GERMAN-TURKISH CHAMBER OF INDUSTRY COMMERCE

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
German-Turkish Chamber of Industry and Commerce
Istanbul

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of German-Turkish Chamber of Industry and Commerce ("the Chamber"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Chamber as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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 Financial Statements* section of our report. We are independent of the Chamber in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Audit of the Chamber's financial statements as at 31 December 2021 was conducted by another audit firm and unqualified opinion was issued in the independent auditor's report prepared by the audit firm as at 24 May 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Chamber'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 management either intends to liquidate the Chamber or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Chamber's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Chamber's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Chamber'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 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 Chamber to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of MAZARS

Necip Çakmakoğlu
Partner

İstanbul, 6 June 2023

Index to the notes to the financial statements

GERMAN-TURKISH CHAMBER OF INDUSTRY COMMERCE

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

ASSETS

CURRENT ASSETS	**Notes**	**Audited 31 December 2022**	**Restated Audited 31 December 2021**
Cash and cash equivalents	4	739.750	757.490
Trade receivables	5	6.584	180.820
Other receivables and current assets	6	27.748	7.658
Total Current Assets		**774.082**	**945.968**
NON CURRENT ASSETS			
Tangible assets	7	16.347	14.237
Intangible assets	8	23.271	34.056
Right of use assets	9	17.368	41.156
Total Non-Current Assets		**56.986**	**89.449**
TOTAL ASSETS		**831.068**	**1.035.417**

LIABILITIES AND EQUITY

CURRENT LIABILITIES	**Notes**	**Audited 31 December 2022**	**Restated Audited 31 December 2021**
Trade payables	10	36.771	29.934
Lease liabilities	9	21.933	10.911
Employee benefit obligations	13	1.024	2.166
Other payables	11	66.274	223.491
Provisions	14	20.065	27.244
Total Current Liabilities		**146.067**	**293.746**
NON CURRENT LIABILITIES			
Lease liabilities	9	7.200	19.626
Employee benefit obligations	13	11.970	17.685
Total Non-Current Liabilities		**19.170**	**37.311**
EQUITY			
Net Assets		**665.831**	**704.360**
TOTAL LIABILITIES AND EQUITY		**831.068**	**1.035.417**

The accompanying notes form an integral part of these financial statements.

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

	Notes	1 January- 31 December 2022	Restated 1 January- 31 December 2021
Membership Fees	15	716.184	619.184
Interest income		17.713	7.549
Other income	17	4.979	124.276
Other expenses	17	(43.915)	(55.718)
Total income, net		**694.961**	**695.291**
General Administrative Expenses	16	(785.071)	(701.359)
Financial Expenses		(10.396)	(10.481)
Foreign Exchange Gain		61.975	158.032
Gain / (Loss) for the period		**(38.531)**	**141.483**
Net assets at the beginning of the year		**704.362**	**562.879**
695.291 **Net assets at the end of the year**		**665.831**	**704.362**

The accompanying notes form an integral part of these financial statements.

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

	Notes	1 January- 31 December 2022	1 January- 31 December 2021
Cash flows from operating activities			
Profit / (Loss) for the year		(38.530)	141.481
Provision for reserve for employee benefit obligations	13	2.794	6.633
Finance costs recognised in profit or loss		10.396	10.481
Interest income recognised in profit or loss		(17.713)	(7.549)
Depreciation and amortization expenses	16	40.899	15.629
Unrealized foreign exchange (gain)/losses (net)		(9.649)	(10.100)
		(11.805)	**156.575**
Movements in working capital			
(Increase) / decrease in trade receivables	5	174.236	(32.272)
(Increase) / decrease in other receivables and other assets	6	(20.090)	1.596
Increase / (decrease) in trade payables	10	6.837	20.166
Increase / (decrease) in deferred income	11	(157.217)	25.270
Increase in provisions		(7.179)	(88.916)
Net cash generated by operating activities		**(15.218)**	**82.419**
Cash flows from investing activities			
Interest received		17.713	7.550
Sale of property, plant and equipment		-	5.208
Purchases of property, plant and equipment	7	(8.435)	(7.038)
Purchases of intangible assets	8	-	(1.996)
Net cash used in investing activities		**9.278**	**3.724**
Cash flows from financing activities			
Interest paid		(3.196)	(4.128)
Repayment of the lease liabilities		(8.604)	(47.798)
Net cash used in financing activities		**(11.800)**	**(51.926)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(17.740)**	**34.216**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	**757.490**	**723.273**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4	**739.750**	**757.490**

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The German - Turkish Chamber of Industry and Commerce (the “Chamber”) is a nongovernmental organization domiciled in Turkey which is incorporated in 1994. The address of the Chamber is Yeniköy Caddesi, No:88, 34457 Tarabya İstanbul.

DE International Servis Hizmetleri Anonim Şirketi (“DEI”) was established as a 100% Subsidiary after payment of TL 190,000 on 27 November 2015 (% of the share capital TL 760,000) and registration in the trade gazette on December 2015. The operations started in 2016. As at 20 November 2018, the shares of DEI was sold to DIHK GmbH with transaction amount of EUR 170,000. The Chamber is primarily involved in providing services such as foreign trade, fair, legal and economic issues for the members. As at 31 December 2022, the number of employee working for the Chamber is 13 (31 December 2021: 9).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Chamber’s statement of financial position and performance have been disclosed in the related paragraphs.

a) New standards, amendments and interpretations which are effective as at 31 December 2022 are as follows:

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022**.**
  - **Amendments to IFRS 3, “Business combinations”** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the Accounting requirements for business combinations.
  - **Amendments to IAS 16, “Property, plant and equipment”** prohibit an entity from deducting the cost of property, plant and equipment amounts received from selling items produced while an entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37, “Provisions, contingent assets and liabilities”** specify which costs an entity includes when assessing whether a contract will be loss-making.

- **Amendment to TFRS 16 “Leases”** – COVID 19 related rent concessions extention of the practical expedient (effective 1 April 2021); As a result of COVID 19 pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID 19 is a lease modification. On 31 March 2021, the IASB published and additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can choose to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

New and Revised International Financial Reporting Standards (continued)

b) New standards, amendments and interpretations which are published but not effective as at 31 December 2022 are as follows:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help financial statements users to distinguish between changes in accounting estimates and changes in accounting policies.
- **IAS 12, Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require entities to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 16, Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how and entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **IAS 1, Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period impact the classification of a liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.9 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3.10 Basis of Preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

<u>Comparative information and restatement to previous year financial statements</u>

The financial statements of the Chamber are prepared comparatively with the previous period to identify the financial position and performance trends. In order to maintain consistency, with current period financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

3.11 Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and the financial statements of the prior period are restated. There has been no changes in the accounting policies of the Chamber during the current period.

3.12 Changes and Errors in Accounting Estimates

Changes in accounting estimates are applied in the current period if the change is related to only one period, and if they are related to future periods, they are applied both in the current period in which the change is made and in the future periods, prospectively. The Chamber did not have a significant change in the accounting estimates in the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Related Parties

A related party is a person or entity that is related to the entity (reporting entity) that is preparing its financial statements.

a) A person or a close member of that person's family:

(i) has control or joint control over the entity;
(ii) has significant influence over the entity.
(iii) is a member of the key management personnel of the entity or of a parent of the entity (key management personnels are directly or indirectly authorized and responsible from the planning, managing and controlling the entity's activities, including entity managers that are performer or non-performer). The "close family" statement mentioned in this embankment includes family members expected to be affected by or affect the person during the relations with the entity. The close family members of a person are as follows:

a. A person's spouse and children,
b. A person's spouse's children and
c. The dependents of a person or of his/her spouse.

b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group.
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) Other entity is controlled or jointly controlled by a person identified in (a).
(vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(vii) Other entity or another entity included in the group of which it is a member, provide services of key management personnel to the entity or the parent.

3.14 Foreign Currency Transactions

The financial statements are presented in EUR, which is also the Chamber's functional currency. The EUR is used to a significant extent, or has a significant impact on the operations of the Chamber and reflects the economic substance of the underlying events and circumstances relevant to the Chamber. Therefore, the Chamber use EUR as functional currency. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies.

In preparing the financial statements, transactions in currencies other than EUR (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.15 Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Property, Plant and Equipment

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.16 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.17 Financial instruments

Financial assets and financial liabilities are recognised in the Chamber's statement of financial position when the Chamber becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Chamber classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Chamber reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Chamber may make the following irrevocable election/designation at initial recognition of a financial asset; the Chamber may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Chamber applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Chamber applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss;. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Chamber recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Chamber utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Chamber derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Chamber has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Chamber continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Chamber continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Chamber does not reclassify any financial liability.

Derecognition of financial liabilities

The Chamber derecognises financial liabilities when, and only when, the Chamber's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.18 Leases

The Chamber as lessee

The Chamber assesses whether a contract is or contains a lease, at inception of the contract. The Chamber recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Chamber recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Leases (continued)

The Chamber as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Chamber uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Chamber remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Chamber did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Chamber expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Chamber applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Chamber has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Chamber allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Membership Fees

The main source of income of the Chamber is the membership fees. Membership fees is measured based on amounts collected from members of the Chamber. Membership fees are recognised as revenue at the time of cash collection from members during the period.

3.20 Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Chamber. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

3.21 Subsequent Events

Post year-end events that provide additional information about the Chamber's position at the date of the statement of financial position (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3.22 Significant Accounting Judgments and Estimates

Useful lives of property, plant and equipment

The Chamber reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Chamber takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

4. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	1.194	16
Banks		
-demand deposits	738.556	757.474
	739.750	**757.490**

5. TRADE RECEIVABLES

	31 December 2022	31 December 2021
Current asset		
Membership fee receivables	6.584	180.820
	6.584	**180.820**

6. OTHER RECEIVABLES AND CURRENT ASSETS

	31 December 2022	31 December 2021
Current asset		
Other receivables and current assets	17.669	7.396
Income Accruals	193	262
Other non current assets	9.886	-
	27.748	**7.658**

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

7. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment, related accumulated depreciation and provision for impairment for the year ended 31 December 2022 is as follows:

	1 January 2022	Additions	Transfers	Disposal	31 December 2022
Cost					
Furniture and fixtures	810.455	8.435	-	(4.449)	814.441
Construction in progress	3.688	-	-	-	3.688
	814.143	**8.435**	**-**	**(4.449)**	**818.129**
Less : Accumulated Depreciation					
Furniture and fixtures	(799.906)	(6.325)	-	4.449	(801.782)
	(799.906)	**(6.325)**	**-**	**4.449**	**(801.782)**
Net book value	**14.237**	**2.110**	**-**	**-**	**16.347**

	1 January 2021	Additions	Transfers	Disposal	31 December 2021
Cost					
Furniture and fixtures	1.055.956	9.783	-	(255.284)	810.455
Construction in progress		3.688		-	3.688
	1.055.956	**13.471**	-	**(255.284)**	**814.143**
Less : Accumulated Depreciation					
Furniture and fixtures	(940.470)	(7.532)	-	148.096	(799.906)
	(940.470)	**(7.532)**	**-**	**148.096**	**(799.906)**
Net book value	**115.486**	**5.939**	-	**(107.188)**	**14.237**

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

8. INTANGIBLE ASSETS

	Rights	Total
Opening balance at 1 January 2022	99.632	99.632
Cost at 31 December 2022	**99.632**	**99.632**
Opening balance at 1 January 2022	65.576	65.576
Charge for the period	10.785	10.785
Amortization at 31 December 2022	**76.361**	**76.361**
Net book value	**23.271**	**23.271**

	Rights	Total
Opening balance at 1 January 2021	93.698	93.698
Additions	5.934	5.934
Cost at 31 December 2021	**99.632**	**99.632**
Opening balance at 1 January 2021	56.268	56.268
Charge for the period	9.307	9.307
Amortization at 31 December 2021	**65.576**	**65.576**
Net book value	**34.056**	**34.056**

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

a) Right of use assets

	Right of use buildings	Total
Opening balance at 1 January 2022	143.558	143.558
Cost at 31 December 2022	**143.558**	**143.558**
Opening balance at 1 January 2022	102.402	102.402
Charge for the period	23.788	23.788
Amortization at 31 December 2022	**126.190**	**126.190**
Net book value	**17.368**	**17.368**

	Right to use buildings	Total
Opening balance at 1 January 2021	143.558	143.558
Cost at 31 December 2021	**143.558**	**143.558**
Opening balance at 1 January 2021	69.600	69.600
Charge for the period	32.802	32.802
Amortization at 31 December 2021	**102.402**	**102.402**
Net book value	**41.156**	**41.156**

The useful life of the right of use assets as follows:

	Years
Right of use office buildings	4

b) Lease liabilities

The details of lease liabilities are as follows;

Short term lease liabilities	**31 December 2022**	**31 December 2021**
Office buildings	21.933	10.911
	21.933	**10.911**

Long term leases	**31 December 2022**	**31 December 2021**
Office buildings	7.200	19.626
	7.200	**19.626**

	Effective interest rates	
Lease liabilities	TL	EUR
Office buildings	26,38%	5,00%

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

b) Lease liabilities (continued)

The movement for lease liabilities are as follows;

	2022	2021
Opening balance as of 1 January	30.537	71.982
Interest costs	3.196	6.353
Repayment of the lease liabilities	(8.604)	(47.798)
Closing balance as of 31 December	**29.133**	**30.537**

10. TRADE PAYABLES

	31 December 2022	31 December 2021
Current trade payables		
Trade payables to third parties	36.771	29.934
	36.771	**29.934**

11. OTHER PAYABLES AND EXPENSE ACCRUALS

	31 December 2022	31 December 2021
Current payables		
Expense accruals	22.386	-
Due to personnel	18.353	18.682
Social security premium payable	8.436	4.818
Deferred income	6.398	180.752
Other	10.701	19.239
	66.274	**223.491**

12. TAXATION ON INCOME

Corporate Tax

The Chamber was founded on the basis of the common protocol between The Union of Chambers and Commodity Exchanges of Turkey ("TOBB") and German-Turkish Chamber of Commerce and Industry according to the Article 79 of the Law No 5590 with decision of the Council of Ministers dated 28 May 1994 and No 94/5592. The Chamber is also a foreign commerce chamber recognized by the German Association of Chambers of Commerce and Industry ("DIHK").

In accordance with the Corporate Tax Law dated 11 March 2004, No CIT-5/2004-3/Withholding Applications-1 circular, commerce chambers are considered as "association" in terms of tax applications. Although the association of the Chamber does not constitute an economic enterprise, service income, income from supported projects and other income of the Chamber can be considered as constituting an economic enterprise.

In the Article 1/3.4 of the by-law of the Chamber it is stated that the Chamber is a legal entity. Even though the Chamber is not a corporate tax payer with its legal entity, it might be argued that due to its continuous commercial activities, the Chamber can be regarded as an economic enterprise hence the registration for corporate tax purposes can be required.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re- assessments based on their findings.

For the past five years open to tax inspection, the Chamber has not calculated and paid any corporate taxes in its statutory financial statements and all value added taxes paid were directly recorded as expense. Additionally, in the financial statements prepared in accordance with the IFRS no deferred taxes were recognised.

The studies with respect to the calculation of the maximum tax exposure for the past five years lead to the decision to separate the chamber and the services.

Taking into account the impact of the above facts, under the supervision of DIHK and the related German government offices established a joint stock company, DE International Servis Hizmetleri A.Ş. on 27 November 2015, where the Chamber is the sole shareholder for its taxable activities and get registered to a tax office for corporate and value added tax purposes.

Tax Amnesty Law numbered 6736 was approved by the President, and the Law became effective after its promulgation on the Official Gazette on 19 August 2016. The tax amnesty were applicable for the taxes or other state receivables which were due before 30 June 2016.

The conditions to benefit are that;

- Written application until the end of the second month following the publication date of the Law should have been made. Accordingly deadline was 31 October 2016. But deadline was extended to 30 November 2016.
- The reconciliation or ongoing lawsuits should have withdrawn

In case the whole amount is paid at once, the deadline was 30 November 2016.

The Law had two main sections for the entities. The first one was the restructuring of outstanding tax liabilities under dispute, and the other one was the additional corporate tax payment for a relief from potential tax inspections.

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

13. EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2022	31 December 2021
Provision for unused vacation	1.024	2.166
	1.024	**2.166**

	31 December 2022	31 December 2021
Provision for employment termination benefits	11.970	17.685
	11.970	**17.685**

Under Turkish Labor Law, the Chamber is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 15.371,40 for each period of service at 31 December 2022 (2021: TL 8,284.51).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Chamber arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 2,83% real discount rate (31 December 2021: 3.39%) calculated by using 20.14% annual inflation rate Ceiling amount of TL 19.982,83 which is in effect since 1 January 2022 is used in the calculation of Chamber's provision for retirement pay liability (1 January 2022: TL 15.371,40).

	1 January - 31 December 2022	1 January- 31 December 2021
Provision at 1 January	17.685	21.238
Service cost	3.563	5.926
Interest cost	373	621
Translation difference	(9.651)	(10.100)
	11.970	**17.685**

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

14. PROVISIONS

	31 December 2022	31 December 2021
Tax provisions (*)	20.065	27.244
	20.065	**27.244**

(*) The tax provision is related to tax inspection initiated by the Data Security and Information Systems Department.

15. MEMBERSHIP FEES

	1 January- 31 December 2022	1 January- 31 December 2021
Membership fees	716.184	619.184
	716.184	**619.184**

16. GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	301.125	205.532
Meeting expenses	228.940	181.781
Consultancy expenses	161.106	156.925
Office expenses	32.875	18.372
Amortization and depreciation expenses	22.540	74.205
Travel expenses	19.204	7.306
Publishing expenses	9.609	23.953
Communication expenses	3.706	7.088
Other	5.966	26.197
	785.071	**701.359**

17. OTHER INCOME

	1 January- 31 December 2022	1 January- 31 December 2021
Provisions no longer required	4.617	-
Other income	362	124.276
	4.979	**124.276**

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

17. OTHER EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Provision expenses	43.915	55.718
	43.915	**55.718**

18. FOREIGN CURRENCY POSITION

31 December 2022	TL	EUR Equivalent of TL
Cash and cash equivalents	349.473	23.802
Trade payables	(799.302)	(54.440)
Lease liabilities	(78.356)	(5.337)
Net foreign currency position	**(528.185)**	**(35.975)**

31 December 2021	TL	EUR Equivalent of TL
Cash and cash equivalents	3.363	229
Trade payables	(439.494)	(29.934)
Lease liabilities	(78.356)	(5.337)
Net foreign currency position	**(514.487)**	**(35.042)**

19. FINANCIAL RISK MANAGEMENT

(a) Classes and categories of financial instruments and their fair values

31 December 2022 Balance Sheet	Amortized cost	Total	Note
Cash and cash equivalents	739.750	739.750	4
Trade receivables	6.584	6.584	5
	746.334	**746.334**	
Financial Liabilities			
Trade payables	36.771	36.771	10
Lease liabilities	29.133	29.133	9
	65.904	**65.904**	

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2022.

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

19. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Classes and categories of financial instruments and their fair values (continued)

31 December 2021 Balance Sheet	Amortized cost	Total	Note
Financial Assets			
Cash and cash equivalents	757.490	757.490	4
Trade receivables	180.820	180.820	5
	938.310	**938.310**	
Financial Liabilities			
Trade payables	29.934	29.934	10
Lease liabilities	30.537	30.537	9
	60.471	**60.471**	

The carrying value of the financial instruments listed above approximates their fair values as of 31 December 2020.

(b) Liquidity risk management

The Chamber manages its liquidity risk by monitoring its expected and actual cash flows on a consistent basis considering its short, medium and long-time funding and liquidity requirements.

Liquidity risk tables

Conservative liquidity risk management requires maintaining sufficient cash on hand, availability of sufficient loan transactions and fund sources and ability to close market positions.

Funding risk on current and future potential loan requirements is managed by maintaining the availability of sufficient number of creditors with high quality.

31 December 2022	1 Month - 3 Months	3 Months - 1 Year	1 Year - 5 Years	More than 5 Years	Total	Notes	Carrying value
Trade payables	36.771	-	-	-	36.771	10	36.771
Lease liabilities	7.676	23.027	30.703	-	61.405	9	29.133
	44.447	**23.027**	**30.703**	**-**	**98.176**		**65.904**

31 December 2021	1 Month - 3 Months	3 Months - 1 Year	1 Year - 5 Years	More than 5 Years	Total	Notes	Carrying value
Trade payables	9.768	-	-	-	9.768	10	9.768
Lease liabilities	11.036	32.119	40.292	-	83.447	9	71.982
	20.804	**32.119**	**40.292**	**-**	**93.215**		**81.750**

(Amounts expressed in EURO ("EUR") unless otherwise indicated)

19. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk

The Chamber's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Chamber is exposed to foreign 20xchange risk arising from various currency exposures, primarily with respect to the TL.

The Chamber is primarily exposed to TL foreign currency risk. The Chamber's foreign currency positions as of 31 December 2022 and 31 December 2021 are disclosed in Note 18.

Foreign currency sensilivily

The following table details the Chamber's sensitivity to a 20% increase and decrease in the EUR against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the EUR strengthens against the relevant currency.

	1 January - 31 December 2022	**1 January - 31 December 2021**
Gain / (loss) effect in terms of EUR	(7.195)	(7.008)

(d) Interest rate risk

As of 31 December 2022 and 2021, the Chamber does not have any financial assets or liabilities with variable rate.

20. SUBSEQUENT EVENTS

Social Security and General Health Insurance Law and Law on Amendment to Legislative Decree numbered 375 have been published in the Official Gazette on 1 March 2023. As the result of these aforementioned regulations, retirement conditions of some of the employees changed and the impacts of these changes on the Chamber's financial statements are being assessed.