Part Three
Financial Review

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Center for the Study of Democracy (The Group)

Consolidated Annual Financial Statements

31 December 2023

Independent Auditor's Report

To the General Assembly
of the Center for the Study of Democracy

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of the Center for the Study of Democracy, Sofia and its consulting arms Vitosha Research EOOD and Project 1 EOOD (together referred to as the "Group"). These comprise the consolidated statement of the Group's financial position as of 31 December 2023 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for expression of opinion

We have performed our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities as per these standards are further described in the Auditor's Responsibility section of our report. We are independent from the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (The IESBA Code) along with the ethical requirements of the Law on the Independent Financial Audit (LIFA), applicable to our audit of consolidated financial statements in Bulgaria. We have also complied with our other ethical responsibilities as per the requirements of LIFA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information, different from the Consolidated Financial Statements and the auditor's report

The Group's management is responsible for other information. Other information comprises the report on the activity prepared by the management in accordance with Chapter Seven of the Law on Accountancy of the Republic of Bulgaria, but excludes the consolidated financial statements and our auditor's report.

Our opinion regarding consolidated financial statements does not comprise this other information and we do not express any form of conclusion about its reliability, unless it is explicitly stated in our report and to the extent to which it is stated.

In auditing the consolidated financial statements, our responsibility is to read the other information and thus to assess whether this other information is substantially inconsistent with consolidated financial statements or with our knowledge obtained during the audit, or in another way appears to contain material misstatement. If, based on the work we have performed, we conclude there is material misstatement in this other information, we are required to report this fact.

We have nothing to report in this respect.

Supplementary reporting requirements laid down in the Law on Accountancy of the Republic of Bulgaria

In addition to our responsibilities and reporting in compliance with ISA, in reference to the report on the activity we have followed the procedures supplementing ISA requirements as per the Instructions of the professional organisation of certified public accountants and registered auditors in Bulgaria – Institute of Certified Public Accountants (ICPA) – issued on 29 November 2016 and endorsed by its Managing Board on 29 November 2016. These are procedures on verification whether such other information is present and on examination of its form and content, designed to assist us in forming an opinion on whether this other information contains the disclosures and reports laid down in Chapter Seven of the Law on Accountancy.

In reference to Art. 37, Para. 6 of the Law on Accountancy of the Republic of Bulgaria, on the grounds of the procedures implemented, our opinion is that:

- The information included in the report on the activity for the financial year for which consolidated financial statements were prepared corresponds to the consolidated financial statements.
- The report on the activity was prepared in compliance with the requirements of Chapter Seven of the Law on Accountancy.
- The report on payment to governments for the financial year for which consolidated financial statements were prepared, was presented and prepared in compliance with the requirements of Chapter Seven of the Law on Accountancy.

Management's responsibility for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

During the preparation of consolidated financial statements, the management is responsible for evaluating the ability of the Group to continue its operation as a going concern, disclosing, when applicable, issues related to the assumption about a going concern and using the accounting basis on the grounds of the assumption about a going concern, unless the management has the intention to liquidate the Group or to suspend its activity, or has no other alternative but to take such action.

Auditor’s responsibility

We aim to obtain reasonable assurance that 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 containing our auditor’s opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit performed in accordance with ISA shall in all cases reveal material misstatement if such misstatement is present. Misstatements may arise as a result of fraud or error and are considered material if it would be reasonable to expect that, independently or in aggregate, they could impact the economic decisions of consumers taken on the basis of these financial statements.

As part of the audit complying with IAS, we use professional judgment and keep professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures in response to these risks, and we obtain sufficient and appropriate audit evidence, so as to provide basis for our opinion. The risk of not revealing material misstatement which is due to fraud, is higher than the risk of not revealing material misstatement which is due to error, as fraud could vary from secret arrangement, through forgery, intentional omissions, and statements aiming to deceive the auditor, to internal control neglect or circumvention;
- consider 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 the related statements made by the management;
- make a conclusion about the appropriateness of the accounting basis used by the management on the grounds of the assumption for a going concern and the audit evidence obtained about whether material uncertainty is present concerning events or circumstances which could cause significant doubts about the ability of the Group to continue operation as a going concern. In case of finding such material uncertainty, we are obliged to draw attention in our auditor’s report to the disclosures in the consolidated financial statements relevant to that uncertainty, or, in case these 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, due to future events or circumstances the Group could suspend its operation as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether consolidated financial statements present the fundamental transactions and events in a reliable manner.

Stoyan Donev
Registered Auditor
31 July 2024
Sofia

0509 Стоян Донев
Регистриран одитор

(all amounts in BGN thousand)	*Note*	**As of 31 December 2023**	**As of 31 December 2022**
Assets			
Property, plant and equipment	*5*	465	465
Intangible assets	*6*	4,622	3,406
Investment property	*7*	398	398
Total non-current assets		**5,485**	**4,269**
Inventories and materials	*8*	1	–
Trade and other receivables	*8*	941	811
Cash and cash equivalents	*9*	2,647	4,385
Deferred expenses		329	158
Total current assets		**3,918**	**5,354**
Long-term loan	*8*	174	174
Total non-current financial assets		**174**	**174**
Total assets		**9,577**	**9,797**
Equity		**7,025**	**6,719**
Liabilities			
Total non-current liabilities		–	–
Payables to partners and suppliers	*10*	94	193
Deferred financing	*11*	2,458	2,885
Total current liabilities		**2,552**	**3,078**
Total liabilities		**2,552**	**3,078**
Total equity and liabilties		**9,577**	**9,797**

These consolidated financial statements were approved by the Governing Board on 31 July 2024. They were signed on behalf of the Governing Board by:

Vladimir Yordanov
Executive Director
31 July 2024

ЦЕНТЪР ЗА ИЗСЛЕДВАНЕ НА ДЕМОКРАЦИЯТА * СОФИЯ

Initialed for identification purposes in reference to the audit report:

Stoyan Donev
Registered Auditor
31 July 2024

0509 Стоян Донев Регистриран одитор

(all amounts in BGN thousand)	*Note*	**As of 31 December 2023**	**As of 31 December 2022**
Revenues from grants financing	*12*	4,032	3,722
Cost of sales	*14*	(3,719)	(3,430)
Gross profit		**313**	**292**
Revenues from services and other activities	*13*	1,039	1,029
Cost of sales		(979)	(911)
Gross profit		**373**	**410**
Financial income		1	31
Financial expenses		(32)	(19)
Net financing costs	*15*	**(31)**	**12**
Profit before income tax		**342**	**422**
Income tax expense	*16*	(36)	(37)
Net profit for the period		**306**	**385**
Other comprehensive income		–	–
Total comprehensive income		**306**	**385**

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Executive Director
31 July 2024

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Stoyan Donev
Registered Auditor
31 July 2024

(all amounts in BGN thousand)	*Note*	**As of 31 December 2023**	**As of 31 December 2022**
Cash generated from operations			
Profit before income tax		306	385
Adjustments for:			
Depreciation		55	55
Changes in working capital:			
Trade and other receivables		(603)	(241)
Trade and other payables		(1,442)	991
Net cash from operating activities		**(1,684)**	**1,190**
Income tax paid		(36)	(37)
Net cash generated from operating activities		**(1,720)**	**1,153**
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(6)	(1,313)
Net cash used in investing activities		**(6)**	**(1,313)**
Cash flows from financing activities			
Interest and commissions paid		(12)	(12)
Net cash used in financing activities		**(12)**	**(12)**
Net increase/(decrease) in cash and cash equivalents		(1,738)	(172)
Cash and cash equivalents at the beginning of the year		**4,385**	**4,557**
Cash and cash equivalents at the end of the year	*9*	**2,647**	**4,385**

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Vladimir Yordanov
Executive Director
31 July 2024

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Stoyan Donev
Registered Auditor
31 July 2024

0509 Стоян Донев Регистриран одитор

(all amounts in BGN thousand)	***Note***	**Retained earnings**
Balance as of 1 January 2022		**6,336**
Net profit for the year		385
Other		(2)
Balance as of 31 December 2022		**6,719**
Balance as of 1 January 2023		**6,719**
Net profit for the year		306
Balance as of 31 December 2023		**7,025**

These consolidated financial statements were approved by the Governing Board on 31 July 2024. They were signed on behalf of the Governing Board by:

Vladimir Yordanov
Executive Director
31 July 2024

ЦЕНТЪР ЗА ИЗСЛЕДВАНЕ НА ДЕМОКРАЦИЯТА * СОФИЯ

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Stoyan Donev
Registered Auditor
31 July 2024

0509 Стоян Донев
Регистриран одитор

1. Group background activities

The Center for the Study of Democracy (CSD) is a non-profit organisation domiciled in Bulgaria. The consolidated financial statements of CSD for the year ended 31 December 2023 comprise CSD and its consulting arms Vitosha Research EOOD and Project 1 EOOD (together referred to as the "Group").

Founded in late 1989, the Center for the Study of Democracy (CSD) is a public policy institute fostering the reform process in Europe through impact on policy and civil society. CSD's mission is "building bridges between scholars and policy-makers" and as an independent, interdisciplinary think tank it combines a broad range of capacities.

The Center for the Study of Democracy owns 100% of its consulting arms Vitosha Research EOOD and Project 1 EOOD.

Vitosha Research EOOD, established in 2000, is specialised in different research and consulting fields, leveraging the Group's knowledge and expertise: social and economic policy; assessment and evaluation studies; economic and political behaviour; market research; and others.

Project 1 EOOD was established in 2003. Its main activity is managing the real estate investments of the Group and project management of strategic contract research for the Group.

As of 31 December 2023, the Group has 37 employees in professional and management positions, including part-time consultants, and 8 employees in administrative positions as well as 7 employees in maintenance and technical support positions.

The consolidated financial statements were approved by the Governing Board on 31 July 2024.

2. Accounting policies

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the IFRS, as adopted by the EU. The financial statements have been prepared under the historical cost convention.

The consolidated financial statements comprise the financial statements of the Center for the Study of Democracy and its consulting arms as at 31 December each year. The financial statements of the consulting arms are prepared for the same reporting period as the parent Group, using consistent accounting policies. For consolidation purposes, the financial information of the Group has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

All intra-group balances, income and expenses, and unrealised gains resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The consulting arms are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date on which such control ceases. Accounting policies of the consulting arms have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consulting arms are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of consulting arms by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. 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 consulting arm acquired, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Disposals of non-controlling interests result in gains and losses for the Group that are recognised in the income statement. Acquisitions of non-controlling interests are accounted for whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. The management relied on their own judgment when applying the accounting policy of the Group. The elements of the financial statements whose presentation includes higher degree of judgment or subjectivity and for which the assumptions and judgments have higher influence are separately disclosed in Note 4.

New and amended standards, adopted by the Group

New and amended standards and interpretations mandatory for the first time for the financial year beginning on 1 January 2023 are not early adopted by the Group because the management of the Group believes that they are not currently relevant to the Group, although they may affect accounting for future transactions and events.

2.2 Foreign currency translations

2.2.1 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency is "Bulgarian lev" or "BGN".

2.2.2 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 recognised in the income statement.

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation, less impairment losses, if any. Historical cost includes all expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, 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.

Depreciation commences from the date the asset is available for use. Land is not depreciated as it is deemed to have an indefinite life. Assets under construction are not depreciated as not yet available for use.

The Group uses straight-line depreciation method. Depreciation rates are based on the useful life of the different types of property, plant and equipment as follows:

Buildings	25 years
Machinery and equipment	3.33 years
Vehicles	4 years
Computers/printers	2 years
Fixtures and fittings	6.67 years

Property, plant and equipment is depreciated from the day following the acquisition date and for internally generated assets – from the day following the date of entering into use.

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.

2.4 Intangible assets

Intangible assets acquired by the Group are presented at cost, less accumulated amortisation and impairment.

Subsequent expenditures

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite.

2.5 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

For the purposes of these financial statements short-term means a period within 12 months. During the year, the Group did not hold any investments in this category. The Group does not possess such financial assets as of 31 December 2023.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group’s loans and receivables comprise “trade and other receivables” and “cash and cash equivalents” in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest rate.

Held-to-maturity

Held-to-maturity investments are fixed-maturity investments that the Group’s management has the positive intention and ability to hold to maturity. These securities are included as non-current assets except for securities, reaching maturity within 12 months from the balance sheet date and which are recognised as current during the reporting period. During the year, the Group did not hold any investments in this category.

Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are investments acquired with the purpose to be owned for non-fixed period of time, which can be sold when the Group needs recourses or at change of interest rates. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or to use them as a source of working capital. In this case the investments are classified within current assets. During the year, the Group did not hold any investments in this category.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2.7.

2.6 Inventory

Inventories are stated at the lower of cost and net realisable value. Inventories are expensed using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.7 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost (using effective interest method) less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the income statement.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, as well as bank overdrafts. Bank overdrafts are shown within current borrowings in current liabilities on the balance sheet.

2.9 Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

When the use of a property changes so that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.11 Deferred tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.12 Employee benefits on retirement

In accordance with article 222, para. 3 of the Bulgarian Labour Code, in the event of termination of a labour contract after the employee has reached the lawfully required retirement age, regardless of the reason for the termination, the employee is entitled to a compensation as follows: 2 gross monthly salaries in all cases and 6 gross monthly salaries if the employee has been engaged with the Group for at least 10 years. As at 31 December, the Group has not accounted for those potential obligations.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. 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.

Sales of services

Revenue from time and material contracts, typically from delivering certain services, is recognised under the percentage of completion method. Revenue is generally recognised at the contractual rates. For time contracts, the stage of completion is measured on the basis of labour hours delivered as a percentage of total hours to be delivered.

Revenue from fixed-price contracts for delivering certain services is also recognised under the percentage-of-completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs, and are reflected in income in the period in which the circumstances that give rise to the revision become known by the management.

Revenue from grants and contributions

Grants from financing bodies are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.14 Dividend distribution

The Group does not distribute dividends.

3. Financial risk management

3.1 Impact of the general economic environment

In 2023, Europe and Bulgaria faced a number of challenges with serious implications for the economic and political stability in the region. Russia's war on Ukraine, the process of recovery from the COVID-19 pandemic, and the lingering energy crisis effects remained the main factors that determined macroeconomic developments. The situation was additionally influenced negatively by the effects of climate change (2023 was the hottest year on record, and 2024 is expected to break these records), the war between Israel and Hamas, the high global geopolitical and geoeconomic instability, as well as the high, though abating, levels of inflation and economic insecurity and inequality. The European Union seems to have overcome the immediate negative impact of the war in Ukraine, with its economic performance improving considerably in late 2023 as against 2022.

Bulgaria's economy, in parallel to that of the EU as a whole, has also shown signs of recovery. GDP rose by 1.8% compared to the EU average of 0.4% in 2023. In compliance to the Federal Reserve's and the European Central Bank's clear statements that high inflation will have to be tackled by substantially raising key interest rates, the Bulgarian National Bank (BNB) took relevant steps, raising the key interest rate in the country up to 3.80%. As a result, The Group's staff, investment and materials costs have increased, with pressure for further increases expected to persist and peak sometime in 2024.

Inflation in Bulgaria has significantly slowed down, dropping from nearly 17% in 2022 to 9.5% in 2023. Over the same year, the EU inflation rate also dropped – down to 3.4%. The major factor for these developments was that gas prices went back to normal alongside the uptake in the use of alternative energy sources and the harnessing of the rising cost of food. The unemployment rate in Bulgaria in December 2023 was 5.6%, which was 1.2 points higher than a year earlier. In comparison, the EU unemployment rate was 5.9%.

Analysing these figures reveals that Bulgaria is closer than ever to being admitted to the Eurozone, although it still does not comply with the price stability criterion. At this point, the BNB's goal for the country to adopt the Euro on 1 January 2025 seems unrealistic, while the ongoing domestic political instability does not make it any more probable that measures will be adopted to meet the key criterion. This would seem more attainable in 2026. Eurozone entry would lower the country's political risk, and increase the value of property and other assets, which would have a positive impact on the CSD Group.

The short and mid-term prospects for Bulgaria's economic growth remain uncertain, but nonetheless positive. Uncertainty is exacerbated by the political crisis in the country (seven elections in the last four years) and the EU's changing relations with Russia and China. Bulgaria's pending admission to the Schengen area, which is expected to solidify the country's position as a reliable economic partner to the EU, may be taken as a positive sign, provided it happens in 2024 – 2025. It would have immediate positive economic effects, too, primarily by driving down transportation and border wait costs.

3.2 Financial risk factors

The risk exposures of the Group could be determined as follows: market risk (including currency risk, price risk and risk of future cash flow changes as a result of changes in market interest rate), credit risk and liquidity risk. The Group's management focuses on the financial risk and seeks to minimise potential adverse effects on the Group's financial performance.

3.2.1 Market risk

Currency risk

The Group is not exposed to serious foreign exchange risk as most of its activities are denominated in EUR. The exchange rate of the BGN is currently pegged to the EUR. In 2023, the group had some exposure to USD denominated projects. The negative trend of the exchange rate USD/BGN resulted in a foreign exchange loss, it did not affect significantly the financial position of the Group.

The Group's management does not believe that the EUR/BGN peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

Price risk

The Group's management considers the price risk in the context of the future revenues that are expected to be generated in the operating activity of the Group.

3.2.2 Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Yet, there is an upward trend in interest rates, which could catch up with deposit rates as well in the period 2023–2025.

The Group analyses its interest rate exposure on a dynamic basis and addresses the underlying risk.

3.2.3 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

3.2.4 Liquidity risk

In the context of its underlying activities, the Group is able to maintain flexibility in funding and to use credit lines, overdrafts and other credit facilities if necessary.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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.

(all amounts in BGN thousand)

As of 31 December 2022	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	193	–	–	–

As of 31 December 2023	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	94	–	–	–

4. Critical accounting estimates and judgements

Estimates and judgements 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. The authenticity of accounting estimates and judgments is monitored regularly.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related 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 addressed below:

Useful life of property, plant and equipment

The presentation and valuation of property, plant and equipment requires the management to estimate their useful life and remaining value. The management assesses at the end of each accounting period the determined useful life of the property, plant and equipment.

Impairment of loans and receivables

Impairment of receivables is determined based on management's expectations for the collectability of the loans and receivables. As at the date of preparation of the financial statements, the management reviews and assesses the existing receivables' balances for collectability.

5. Property, plant and equipment

(all amounts in BGN thousand)

Cost	**As of 31 December 2022**	**Additions**	**Disposals**	**As of 31 December 2023**
Land	413	–	–	413
Buildings	22	–	–	22
Computers	306	12	5	313
Vehicles	243	–	26	217
Fixtures & fittings	107	–	7	100
Other assets	8	–	–	8
Total	**1,099**	**12**	**38**	**1,073**

Depreciation	**As of 31 December 2022**	**Additions**	**Disposals**	**As of 31 December 2023**
Land	–	–	–	–
Buildings	14	8	–	22
Computers	273	32	34	271
Vehicles	239	–	26	213
Fixtures & fittings	106	1	7	100
Other assets	2	–	–	2
Total	**634**	**41**	**67**	**608**

Carrying amount	**As of 31 December 2022**	**Additions**	**Disposals**	**As of 31 December 2023**
Land	413	–	–	413
Buildings	8	–	8	–
Computers	33	9	–	42
Vehicles	–	4	–	4
Fixtures & fittings	5	–	5	–
Other assets	6	–	–	6
Total	**465**	**13**	**13**	**465**

6. Intangible assets

(all amounts in BGN thousand)

Cost	**As of 31 December 2022**	**Additions**	**Disposals**	**As of 31 December 2023**
Software	524	–	31	493
Others	3,554	1,261	–	4,815
Total	**4,078**	**1,261**	**31**	**5,308**

Depreciation	**As of 31 December 2022**	**Additions**	**Disposals**	**As of 31 December 2023**
Software	523	–	31	492
Others	149	45	–	194
Total	**672**	**45**	**31**	**686**

Carrying amount	**As of 31 December 2022**	**Additions**	**Disposals**	**As of 31 December 2023**
Software	1	–	–	1
Others	3,405	1,216	–	4,621
Total	3,406	**1,216**	**–**	4,622

7. Investment property

(all amounts in BGN thousand)	**For the year ending:**	
	31 December 2023	**31 December 2022**
As of 1 January		
Carrying amount at the beginning of the period	398	398
Depreciation charge	–	–
Carrying amount at the end of the period	**398**	**398**
As of 31 December		
Cost	511	511
Accumulated depreciation	(113)	(113)
Carrying amount	**398**	**398**

Investment properties of the Group consist of land and buildings acquired in the period 2005 – 2006. Investment property is presented at cost less accumulated depreciation and impairment losses.

8. Loan, trade and other receivables

(all amounts in BGN thousand)	For the year ending:	
Short-term receivables	**31 December 2023**	**31 December 2022**
Trade receivables	804	783
Trade receivables, net	**804**	**783**
VAT refund	128	19
Other	9	9
Total short-term receivables	**941**	**811**

	For the year ending:	
Long-term receivables	**31 December 2023**	**31 December 2022**
Long-term loan	174	174
Total long-term receivables	**174**	**174**

The carrying amount of trade and other receivables approximates their fair value

9. Cash and cash equivalents

(all amounts in BGN thousand)	For the year ending:	
	31 December 2023	**31 December 2022**
Cash at hand	14	11
Cash in bank current accounts	2,633	4,374
Total cash and cash equivalents	**2,647**	**4,385**

10. Trade and other payables

(all amounts in BGN thousand)	For the year ending:	
Short-term liabilities	**31 December 2023**	**31 December 2022**
Payables to suppliers	9	1
Salaries and social security payables	17	21
Corporate tax payables	12	14
Other	56	157
Total short-term liabilities	**94**	**193**

11. Deferred financing

(all amounts in BGN thousand)	**For the year ending:**	
	31 December 2023	**31 December 2022**
European Commission (EC) – Inclusive Dialogues towards an Operational Concept of Energy Citizenship to Support the Energy Union (DIALOGUES)	47	130
EC – Developing Common Minimum Standards for Legal Arms Registers and Improving Information Exchange among EU Member States, Southeast Europe, Ukraine and Moldova (REGISYNC)	–	181
EC – European Integrated Infrastructure for Social Mining and Big Data Analytics (SoBigData-PlusPlus)	54	39
EC – Cybercrime Victimisation Barometer – Piloting a Model for a Comparative Business Survey on Cybercrime Victimisation in the EU and Conceptualising a Digital Reporting Tool (CYBBAR)	–	151
EC – IT Tools and Methods for Managing Migration Flows (ITFLOWS)	9	94
EC – Supporting Victims of Domestic Violence via a Programme for Capacity-Building and Awareness-Raising among Human Resources Specialists (SHE)	8	211
EC – Real Value of Energy Efficiency (REFEREE)	12	93
EC – Understand the Impact of Novel Technologies, Social Media, and Perceptions in Countries Abroad on Migration Flows and the Security of the EU & Provide Validated Counter Approaches, Tools and Practices (PERCEPTIONS)	–	9
European Climate Foundation (ECF) – Assessing Energy and Climate Security Risks in the Context of the Decarbonisation Pathways in South East Europe, Particularly the Role of Gas (Project No G-2109-62719)	–	2
ECF – Addressing the Reasons behind the Economic and Democratic Backsliding of the Western Balkans (Project No G-2109-62713)	–	22
EC – Enhancing Prevention and Multi-Agency Cooperation against Trafficking (ERADICATING)	–	48
ECF – Developing Low-Carbon Policy Pathways for Decarbonising Bulgaria’s Economy (Project No G-2111-63105)	–	19
EC – Multi-Ideological Radicalisation Assessment towards Disengagement (MIRAD)	–	59

EC – Freezing Orders and Confiscation Orders: Effort for Common Standards (FORCE)	11	59
EC – European Technology and Innovation Platform Bioenergy – Support of Renewable Fuels and Advanced Bioenergy Stakeholders 2022–2025 (ETIP)	194	293
EC – AI for Citizen Intelligent Coaching against Disinformation (TITAN)	133	257
EC – SoBigData Research Infrastructure Preparatory Phase Project (SoBigData RI Plus Plus Plus)	101	175
ECF – Providing Policy Support for Improving the Ambition of the Bulgarian Territorial Just Transition Plans (Project No G-2209-64730)	–	23
Windward Fund – Phasing Out Fossil Gas in Europe: Feasibility, Regulation and Financing Options for CEE and SEE EU Member States	–	27
ECF – Supporting the Work of the Energy Transition Subcommittee for the Development of a National Roadmap to Climate Neutrality until 2050 (Project No G-2210-64842)	–	25
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) – Strengthening Policy and Governance Capacity for Blue Energy in Central and Eastern Europe	–	43
ECF – Raising Awareness about the Wind Energy Potential in the Bulgarian Energy Transition as Part of a GIS-Based Analysis of the Future Potential for Wind Power Development in Bulgaria, Hungary and Romania (Project No G-2211-65176)	–	19
EC – Whos and Hows: Countering Disinformation that Pushes Citizens away from the European Project (FHR)	66	68
Clean Air Fund – Reversing the Trend: Skilful Enforcement of LEZ for Transportation in Sofia	8	57
EC – Combating Organised Vehicle Crime by Developing Barriers to Prevent the Facilitation of Online Distribution of Stolen Vehicles and Vehicle Parts (V-BAR)	–	116
EC – Child-Friendly Justice in the Greek and Cypriot Courts (CHILD FRONT)	–	10
National Endowment for Democracy (NED) – Understanding and Responding to Foreign Malign Influence (Grant No 2021-13506)	–	12
EC – Assessing the Risk of Isolation of Sentenced and Accused: Enhancing the Capacity of Correctional Services to Work with Convicted Children (ARISA CHILD)	71	148

EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Evidence-Based Advocacy, Policy Impact and Citizen Engagement (SELDI 4)	29	–
EC – Litigating Change: Training Lawyers on the EU Rule of Law Acquis (LighT)	45	–
EC – Democratising Just Sustainability Transitions (DUST)	106	–
ECF – Mapping Illegal Logging and Timber Trade and Promoting Sustainable Environmental Solutions to Tackle Energy Poverty in Bulgaria (Project No G-2305-66201)	14	–
Open Information Partnership (OIP) – Mapping Disinformation Networks in Bulgaria and Romania	27	–
GIZ – Fostering Ambitious and Effective NECPs in Central and Eastern Europe	57	–
NED – Countering the Global Authoritarian Rise: Russia's Playbook in Latin America (Grant No 2023-0754)	94	–
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2023-0535)	81	–
U.S. Department of State – Regional Response to Trafficking in Persons within the Ukraine Crisis (J/TIP)	63	–
Network of European Foundations (NEF) – Countering Gender-Based Disinformation, Online Violence and Cybercrime, Amplified by Kremlin's Aggression against Ukraine	75	–
ECF –Enabling the Upscale of Renewable Energy Technology in Bulgarian Regions (Project No G-2308-66684)	78	–
Netherlands Helsinki Committee (NHC) – Catalyst of Change: Protecting the Union Values by Supporting a Resilient, Engaged and Vocal Civil Society for the Promotion of Women’s Rights, Environmental Justice and Anti-Corruption in Eastern and Southern Europe	15	–
EC – Bulgarian-Romanian Observatory of Digital Media (BROD)	54	–
Other	17	31
Total deferred financing related to projects	**1,469**	**2,421**
Financing for acquisition of fixed assets	989	464
Total deferred financing	**2,458**	**2,885**

12. Revenues from grants financing

(all amounts in BGN thousand)	For the year ending:	
Revenues from grants financing and other project for respective periods are as follows:	**31 December 2023**	**31 December 2022**
ECF – Piloting a Benchmarking Methodology for the Assessment of the Territorial Just Transition Plans in Central and Eastern Europe (Project No G-2101-61429)	–	54
ECF – Long-Term Decarbonisation Trajectories for Bulgaria (Project No G-2009-60916)	–	17
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2022-13506)	37	181
EC – Fighting against Anti-Gypsysm through Training of Professionals and Empowerment of Roma Communities (LATCHO DROM)	–	10
EC – Assessing Impact and Performance of Preventive Measures on EU Directives and Framework Decisions (PRE-RIGHTS)	–	26
EC – Understand the Impact of Novel Technologies, Social Media, and Perceptions in Countries Abroad on Migration Flows and the Security of the EU & Provide Validated Counter Approaches, Tools and Practices (PERCEPTIONS)	21	73
EC – Implementation of the Stockholm's Roadmap in Cases of Terrorism and Radicalisation (FAIRNESS)	–	6
U.S. Department of State – Exposing Russian Information Operations in Frontline States: Automated Analysis, Monitoring and Vulnerability Assessment (HADES)	–	4
NEF – Provocation and Resilience: The Differential Challenge of and Response to Russian Disinformation in Western and Central-East Europe	–	1
EC – Judical and Police Cooperation Preventing Radicalisation towards Terrorism (JP-COOPS)	–	5
EC – ICT Enabled Public Services for Migration (MIICT)	–	14
EEA and Norway Grants – Implementing Shared Anti-Corruption and Good Governance Solutions in Southeast Europe: Innovative Practices and Public-Private Partnerships (R2G4P)	414	300
EC – Efficient Risk-Based Inspection of Freight Crossing Borders without Disrupting Business (ENTRANCE)	113	141
EC – Inclusive Dialogues towards an Operational Concept of Energy Citizenship to Support the Energy Union (DIALOGUES)	126	137

EC – IT Tools and Methods for Managing Migration Flows (ITFLOWS)	85	103
EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Monitoring, Advocacy and Awareness Raising (SELDI 3)	–	105
GIZ – Distributional Impact of Carbon Pricing in Central and Eastern Europe	37	88
EC – Radicalisation, Secularism and the Governance of Religion: Bringing Together European and Asian Perspectives (GREASE)	–	82
GIZ – Consumer Engagement in Building Renovation and Renewable Energy Cooperatives for Grassroot Climate Action	19	59
EC – Real Value of Energy Efficiency (REFEREE)	81	88
EC – European Integrated Infrastructure for Social Mining and Big Data Analytics (SoBigData-PlusPlus)	34	46
Center for International Private Enterprise (CIPE) – Balkans Regional: Empowering Business as a Cross-Border Reform Champion	–	92
EEA and Norway Grants – Development of a Monitoring Methodology and Conducting a National Monitoring of Policy and Institutional Practice in Relation to Domestic and Gender-Based Violence in Bulgaria (GENDI)	–	7
EC – Developing Common Minimum Standards for Legal Arms Registers and Improving Information Exchange among EU Member States, Southeast Europe, Ukraine and Moldova (REGISYNC)	195	71
EC – Cybercrime Victimisation Barometer – Piloting a Model for a Comparative Business Survey on Cybercrime Victimisation in the EU and Conceptualising a Digital Reporting Tool (CYBBAR)	152	119
EC – Building Resilience for Safeguarding Political Debates in EU Southeast Frontiers (FENCE)	–	114
EC – Contexts of Extremism in MENA and Balkan Societies (CONNEKT)	113	144
EC – Assessing the Risk of Social Isolation of Suspects and Accused: The Impact of the Media (ARISA 2)	–	40
EC – Methodology for Assessing States' Capacity for Countering the Hostile Misuse of CBRN Knowledge and Materials (MASC-CBRN)	–	78

EC – Challenging Anti-Gypsyism by Roma Empowerment for Countering Disinformation and Fake News in Bulgaria (CARE FOR TRUTH)	–	6
EC – Alternative Pre-Trial Detention Measures: Judicial Awareness and Cooperation towards the Realisation of Common Standards (PRE-TRIAD)	–	100
U.S. Department of State – A Pathway towards a Green Energy Transition: A Motor for Enhancing Bulgaria's Energy Security	–	14
U.S. Department of State – Countering Weapons of Mass Destruction Hybrid Threats in Bulgaria through Strengthening Nonproliferation Norms and Institutions	–	244
EEA and Norway Grants – Transnational Research Network for the Evaluation of Initiatives Targeting 25+ NEETS (LOST MILLENNIALS)	122	67
EC – Combating Organised Vehicle Crime by Developing Barriers to Prevent the Facilitation of Online Distribution of Stolen Vehicles and Vehicle Parts (V-BAR)	139	86
ECF – Addressing the Reasons behind the Economic and Democratic Backsliding of the Western Balkans (Project No G-2109-62713)	28	31
EC – Child-Friendly Justice in the Greek and Cypriot Courts (CHILD FRONT)	49	29
EC – Supporting Victims of Domestic Violence via a Programme for Capacity-Building and Awareness-Raising among Human Resources Specialists (SHE)	203	46
OIP – Exposing HSIMO Disinformation Narratives in Bulgarian Media	–	10
ECF – Assessing Energy and Climate Security Risks in the Context of the Decarbonisation Pathways in South East Europe, Particularly the Role of Gas (Project No G-2109-62719)	61	56
EC – Enhancing Prevention and Multi-Agency Cooperation against Trafficking (ERADICATING)	71	64
ECF – Assessing the Legal, Policy, and Institutional Challenges for Offshore Wind Deployment in Bulgaria (Project No G-2109-62639)	–	77
ECF – Developing Low-Carbon Policy Pathways for Decarbonising Bulgaria's Economy (Project No G-2111-63105)	27	52
ECF – Strategic Assessment of the Coal Subsidy Regimes in Bulgaria (Project No G-2201-63299)	–	10

EC – Multi-Ideological Radicalisation Assessment towards Disengagement (MIRAD)	73	71
EC – Freezing Orders and Confiscation Orders: Effort for Common Standards (FORCE)	48	51
ECF – Raising Awareness about the Role of Renewable Energy and Storage Technologies in Bulgaria's Long-Term Energy Transition Strategy (Project No G-2203-63596)	–	20
ECF – Assessing Russian Influence in the European Energy Sector to Counter the Kremlin's Aggression in Ukraine (Project No G-2203-63630)	–	98
ECF – Improving the Understanding of German, Italian and EU Policy-Makers About the Persistent Energy and Climate Security Risks Enabled by the Growth of the Russian Economic and Political Influence (Project No G-2204-63755)	–	176
EC – European Technology and Innovation Platform Bioenergy – Support of Renewable Fuels and Advanced Bioenergy Stakeholders 2022–2025 (ETIP)	99	17
ECF – Developing a Legal Framework for Offshore Wind Energy Projects' Planning, Support and Implementation in the Black Sea (Project No G-2205-63973)	–	58
EC – AI for Citizen Intelligent Coaching against Disinformation (TITAN)	124	29
OIP – Ukraine Working Group Extension 1	–	7
International Republican Institute (IRI) – Capacity Building Efforts to Tackle Disinformation and Malign Foreign Influence in Bulgaria	36	36
EC – SoBigData RI Preparatory Phase Project (SoBigData RI Plus Plus Plus)	74	2
ECF – Providing Policy Support for Improving the Ambition of the Bulgarian Territorial Just Transition Plans (Project No G-2209-64730)	48	1
U.S. Department of State – Countering Weapons of Mass Destruction (WMD) Hybrid Threats in the Black Sea Region	212	6
Windward Fund – Phasing Out Fossil Gas in Europe: Feasibility, Regulation and Financing Options for CEE and SEE EU Member States	31	14

ECF – Supporting the Work of the Energy Transition Subcommittee for the Development of a National Roadmap to Climate Neutrality until 2050 (Project No G-2210-64842)	33	6
EC – Assessing the Risk of Isolation of Sentenced and Accused: Enhancing the Capacity of Correctional Services to Work with Convicted Children (ARISA CHILD)	77	–
GIZ – Strengthening Policy and Governance Capacity for Blue Energy in Central and Eastern Europe	167	–
ECF – Raising Awareness about the Wind Energy Potential in the Bulgarian Energy Transition as Part of a GIS-Based Analysis of the Future Potential for Wind Power Development in Bulgaria, Hungary and Romania (Project No G-2211-65176)	23	–
EC – Whos and Hows: Countering Disinformation that Pushes Citizens Away from the European Project (FHR)	2	–
Clean Air Fund – Reversing the Trend: Skilful Enforcement of LEZ for Transportation in Sofia	68	–
ECF – Strengthening the Energy and Climate Security of Ukraine (Project No G-2209-64722)	59	–
EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Evidence-Based Advocacy, Policy Impact and Citizen Engagement (SELDI 4)	55	–
EC – Litigating Change: Training Lawyers on the EU Rule of Law Acquis (LighT)	37	–
EC – Neutral and Inclusive Communication in Corporate Environments (NICE)	19	–
EC – Democratising jUst Sustainability Transitions (DUST)	78	–
Friedrich Ebert Foundation (FES) – Anti-Corruption Policies as a Guarantee for the National Security, Stability and Sovereignty of Bulgaria and the Southeast Europe and Black Sea Region	12	–
OIP – Ukraine Working Group Extension 2	11	–
Friedrich Naumann Foundation (FNF) – Towards Strategic Decoupling: Countering Russian Economic Influence in Germany	31	–
CIPE – Building up Bulgaria’s Investment Screening Capabilities	115	–

ECF – Aligning the Bulgarian Regulatory Framework for Renewable Energy Investment with EU Policies (Project No G-2303-65738)	33	–
ECF – Promotnig the Energy and Climate Security Risk Index with the European Investment Bank (Project No G-2304-65865)	10	–
ECF – Assessing the Security of Supply of the Bulgarian Power Sector in Support of the Work of the Energy Transition Commission (Project No G-2305-66081)	23	–
ECF – Supporting a More Ambitious, Evidence-Based Policy Framework for the Long-Term Decarbonisation of the Bulgarian Economy (Project No-G-2304-65985)	37	–
NED – Raising Awareness of Foreign Malign Influence (Grant No 2022-1257)	24	–
ECF – Mapping Illegal Logging and Timber Trade and Promote Sustainable Environmental Solutions to Tackle Energy Poverty in Bulgaria (Project No G-2305-66201)	25	–
ECF – Accelerating the Implementation of the EU Energy and Climate Acquis in Moldova (Project No G-2306-66479)	24	–
OIP – Mapping Disinformation Networks in Bulgaria and Romania	5	–
NED – Countering the Global Authoritarian Rise: Russia's Playbook in Latin America (Grant No 2023-0754)	47	–
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2023-0535)	23	–
U.S. Department of State – Regional Response to Trafficking in Persons within the Ukraine Crisis (J/TIP)	2	–
NEF – Countering Gender-Based Disinformation, Online Violence and Cybercrime, Amplified by Kremlin's Aggression against Ukraine	5	–
ECF – Organising a Roundtable in COP28 on Offshore Wind in the Three Seas Region (Project No G-2311-67250)	10	–
Other projects	104	6
Total revenues from grants financing	**4,031**	**3,695**
Other revenues	1	27
Total revenues	**4,032**	**3,722**

13. Revenues from services and other activities

(all amounts in BGN thousand)	For the year ending:	
Revenue	**31 December 2023**	**31 December 2022**
Sale of services	1,037	1,014
Revenue from unconditional donations	2	14
Other revenues	–	1
Toal revenue	**1,039**	**1,029**

14. Cost of sales

(all amounts in BGN thousand)	For the year ending:	
Cost of sales	**31 December 2023**	**31 December 2022**
Cost of sales (grants financing)	3,719	3,430
Cost of sales (services and other activities)	979	911
Total expenses	**4,698**	**4,341**

	For the year ending:	
Cost of sales includes:	**31 December 2023**	**31 December 2022**
Expenses for materials	25	21
Hired services	1,382	1,301
Depreciation and amortisation	55	55
Salaries and wages	2,492	2,279
Social securities	319	301
Other expenses	425	384
Total expenses	**4,698**	**4,341**

15. Finance costs, net

(all amounts in BGN thousand)	For the year ending:	
Finance costs, net	**31 December 2023**	**31 December 2022**
Interest income	1	–
Interest, net	1	–
Foreign exchange income	–	31
Foreign exchange expense	(29)	(11)
Foreign exchange, net	**(29)**	**20**
Other financial expenses	(3)	(8)
Other financial, net	**(3)**	**(8)**
Finance costs, net	**(31)**	**12**

16. Income tax

The major components of income tax expense for the year ended 31 December 2022 and the period ended 31 December 2023 are:

(all amounts in BGN thousand)	As of 31 December 2023	As of 31 December 2022
Current tax	36	37
Income expense	**36**	**37**

The official rate stated in the Corporate Tax Law for 2023 was set to 10% (2022:10%). Deferred taxes are calculated on all temporary differences under the balance method using this effective tax rate

Movement in deferred tax

(all amounts in BGN thousand)	Balance as of 1 January 2023	Movement	Balance as of 31 December 2023
Property, plant and equipment	–	–	–
Trade payables	–	–	–
Net deferred tax asset/liability	–	–	–

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional taxes and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

There have been no tax checks performed in recent years.

17. Related parties

The Group is related party to the Applied Research and Communication Fund and its consulting arm.

The following transactions occurred during the year:

(all amounts in BGN thousand)

Related party	**Transactions during the year**	**January – December 2023**	**2022**	**31 December 2023**	**2022**	**31 December 2023**	**2022**
		Transactions		*Receivables*		*Payables*	
Applied Research and Communications Fund	Rental contract	81	81	–	–	–	–
ARC Consulting EOOD	Rental contract	13	13	–	–	–	–
Bulgarian Association for Policy Evaluation	Loan agreement	–	(8)	174	174	–	–
		94	**86**	**174**	**174**	**–**	**–**

Transactions with directors and other members of the management

The total amount of the remunerations and social contributions included in the expenses for salaries and wages is as follows:

	2023	**2022**
Governing Board and Executive Director	480	416

18. Events after the balance sheet date

There were no events after balance date requiring corrections of the financial statements or disclosures.

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