amortised cost the general credit loss model is applied.

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Specifically the following indicators are incorporated:

- Internal credit rating.
- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Significant increases in credit risk on other financial instruments of the same borrower/counterparty.

Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

- Significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group uses three categories for other financial receivables and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned, where possible, to external credit rating companies, such as Standard and Poor, Moody's and Fitch.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	
Write-off	Interest and/or principal repayments are 365 days past due and there is no reasonable expectation of recovery	Asset is written off	None

The Group has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the other financial receivables and cash and cash equivalents the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data. For cash and cash equivalents, a Loss Given Default of 45% is assumed in case of default.

The Group provides for credit losses against loans to related parties, receivables other receivables, debt securities at FVOCI and cash and cash equivalents. The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised.

Short-term deposits

The gross carrying amounts below represent the Group's maximum exposure to credit risk on short-term deposits as at 31 December 2020 and 31 December 2019:

Internal credit rating	External credit rating	2020 €000	2019 €000
Performing	BBB-B	100.973	75.840
Performing	CCC-C	-	57.520
Performing	Without rating	104.635	203.475
Total short-term deposits		**205.608**	336.835

No significant changes to estimation techniques or assumptions were made during the reporting period.

The estimated loss allowance on short-term deposits as at 31 December 2019 and 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Stage 1 Performing €000	Total €000
Opening balance 1 January 2019	**(5.149)**	(5.149)
Changes in short-term deposits	2.393	2.393
Loss allowance at 31 December 2019	**(2.756)**	(2.756)
Changes in short-term deposits	464	464
Loss allowance at 31 December 2020	**(2.292)**	(2.292)

Cash and cash at bank

The gross carrying amounts below represent the Group's maximum exposure to credit risk on cash and cash equivalents as at 31 December 2020 and 31 December 2019:

Internal credit rating	External credit rating	2020 €000	2019 €000
Performing	BBB-B	7.999	634
Performing	CCC-C	72.953	46.641
Performing	Without rating	119.956	61.602
Total[1]		**200.908**	108.877

[1]The balance of cash and cash at bank on the consolidated financial position is cash in hand.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The estimated loss allowance on cash and cash equivalents as at 31 December 2019 and 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Stage 1 Performing €000	Total €000
Opening balance 1 January 2019	**(18)**	**(18)**
Changes in cash and cash at bank	(24)	(24)
Expected credit loss 31 December 2019	**(42)**	**(42)**
Changes in cash and cash at bank	(27)	(27)
Expected credit loss 31 December 2020	**(69)**	**(69)**

Other financial receivables

The gross carrying amounts below represent the Group's maximum exposure to credit risk on other financial receive ables as at 31 December 2020 and 31 December 2019:

Internal credit rating	2020 €000	2019 €000
Performing	**15.246**	25.248
Under performing	**-**	-
Non performing	**75**	75
Total other financial receivables	**15.321**	25.323

The expected credit loss for other financial receivables at 31 December 2019 and 31 December 2020 is reconciled with the opening expected credit loss as follows:

	Stage 1 Performing €000	Stage 3 Non-performing €000	Total €000
Opening balance 1 January 2019	**(256)**	**(75)**	**(331)**
Changes in other financial receivables	33	-	33
Expected credit loss 31 December 2019	**(223)**	**(75)**	**(298)**
Changes in other financial receivables	(27)	-	(27)
Expected credit loss 31 December 2020	**(250)**	**(75)**	**(325)**

(iii) Net impairment gains on financial and contract assets recognized in profit or loss

During the year, the following gains were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	2020 €000	2019 €000
Movement in loss allowance for trade receivables	**(132)**	761
Movement in loss allowance for other financial assets	**(27)**	33
Reversal of previous impairment loss on cash and cash equivalents	437	2.369
Net impairment losses on financial assets	**278**	3.163

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €000	Between 1 and 2 years €000	Between 2 to 5 years €000	More than 5 years €000
At 31 December 2019				
Borrowings (Capital and interest)	37.389	40.277	92.790	138.513
Trade and other payables*(1)	145.746	-	-	-
Lease liabilities	574	320	844	11.114
	183.709	40.597	93.634	149.627
At 31 December 2020				
Borrowings (Capital and interest)	37.004	37.147	76.397	116.550
Trade and other payables*(1)	140.533	-	-	-
Lease liabilities	637	436	1.037	12.557
	178.174	**37.583**	**77.434**	**129.107**

(1)Excluding statutory liabilities and deferred income.

The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as presented in the consolidated statement of financial position less short term deposits and cash and cash equivalents. Total capital is calculated as 'equity' ('Reserves' and 'Deferred Income' as shown in the consolidated statement of financial position) plus net debt.

During 2020, the Group's strategy, which was unchanged from 2019, was to maintain the gearing ratio within 0% to 10%. The gearing ratio at 31 December 2020 and 2019 was as follows:

	2020 €000	2019 €000
Total borrowings (Note 22)	**228.628**	262.683
Less: Short term deposits (Note 21)	**(203.316)**	(334.078)
Less: Cash and cash equivalents (Note 21)	**(200.978)**	(110.251)
Net debt	**(175.666)**	(181.646)
Total equity	**1.417.943**	1.494.039
Total Capital as defined by the Group	**1.242.277**	1.312.393
Gearing ratio	**(14)%**	(14)%

(iii) Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

The table below analyses financial instruments measured in the statement of financial position at fair value by valuation method. Different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 2020 €000	**Level 1** 2019 €000
Assets		
Financial assets at fair value through profit or loss: - Equity securities	166	272
Total financial assets measured at fair value	166	272

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed on the Cyprus Stock Exchange classified as trading securities.

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Adjusted comparable price-to-book value multiples.
- Other techniques, such as discounted cash flow analysis.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

7. Critical accounting estimates and judgements

The preparation of consolidated financial statements in accordance with IFRSs requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognized in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment of property, plant and equipment

The Group assesses at the end of each reporting period whether there are any indications for impairment of its property, plant and equipment, in accordance with the accounting policy stated in Note 4. As a result of the impairment assessment performed, no impairment charge has been recognized in relation to property, plant and equipment.

(ii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 6 Credit Risk.

An increase or decrease in loss given default rate in case of default by 1% compared to the loss given default rate used in the ECL estimates calculations for cash and cash equivalents at 31 December 2020 and 31 December 2019 would result in an increase or decrease in credit loss allowances by €52.479 and €62.195 respectively.

(iii) Deferred income

The Group accepts applications for extension of its network in areas not yet covered by the existing network by individuals and legal entities. Furthermore the Group accepts applications for additional load from the existing network. In both cases, the Group charges the applicants, in accordance with the relevant Regulatory Decision, with the construction cost, which is settled by the applicants prior to the commencement of the relevant work. The Management of the Group has assessed that the relevant agreements do not contain a significant financing component, since, according to the relevant Regulatory Decision, the settlement of the payable amount is carried out before the execution of the relevant works. The assets remain under the control of the Group, that performs all necessary repairs and maintenance. Construction cost is recognized in property, plant and equipment.

The fact that the cost is recovered from applicants results in not having to be recovered by consumers through electricity

tariffs. Otherwise, this cost would have been included in tariffs and consumers would have been billed for the consumption of electricity with higher prices. All network extension applicants are charged with capital contributions and all consumers are billed with the same tariffs.

Applicants are ensured of the right of permanent access to the network for an unlimited period of time. The Group is committed to provide access for an unlimited period of time. Capital contributions represent the price for this continuous service and hence income is shown as deferred income and is gradually released to the consolidated statement of profit or loss over a period identical to that of the assets constructed/ acquired for this purpose, and which have an average life of 33 1/3 years. This period is considered a reasonable approximation for calculating the period of the customer relationship.

(iv) Defined Benefit Plans

The present value of the defined benefit plans' obligation, depends on several factors that are determined based on the actuarial valuation by using various assumptions and estimates. The assumptions and estimates used for determining the defined benefit cost and the obligation/asset, includes the discount rate, the expected increase of salaries and pensions. Such assumptions and estimates are subject to considerable uncertainty due to the long term nature of the plans.

(v) Determination of the lease term

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

For leases of land and substations, which comprise the majority of the Group's lease agreements, and taking into account the necessity of the substations, the renewal option for an additional period of the same duration as the original lease term, is considered as reasonably certain. Renewal options which exceed 66 years were not taken into account since their exercise cannot be considered as reasonably certain.

As at 31 December 2019 and 31 December 2020, potential future cash outflows of €12.000 and €12.000, respectively, have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

iv) Defined Benefit Plans

The present value of the defined benefit plans' obligation, depends on several factors that are determined based on the actuarial valuation by using various assumptions and estimates. The assumptions and estimates used for determining the defined benefit cost and the obligation/asset, includes the discount rate, the expected increase of salaries and pensions. Such assumptions and estimates are subject to considerable uncertainty due to the long term nature of the plans.

(vi) Investment in the associate company ETYFA Ltd

Management assesses at the end of each reporting period whether there is any indication of impairment of the investment in accordance with the accounting policy referred to in Note 4. As a result of the assessment, no indication of impairment was found and no impairment test was performed in relation to the investment in the associate company ETYFA Ltd.

8. Revenue

	2020 €000	2019 €000
Revenue from sale of electricity	**645.171**	774.570
Income from desalination	**8.504**	13.685
Consumers' capital contributions	**23.705**	23.014
Income from reconnection	**1.471**	1.699
Replacement/maintenance public lighting contracts	**8.856**	3.497
Other revenue	**1.741**	3.492
Total revenue before special discount	**689.448**	819.957
Special discount	**(31.923)**	-
Total revenue	**657.525**	819.957

Sale of electric energy does not include the consumption of Turkish Cypriots in the areas of the Republic of Cyprus where the Government of the Republic does not exercise effective control. The unbilled electrical energy, calculated at a special rate, amounts to €538.000 (2019: €572.000).

With the Decisions of the Cyprus Energy Regulatory Authority no. 104/2020, 141/2020 and 222/2020, the Authority granted for a period of 6 months, a 10% discount on the final price of electricity with (a) Reduction of all regulated electricity tariffs that had been approved by Decision No. 05/2020 of CERA by 10% and (b) Reduction of the fuel clause coefficients for the adjustment of the wholesale tariff (T-W) that have been approved by Decision No. 01/2020 of CERA, by 10%. Based on the decision of CERA, the reduced revenue that the Authority will suffer due to the reduction of regulated electricity tariffs and fuel clause coefficients for the adjustment of the wholesale tariff (T-W) will not be recovered during the rest of the current regulatory audit period or during the next regulatory audit period but instead will be covered by the Authority's cash reserves.

The total discount granted during 2020 was €31.923 thousand.

Assets and liabilities related to contracts with customers

The Group recognised the following assets and liabilities related to contracts with customers:

	2020 €000
Contract assets	
Current	
Contract assets related to projects for the replacement / maintenance of street lighting in progress	844
Loss allowance	-
Total current contract assets	844
Non-current	-
Total contract assets	844

	2020 €000
Contract liabilities	
Current	
Contract liabilities related to projects for the replacement / maintenance of street lighting in progress	1.962
Non-current	-
Total contract liabilities	**1.962**

All projects in progress related to replacement / maintenance of street lighting are expected to be completed within the following financial year.

(i) Significant changes in contract assets and liabilities

The increase in contract assets is due to the fact that as at the reporting date there was a significant amount of projects in progress and as at the reporting date the Group did not have the unconditional right to charge the clients for the serviced rendered.

The increase in contract liabilities is due to prepayments received by clients with whom the Group had contracts for the replacement / maintenance of street lighting which were not completed as at the reporting date.

(ii) Unsatisfied long-term contracts

The unsatisfied contract liabilities resulting from long-term contracts for the replacement / maintenance of street lighting are presented below.

	2020 €000
Aggregate amount of the transaction price allocated to long-term contracts for the replacement / maintenance of street lighting that are partially or fully unsatisfied as at 31 December	**5.797**

The above amount is included in trade and other payables (Note 25).

Management expects that an amount of €750.000 of the transaction price allocated to the unsatisfied contracts as of 31 December will be recognised as revenue during the next reporting period. The remaining amount will be recognised in the financial years 2022-2028. The amount disclosed above does not include variable consideration which is constrained.

9. Other operating income - net

	2020 €000	2019 €000
Income from fees for telecommunication usage of optical fibres	**2.213**	1.697
Compensation from Insurance Companies	**-**	6.454
Income from TSOC	**3.775**	3.686
Sundry income	**3.989**	3.849
Interest income calculated using effective interest rate method for financial assets at amortised cost:		
Bank balances	**551**	1.775
Other	**438**	528
	10.966	17.989

10. Other losses - net

	2020 €000	2019 €000
Property, plant and equipment (Note 15):		
Gain/(loss) from sales	**64**	(112)
Impairment charge of property, plant and equipment	**-**	(863)
Fair value losses on financial assets at fair value through profit or loss	**(106)**	(79)
	(42)	(1.054)

11. Operating costs

	2020 €000	2019 €000
Fuel	**304.952**	417.387
Purchase of electricity from third parties	**46.420**	43.792
Temporary generating units	**4.087**	-
Greenhouse gas emission allowances cost	**74.660**	67.020
KODAP fee	**5.979**	5.366
Salaries and employer's contributions (Note 12)	**92.604**	87.759
Depreciation of property, plant and equipment (Note 15)	**98.762**	98.407
Depreciation of right of use assets (Note 16)	**602**	511
Repairs and maintenance	**19.936**	20.239
Expenses of projects for replacement/maintenance of street lighting and other third party projects	**6.317**	4.405
Independent auditor's fees for the compulsory audit of the annual financial statements	**65**	66
Rental expenses	**24**	30
Provision for impairment of inventories	**1.100**	910
Bad debts writen off	**(16)**	363
Cyprus Energy Regulatory Authority fees	**1.811**	1.873
Cyprus Transmission System Operator fee	**4.799**	7.063
Transport	**2.964**	2.673
Insurance	**3.804**	3.618
Telephones and postages	**1.879**	1.681
Electricity, cleaning and water	**1.737**	1.778
Other expenses	**16.040**	16.425
Total expenses	**688.526**	781.366

The total fees charged by the Authority's statutory auditor during the year ended 31 December 2020 for other non-audit services amounted to €63.294 (2019: €217.388).

12. Staff costs

	2020 €000	2019 €000
Salaries	**74.963**	72.738
Social insurance and other costs	**11.854**	10.696
Social cohesion fund	**1.554**	1.484
Provident fund contributions	**302**	333
Defined benefit cost - current year cost	**15.449**	13.310
Employees' deductions for the defined benefit plan*	**(1.818)**	(1.787)
Other defined contribution plans	**2.726**	3.699
	105.030	100.473
Average number of staff employed during the year	**2.143**	2.121

*The amount represents deduction of 3% on the employees salaries and is paid to the Group for maintaining the viability of the retirement plans per Law 216(i)/2012 paragraph 4 and Law 14(i)/2014 and is included in employer's contributions.

	2020 €000	2019 €000
The staff costs were allocated as follows:		
Income statement:		
Staff costs (Note 11)	**92.604**	87.759
Capitalised in fixed assets and work in progress	**12.426**	12.714
	105.030	100.473

(i) Defined Benefit Plan - Pension Fund

The amounts recognised in the consolidated statement of financial position and the consolidated statement of other comprehensive income of the Group as at 31 December 2020 are in accordance with the actuarial valuation as at 31 December 2020 for the defined benefit plan. The assets used for the purposes of the actuarial valuation were extracted from the financial statements of the Electricity Authority's employees defined benefit plan (the "Plan") for the year ended 31 December 2020.

	2020 €000	2019 €000
Present value of defined benefit obligation	**970.327**	890.495
Fair value of plan assets	**(567.878)**	(559.960)
Net obligation on the consolidated statement of financial position	**402.449**	330.535
Funding level	**59%**	63%

	2020 €000	2019 €000
Current service cost	**11.964**	9.286
Net interest expense	**3.360**	4.024
Total expense recognized in 'staff costs'	**15.324**	13.310

Movement in net obligation included in the consolidated statement of financial position	**2020 €000**	2019 €000
Net obligation in the statement of financial position at the beginning of the year	**330.535**	212.194
Contributions by the employer	**(14.149)**	(12.243)
Total expense recognised in the consolidated income statement	**15.324**	13.310
Total amount recognised in other comprehensive loss	**70.740**	117.274
Net obligation at the end of the year	**402.450**	330.535

Changes to the present value of the defined benefit obligation during the year	**2020 €000**	2019 €000
Present value of the defined benefit obligation at beginning of the year	**890.495**	745.286
Current service cost	**11.963**	9.286
Interest cost	**9.023**	14.083
Contributions by participants	**1.116**	1.106
Benefits paid out	**(24.848)**	(26.269)
Adjustments:		
- Actuarial loss - (financial assumptions)	**99.252**	146.582
- Actuarial (gain)/ loss - (experience)	**(16.674)**	421
Present value of the defined benefit obligation at the end of the year	**970.327**	890.495

Changes to the fair value of plan assets during the year	**2020 €000**	2019 €000
Fair value of plan assets at the beginning of year	**559.960**	533.092
Expected return on plan assets	**5.663**	10.059
Contributions by the employer *	**14.149**	12.243
Contributions by participants	**1.116**	1.106
Benefits paid out	**(24.848)**	(26.269)
Adjustments:		
Actuarial gain	**11.838**	29.729
Fair value of plan assets at the end of the year	**567.878**	559.960

*Employer's contributions include an amount of €1.787.000 (2019: €1.755.000), that was deducted at the rate of 3% from the employees' salaries for maintaining the viability of the Defined Benefit Plan per Law 216 (ii) 2012, paragraph 4 and is presented against Group's staff cost.

Remeasurements:	**2020 €000**	2019 €000
Loss from the remeasurement of the defined benefit obligation	**(82.578)**	(147.003)
Difference between the expected and actual return on plan assets	**11.838**	29.729
Total actuarial loss recognized in other comprehensive income	**(70.740)**	(117.274)

The cumulative actuarial amount recognised in the statement of other comprehensive income until 31 December 2020 was €424.448.000 deficit (2019: €353.708.000 deficit).

The principal actuarial assumptions used for the actuarial valuation were:

	2020	2019
Discount rate	**0,46%**	1,02%
Average expected return on plan assets	**0,46%**	1,02%
Total salary increases	**1,25%** **((0,75%+0,50%) + promotional and merit increases**	1,25% (0,75%+0,50%) + promotional and merit increases
General salary increases	**0,50%**	0,50%
Social Insurance Scheme supplementary pension increases	**1,50%**	1,50%
Pension increases	**1,00%**	1,00%
Increase on maximum insurable earnings limit	**2,00%**	2,00%
Price inflation	**1,50%**	1,50%
Mortality table	**60% of PA90 for men and 65% of PA90 for women**	60% του PA90
Plan duration	**20,6 years**	19,1 years

In accordance with the amended IAS19, the discount rate should reflect the rate at which the liabilities could effectively be settled. Accordingly, the discount rate has been extracted from annual yield of the Euro Composite AA Bloomberg Index with maturity of 20,6 years (2019: 19,1 years) which corresponds to the average maturity life of the Plan's liabilities.

Assumptions regarding current year's future mortality rates are according to the published general mortality table PA90 (2019: PA90). The underlying table reduced by 40% for men and by 35% for women represents the expected mortality of the Plan's members after retirement. According to the underlying mortality rate table, the expected life for a male and female aged 65 (normal retirement age) is 18,9 years and 22 years respectively.

The sensitivity of the defined benefit obligation to changes in the significant financial assumptions, keeping other assumptions constant, is as follows:

	2020		2019	
	Change	**Impact**	**Change**	**Impact**
Discount rate	+0,50%	-9,20%	+0,50%	-8,90%
Discount rate	-0,50%	10,70%	-0,50%	10,30%
Salaries	+0,50%	5,80%	+0,50%	5,70%
Salaries	-0,50%	-5,40%	-0,50%	-5,30%
Pensions	+0,50%	11,20%	+0,50%	10,00%
Pensions	-0,50%	-10,20%	-0,50%	-9,10%
Life expectancy	+1 year	4,00%	+1 year	4,60%
Life expectancy	-1 year	-3,90%	-1 year	-4,50%

Based on the audited financial statements of the Plan, its assets are comprised as follows:

	2020		2019	
	€000	%	€000	%
Immovable property	**29.581**	**5,19**	29.223	5,20
Shares	**141.107**	**24,77**	113.949	20,29
Bonds - (Government)	**30.268**	**5,31**	20.214	3,60
Receivables	**694**	**0,12**	530	0,10
Loans to members	**15.330**	**2,69**	13.855	2,47
Hedge Funds	**17.602**	**3,09**	11.985	2,13
Mutual bond funds	**270.897**	**47,55**	263.035	46,83
Cash and cash equivalents	**64.237**	**11,28**	108.851	19,38
	569.716	**100,00**	561.642	100,00

The amount above represents the total of assets before deducting reserves and liabilities.

The Plan did not hold any of the Group's financial assets, immovable property or other assets.

The estimated regular statement of profit or loss charge for the financial year 2021 based on the amended IAS 19 is as follows:

	2021 €000	2020 €000
Current service cost	**13.888**	11.770
Net interest charge	**1.881**	3.424
Total	**15.769**	15.194

The actual charge in the consolidated income statement will remain unknown until the end of the year, where any potential additional costs will be determined.

Expected benefits to be paid from the Pension Fund for the next year are €24.855.277 (2020: €23.924.719).

The expected contributions to be paid to the Pension Fund for the financial year 2021 are €17.189.361 (2020: €15.247.547).

(ii) Defined Benefit Plan - Employees on a contract basis

The amounts recognised in the consolidated statement of financial position and the consolidated statement of other comprehensive income of the Group as at 31 December 2020 are in accordance with the actuarial valuation as at 31 December 2020 for the defined benefit plan for employees on a contract basis.

	2020 €000
Present value of defined benefit obligation	1.467
Net obligation on the consolidated statement of financial position	**1.467**

	2020 €000
Current service cost	111
Net interest expense	14
Total expense recognized in 'staff costs'	**125**

Movement in net obligation included in the consolidated Statement of financial position	2020 €000
Net obligation in the statement of financial position at the beginning of the year	1.226
Total expense recognised in the consolidated income statement	125
Total amount recognised in other comprehensive loss	116
Net obligation at the end of the year	**1.467**

Changes to the present value of the defined benefit obligation during the year	2020 €000
Present value of the defined benefit obligation at beginning of the year	1.226
Current service cost	111
Interest cost	14
Adjustments:	
- Actuarial loss - (financial assumptions)	158
- Actuarial (gain) - (experience)	(42)
Present value of the defined benefit obligation at the end of the year	**1.467**

Remeasurements:	2020 €000
Loss from the remeasurement of the defined benefit obligation	(116)
Total actuarial loss recognized in other comprehensive income/(expense)	**(116)**

The actuarial amount recognised in the statement of other comprehensive income until 31 December 2020 was €116.000 deficit.

The principal actuarial assumptions used for the actuarial valuation were:

	2020
Discount rate	0.43%
Total salary increases	1,25% (0,75%+0,50%) + promotional and merit increases
General salary increases	0,50%
Price inflation	1,50%

The sensitivity of the defined benefit obligation to changes in the significant financial assumptions, keeping other assumptions constant, is as follows:

	2020	
	Change	Impact
Discount rate	+0,50%	-8,40%
Discount rate	-0,50%	9,50%
Salaries	+0,50%	6,40%
Salaries	-0,50%	-5,80%

The estimated regular statement of profit or loss charge for the financial year 2021 based on the amended IAS 19 is as follows:

	2021 €000	2020 €000
Current service cost	122	111
Net interest charge	6	14
Total	**128**	125

The actual charge in the consolidated income statement will remain unknown until the end of the year, where any potential additional costs will be determined.

Expected benefits to be paid from the plan for employees on a contract basis for the next year are €19.476.

13. Finance costs

	2020 €000	2019 €000
Interest expense:		
Borrowings	2.491	2.887
Other	511	300
	3.002	3.187
Net foreign exchange transaction gains	(460)	(162)
	2.542	3.025

The finance cost is allocated as follows:

	2020 €000	2019 €000
Consolidated income statement	2.542	3.025
	2.542	3.025

14. Tax

	2020 €000	2019 €000
Current tax:		
Defence contribution	165	532
Total current tax	165	532
Deferred tax (Note 23):		
Origination and reversal of temporary differences	(10.592)	7.521
Total deferred tax	(10.592)	7.521
Tax credit/ charge	(10.427)	8.053

Tax on Group profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2020 €000	2019 €000
(Loss)/ profit before tax	(22.370)	55.664
Tax calculated at the applicable tax rates on income	(2.796)	6.958
Tax effect of expenses not deductible for tax purposes	92	1.692
Tax effect of income not subject for tax	(266)	(1.129)
Deferred tax	(7.622)	-
Defence contribution	165	532
Tax charge	(10.427)	8.053

The Group is subject to income tax on taxable profits at the rate of 12,5%.

Tax losses of 5 years can be carried forward and set against taxable profits. Under certain conditions, interest received may be subject to special contribution for defence at the rate of 30%. In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 17%. In addition, in certain cases, dividends received from other Cyprus tax resident companies may also be subject to special contribution for defence.

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

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December 2020			Year ended 31 December 2019		
	Before tax €000	Tax (charge)/ credit €000	After tax €000	Before tax €000	Tax (charge)/ credit €000	After tax €000
Defined benefit obligation: Remeasurement of post employment benefit obligation for Pension fund	(70.740)	-	(70.740)	(117.274)	-	(117.274)
Remeasurement of post employment benefit obligation for employees on a contract basis	- (116)	-	- (116)	-	-	-
Other comprehensive income	(70.856)	-	(70.856)	(117.274)	-	(117.274)

15. Property, plant and equipment

	Freehold land €000	Buildings €000	Plant and machinery €000	Lines, cables and meters €000	Motor vehicles €000	Furniture, fixtures and office equipment €000	Tools and instru-ments €000	Computer hardware and software €000	Work in progress €000	Total €000
At 1 January 2019										
Cost	42.907	360.310	1.550.134	1.098.469	22.187	7.444	7.563	39.047	38.908	3.166.969
Accumulated depreciation	-	(170.357)	(829.521)	(468.056)	(20.505)	(6.803)	(7.201)	(36.891)	-	(1.539.334)
Net book value	42.907	189.953	720.613	630.413	1.682	641	362	2.156	38.908	1.627.635
Year ended 31 December 2019										
Opening net book value	42.907	189.953	720.613	630.413	1.682	641	362	2.156	38.908	1.627.635
Additions	786	181	479	257	1.818	157	194	879	85.637	90.388
Disposals	-	-	(98)	-	-	-	(12)	(3)	-	(113)
Impairment charge	-	-	(863)	-	-	-	-	-	-	(863)
Depreciation charge	-	(11.985)	(55.768)	(28.332)	(583)	(179)	(100)	(1.461)	-	(98.408)
Transfers	132	3.507	28.926	27.454	-	-	-	197	(60.216)	-
Closing net book value	43.825	181.656	693.289	629.792	2.917	619	444	1.768	64.329	1.618.639
At 31 December 2019										
Cost	43.825	363.998	1.577.476	1.126.180	24.005	7.601	7.716	40.032	64.329	3.255.162
Accumulated depreciation	-	(182.342)	(884.187)	(496.388)	(21.088)	(6.982)	(7.272)	(38.264)	-	(1.636.523)
Net book value	43.825	181.656	693.289	629.792	2.917	619	444	1.768	64.329	1.618.639
Year ended 31 December 2020										
Opening net book value	43.825	181.656	693.289	629.792	2.917	619	444	1.768	64.329	1.618.639
Additions	278	85	283	279	556	195	110	2.305	88.251	92.342
Disposals	(3)	(59)	(206)	-	-	-	-	(1)	-	(269)
Depreciation charge	-	(11.846)	(55.919)	(28.675)	(661)	(170)	(103)	(1.388)	-	(98.762)
Transfers	244	1.127	13.238	19.542	-	-	-	6	(34.157)	-
Closing net book value	44.344	170.963	650.685	620.938	2.812	644	451	2.690	118.423	1.611.950
At 31 December 2020										
Cost	44.344	365.147	1.590.784	1.145.990	24.041	7.796	7.827	42.317	118.423	3.346.669
Accumulated depreciation	-	(194.184)	(940.099)	(525.052)	(21.229)	(7.152)	(7.376)	(39.627)	-	(1.734.719)
Net book value	44.344	170.963	650.685	620.938	2.812	644	451	2.690	118.423	1.611.950

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2020 €000	2019 €000
Net book value	269	113
Profit/(Loss) from the sale of property, plant and equipment (Note 10)	64	(112)
Proceeds from disposal of property, plant and equipment	333	1

Depreciation amounting to €98.762.000 (2019: €98.408.000) has been charged to operating costs.

Land and equipment located in Turkish occupied area

The total fixed assets shown in the consolidated statement of financial position include land and equipment located in the area occupied by the Turkish invasion force, whose cost approximates €12.978.000. The depreciation provision for the year 2020 in respect of these assets was NIL (2019: NIL) bringing the accumulated provision at 31 December 2020 to €12.440.000 (2019: €12.440.000) and leaving a written down value of €538.000 (2019: €538.000) which represents the cost of land. The consequences of the Turkish occupation on the value of this land and equipment is unknown.

16. Leases

(i) The Group's leasing arrangements

The Group leases offices, warehouses, stores, land for Renewable Energy Sources' projects and land for substations. Rental contracts of land for substations are typically made for fixed periods of 25 to 33 years, with some contracts valid for periods up to 99 years, and most of them have extension options. Any other contracts are made for fixed periods of 6 months to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020 €000	**2019 €000**
Right-of-use assets		
Land and buildings	**9.203**	8.358
Total	**9.203**	8.358
Lease liabilities		
Short term amount	**450**	407
Long term amount	**8.898**	7.980
Total	**9.348**	8.387

Additions to the right-of-use assets during the financial year 2020 were €1.041.412 (2019: €681.119 and the modifications €406.000 (2019: €-).

(iii) Amounts recognised in the income statement

	2020 €000	2019 €000
Depreciation expense on right-of-use assets		
Land and buildings	(602)	(511)
Total	(602)	(511)
Interest on obligations under finance leases	(176)	(164)
Total	(176)	(164)

Expenses relating to lease contracts amounting to €23.000 (2019: €30.000) have been charged to operating expenses. Depreciation relating to right-of-use assets has been charged to operating expenses.

The total cash outflow for leases in 2020 was €662.024 (2019: €645.880).

17. Investments in equity-accounted investees

	2020 €000	2019 €000
At beginning of year	-	-
Additions	43.000	-
Share of loss in investments in equity-accounted investees	(29)	-
At end of year	42.971	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2020 €000	2019 €000
AHK-IAK AXERA Ananeosimes Ltd	Cyprus	Development of photovoltaic parks	49,99	-	-
Natural Gas Infrastructure Company of Cyprus (ETYFA) Ltd	Cyprus	Management of natural gas infrastructure	30,00	42.971	-
				42.971	-

On 9 March 2020, the Authority signed a shareholders' agreement with the Natural Gas Infrastructure Company of Cyprus (ETYFA) Ltd and on 29 April 2020 the Authority acquired 4.285 shares (30% of the share capital of the company) by paying the amount of €43m. The remaining 70% of ETYFA's share capital is held by the Natural Gas Public Company (DEFA) which will be the only importer of natural gas in Cyprus, within an emerging market. ETYFA will own the natural gas infrastructure that will be developed in Cyprus. The Board of Directors of ETYFA is comprised of nine members, six of which (one of whom is the President) are appointed by DEFA and three (one of whom is the Vice President) are appointed by the Authority. The interest of the Authority in ETYFA is regarded as an investment in associate. ETYFA is a private company and there is no quoted market price available for its shares.

The Authority owns 4.999 shares in the company AHK-IAK AXERA Ananeosimes Ltd («AHK-IAK») which represent 49,99% of the share capital of AHK-IAK. The Board of Directors of AHK-IAK is comprised of five members, two of which are appointed by the Authority, two are appointed by the Holy Archbishopric of Cyprus («HAC») and the Chairman is jointly appointed. In accordance with a relevant Joint Development Agreement between the Authority and HAC, the purpose of the company is the phased development, licensing, financing, construction, operation and maintenance of one or more photovoltaic parks. The interest of the Authority in AHK-IAK is regarded as an investment in associate. The associate company is of strategic importance for the extension of the operations of the Group in the field of Renewable Energy Sources. AHK-IAK is a private company and there is no quoted market price available for its shares.

Significant aggregate amounts in respect of Investments in equity-accounted investees:

	2020 €000
ETYFA - Statement of financial position overview	
Non-current assets	74.432
Current assets	74.043
Current liabilities	(79.563)
Equity attributable to owners of the company	68.912
ETYFA - Income statement overview	
Loss from continuing operations	(96)
Total comprehensive loss	(96)
The information above reflects the amounts presented in the financial statements of the associate company (and not the Authority's share of these amounts).	
ETYFA - Carrying amount of the investment in associate	
Net assets of associate	68.912
Proportion of the Authority's ownership interest in the associate	30%
Goodwill	-
Authority's 30% interest	20.674
Other adjustments (other assets)*(1)	22.297
Carrying amount of the EAC's interest in the associate(2)	42.971

(1)This amount represents the fair value of certain committed outstanding funds to be contributed by DEFA through government, based on an approved grant received from EU (€75m).
(2)This amount represents the initial acquisition cost for 30% interest amounting to €43m less minimum of amount of the Authority's share of loss of the associate for the year.

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18. Financial assets and other non-financial receivables

a) Trade receivables

	2020 €000	2019 €000
Trade receivables	97.892	132.423
Less: expected credit loss on trade receivables	(15.388)	(15.256)
Trade receivables - net	82.504	117.167

(i) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

Information about the current year impairment of trade receivables and the Group's exposure to credit risk can be found in Note 6.

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

	2020 €000	2019 €000
Euro - functional and presentation currency	82.504	117.167
	82.504	117.167

b) Financial assets at amortised cost

Financial assets at amortised cost include the following:

	2020 €000	2019 €000
Capital contributions receivable by instalments	564	306
Other receivables	14.757	25.017
	15.321	25.323
Less: Loss allowance for financial assets at amortised cost	(325)	(298)
Net financial assets at amortised cost	14.996	25.025
Less non-current amounts	(3)	(122)
Current amounts	14.993	24.903

The maturity of non-current receivables is as follows:

	2020 €000	2019 €000
Between 1 and 2 years	3	43
Between 2 and 5 years	-	79
	3	122

The fair values of non current trade financial assets approximates their carrying values at the reporting date.

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

	2020 €000	2019 €000
Euro - functional and presentation currency	14.993	24.903
	14.993	24.903

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following:

	2020 €000	2019 €000
Listed Equity securities - Cyprus Stock Exchange	166	272

Financial assets at fair value through profit or loss are recorded in the statement of cash flow as part of the movement in working capital, under cash generated from operating activities.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other losses - net'(Σημ.10) in profit or loss.

d) Other non-financial assets

	2020 €000	2019 €000
Advance payments to subcontractors	7.208	8.470
Deposits and prepayments	6.277	3.743
	13.485	12.213

19. Inventories

	2020 €000	2019 €000
Fuel	**41.175**	70.749
Spare parts and other consumables	**81.228**	74.242
	122.403	144.991

The cost of inventories recognized as expense and included in operating costs amounted to €318.478.544 (2019: 430.316.030).

At 31 December 2018, inventories amounting to €4.273.039 (2019: €5.101.732) were impaired and provided for. The amount of the provision was €1.100.000 (2019: €900.000).

Inventories are stated at cost less impairment.

20. Tax refundable / Tax (liability)

	2020 €000	2019 €000
Corporation tax - receivable	**4.298**	4.287
Special contribution for defence	**(770)**	(12.220)
	3.528	(7.933)

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

21. Cash and Cash Equivalents

Short-term bank deposits

	2020 €000	2019 €000
Short-term bank deposits	**205.608**	336.835
Less loss allowance for short-term bank deposits	**(2.292)**	(2.757)
Short-term bank deposits net	**203.316**	334.078

Information about the impairment of short-term bank deposits and the Group's exposure to credit risk can be found in note 6.

The effective interest rate on short-term bank deposits was 0,00% - 3,25% (2019: 0,10% - 3,25%) and these deposits had a maturity of 3-12 months (2019: 3-12 months). Deposits of €12,1 million (2019: €12,9 million) are used as guarantees for fuel deliveries.

The short-term bank deposits are denominated in the following currencies:

	2020 €000	2019 €000
Euro - functional and presentation currency	**191.413**	321.208
United States Dollars	**11.903**	12.870
	203.316	334.078

Cash and cash at bank

Cash and cash at bank included in the consolidated statement of cash flows represent the amounts in the consolidated statement of financial position of cash at bank and in hand and are analysed as follows:

	2020 €000	2019 €000
Cash at bank and in hand	**194.330**	102.765
Short-term bank deposits	**6.717**	7.528
	201.047	110.293
Less loss allowance of cash at bank	**(69)**	(42)
Cash and cash at bank - net	**200.978**	110.251

Information about the effect on the impairment of cash at bank and in hand and the Group's exposure to credit risk can be found in note 6.

The effective interest rate on short term bank deposits was 0,00% - 0,10% (2019: 0,05% - 0,75%) and these deposits had a maturity of 30 days (2019: 30 days).

Cash and bank balances are denominated in the following currencies:

	2020 €000	2019 €000
Euro - functional and presentation currency	**200.976**	109.904
United States Dollars	**2**	347
	200.978	110.251

The main investing and financing non-cash transactions during the current year were the acquisition of right-of-use assets through leasing which amounted to €1.041.412 (2019: €681.119) and the modifications to the right-of-use assets which amounted to €406.000 (2019: € -).

Reconciliation of liabilities arising from financing activities:

	Bank borrowings €000	Lease liabilities €000	Total €000
Balance at 1 January 2019	**299.817**	**-**	**299.817**
Amount recognised from the adoption of IFRS 16	-	8.188	8.188
Cash flows:			
Capital repayments	(37.134)	(482)	(37.616)
Repayment of interest	(2.887)	(164)	(3.051)
	2.887	164	3.051
Non-cash changes:			
Additions	-	681	681
Balance at 31 December 2019 / 1 January 2020	**262.683**	**8.387**	**271.070**
Cash flows:			
Capital repayments	(34.055)	(486)	(34.541)
Repayment of interest	(2.491)	(176)	(2.667)
Interest expense	2.491	176	2.667
Non-cash changes:			
Additions	-	1.041	1.041
Modifications	-	406	406
Balance at 31 December 2020	**228.628**	**9.348**	**237.976**

22. Borrowings

	2020 €000	2019 €000
Current		
Bank borrowings	**34.055**	34.055
Non-current		
Bank borrowings	**194.573**	228.628
Total borrowings	**228.628**	262.683

Maturity of non-current borrowings is as follows:

	2020 €000	2019 €000
Between 1 and 2 years	**31.783**	34.055
Between 2 and 5 years	**61.775**	75.746
Over 5 years	**101.015**	118.827
	194.573	228.628

The loans are payable in Euro as stipulated in the loan agreements. Loans are guaranteed as to the repayment of principal and interest by the Republic of Cyprus.

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

	2020 %	2019 %
Bank overdrafts and loans	**0,9**	0,9

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	2020 €000	2019 €000
Floating rate		
6 months or less	**228.341**	262.357
Fixed rate on maturity	**287**	326
	228.628	262.683

The Group has the following unutilized borrowing facilities:

	2020 €000	2019 €000
Floating rate		
Expiring within one year	**68.000**	70.500
Expiring beyond one year	**86.000**	10.000
	154.000	80.500

The carrying amounts of bank overdrafts and bank loans approximate their fair value.

The carrying value of the Group's borrowings is denominated in the following currencies:

	2020 €000	2019 €000
Euro - functional and presentation currency	**228.628**	262.683
	228.628	262.683

23. Deferred tax liabilities

Deferred tax liabilities are analysed as follows:

	2020 €000	2019 €000
Deferred tax liabilities to be settled after twelve months	**84.054**	94.646

Deferred taxation is calculated in full on all temporary differences under the liability method using the applicable tax rates with the exception of the difference which arises as a result of the actuarial loss amounting to € 369.030 thousand (2019: € 359.151 thousand), which Management assesses that it will not be able to utilize within the five year period defined by the relevant law (Note 14).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. The gross movement of the deferred taxation account is as follows:

	2020 €000	2019 €000
At 1 January	**94.646**	87.125
Charge to income statement (Note 14)	**-**	7.521
Credit to income statement	**(10.592)**	-
At 31 December	**84.054**	94.646

The movement in deferred income tax assets and liabilities during the year is as follows:

	Accelerated tax depreciation €000	Deferred income €000	Tax loss €000	Other €000	Total €000
At 1 January 2019	**146.071**	**(55.950)**	**(1.130)**	**(1.866)**	**87.125**
Charged/ (credited):					
Income statement	(178)	(957)	8.544	112	7.521
Balance at 31 December 2019 / 1 January 2020	**145.893**	**(56.907)**	**7.414**	**(1.754)**	**94.646**
Charged/ (credited):					
Income statement	(2.012)	(1.087)	(7.414)	(79)	(10.592)
Balance at 31 December 2020	**143.881**	**(57.994)**	**-**	**(1.833)**	**84.054**

24. Deferred income

	2020 €000	2019 €000
Balance at 1 January	**455.259**	447.598
Additions	**32.404**	30.675
Transferred to the consolidated income statement	**(23.705)**	(23.014)
Balance at 31 December	**463.958**	455.259
Deferred income more than one year	**(439.519)**	(431.554)
Deferred income within one year	**24.439**	23.705

25. Trade and other payables

	2020 €000	2019 €000
Fuel oil suppliers	16.804	29.904
Other suppliers	21.173	25.789
Interest payable	51	64
Accrued expenses	17.180	8.382
Creditors for purchase of land and substations	9.149	8.146
Amount available for interpleader proceedings*	12.976	13.878
Other creditors	14.869	14.991
Total financial liabilities to trade and other creditors at amortised cost	92.202	101.154
Deferred income - road lighting contracts	5.797	11.333
Value Added Tax payable	13.800	14.138
Pay As You Earn tax payable	853	4.640
Retention from contractors on capital contracts	8.217	7.096
Consumers' deposits	40.114	37.496
Other liabilities	68.781	74.703
Trade and other creditors	160.983	175.857

The fair values of trade and other payables approximate their carrying values at the reporting date.

*This amount represents a retention of amounts payable to a supplier of fuel to award beneficiaries through interpleader proceedings of various demanders against the Group and the specific supplier.

26. Subsidiary undertakings

	2020 Holding	2019 Holding	Country of incorpora-tion	Principal activities
Electriki Ananeosimes Limited (previously Electriki Ltd)	100	100	Cyprus	Renewable energy sources
EAC LNG Investments Company Ltd	100	100	Cyprus	Dormant
ESCO AHK Ltd	100	100	Cyprus	Energy saving

The results of subsidiary undertakings were consolidated in the Group accounts of Electricity Authority of Cyprus.

27. Contingent liabilities

(a) As at 31 December 2020 the Group had a contingent liability in respect of possible tax for various expenses, amounting to €3.185.171 (2019: €3.146.555) and possible tax refund amounting to €535.000 (2019: €535.000) as well as possible refund for defence contribution amounting to €10.450.339 (2019: €10.442.000)

(b) As at 31 December 2020 the Group had contingent liabilities in respect of pending litigations amounting to €1.517.730 (2019: €1.362.730). As at 31 December 2020 the Group did not have any contingent assets (2019: €-). The Group believes that adequate defence exists against all claims and does not expect to suffer significant loss. Accordingly no provision has been made in these financial statements in respect of this matter.

(c) On 31 December 2020 the Group had the following guarantee documents:

(i) An amount of €2.771.000 for the benefit of Senior Customs Officer regarding the authorization granted to the Group for exemption from payment of excise duty on energy products used for electricity generation, including fuel oil (diesel).

(ii) An amount of €210.000 for the benefit of the Department of Environment for the permit of industrial emissions and waste management.

(iii) An amount of €11.000 for the benefit of the Human Resources Development Authority for participating in the development plan of training.

28. Commitments

Capital commitments

	2020 €000	2019 €000
Commitments in respect of contracts or with work in progress	64.696	106.373
Approved commitments but not contracted or without any work in progress	204.308	162.021
Approved commitments with expenditure outstanding	269.004	268.394

29. Related party transactions

The Electricity Authority of Cyprus is a Public Corporate Body which was established in Cyprus under the Electricity Development Law Cap. 171 of 1952.

(i) Sales

	2020 €000	2019 €000
Sales of electricity to related parties of the Group	58.976	71.568
Replacement/ maintenance of street lighting	8.856	3.497
	67.832	75.065

The related parties consist of Governmental controlled entities (e.g. Government Offices, Ministries etc.). All sales were made under normal trade terms and conditions.

(ii) Year end balances - net

	2020 €000	2019 €000
Receivable from related parties from sales of electricity	**5.243**	7.341

The related parties consist of Governmental controlled entities (e.g. Government Offices, Ministries etc.).

(iii) Key management personnel compensation

The compensation of key management personnel is as follows:

	2020 €000	2019 €000
Salaries	**378**	373
Social insurance and other costs	**71**	72
Social cohesion fund	**8**	8
Pension fund costs	**64**	56
	521	509

(iv) Directors' remuneration

The total remuneration of the Directors is as follows:

	2020 €000	2019 €000
Emoluments in their executive capacity	**98**	85

30. Events after the reporting period

In February 2022, news of an increased concentration of Russian troops along the Russian-Ukrainian border raised concerns about possible Russian military intervention in Ukraine, causing political tensions to escalate. On February 24, real military action took place with the Russian invasion of Ukraine. Diplomatic talks between Ukraine and Russia are currently under way, but so far no agreement has been reached. The European Union has imposed a series of sanctions against Russia.

These developments have resulted in an increase in the price of oil in international markets, which will lead to a significant increase in the price of electricity. As a result, demand for electricity may decline, having a negative impact on the Group's profitability.

The future effects of this situation on the future financial performance, cash flows and financial position of the Group are difficult to predict and management's current estimates could differ from actual results. The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current economic environment. The Group's management is closely monitoring the situation and will act in accordance with the developments.

There were no other material events after the reporting date which have a bearing on the understanding of the Consolidated Financial Statements.

Independent Auditor's report on pages 38 to 43.