

Cyprus Neuroscience & Technology Institute
Registration No. 72

Financial Statements
For the year ended 31 December 2007

Cyprus Neuroscience & Technology Institute

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Cyprus Neuroscience & Technology Institute

Board and advisers

Board President

Dr. Yiannis Laouris

Board Members

Dr. Joulietta Kalli Laouri

Dr. Harry Anastasiou

George Tziapouras

Xenia Constantinou

Dr. Christodoulos Laouris

Pantelis Makris

International Advisory Board

Prof. Peter Gerjets

Prof. Sc. Med Emeritus Peter Schwartz

Prof. Gary Gumpert

Prof. Dr. med. Uwe Windhorst

Prof. Emeritus Regents Douglas Stuart

Prof. Emeritus Aleco Christakis

Secretary

Xenia Constantinou

Registered office

5 Promitheos off. 4 & 9

1065 Nicosia - Cyprus

Auditor

Nearchos Tsangaris CAT

Legal Advisors

Kikis Makrides

40, Kyriacos Matsis Ave.

Ahenaem Build, 4th floor off. 402

Nicosia

Bankers

Bank of Cyprus

Cyprus Neuroscience & Technology Institute

Board's report

For the year ended 31 December 2007

Financial statements

The Board of Directors presents the report together with the audited financial statements for the year ended 31 December 2007.

Principal Activities

1. Designing and execution of studies and research programs with future orientation in areas related to the human brain and learning, technology and social change, global society, conflict transformation and global peace.”
2. Development of new models of education based on recent advances in cognitive science and computing.
3. Worldwide operations focused on international development, cooperation, humanitarian support, justice, transparency and advocacy of human rights, especially the right of education and the enhancement of inter-ethnic and international peace.
4. Organization of scientific, technical and cultural events or programs in issues relevant to the aims of the organization.
5. Organize, conduct and supervise seminars, congresses, conferences, workshops; deliver courses; offer educational and/or information services in the above sectors with the aim of sensitization, enlightenment or training of the modern active citizens.
6. Collaboration with universities, other institutions, organizations, and individual active citizens in Cyprus and abroad to promote the aims of the organization.
7. Serve as provider of information and consultant in academic, commercial, scientific and technical subjects.
8. Discovery, research, study, encouragement, support and promotion of new innovative ideas and methods, techniques, scientific technological, electronic systems and generally intellectual property.
9. Promotion of research in Cyprus and abroad in collaboration with other organizations, public or private, local or international for the achievement of our aims.
10. Promote Cyprus as a supporter of Development & IT education, scientific research and peace in the three continents around her, thus contributing towards consolidation of peace and prosperity in the wider geopolitical region.
11. Publication of material in subjects relevant with the aims of Institute.

Structure

The Cyprus Neuroscience & Technology Institute is a non-profit, non-Governmental, non-partisan independent Organization active in programs with future orientation in areas related to human brain-modern technology-social transformation and the repercussions of relevant research for humanity. All projects fall into one larger category, which lies at the interface between science and society. It has the following operating units:

Brain, Neuroscience & Special Education
 Civil Society and Future Affairs Unit
 Technology For Peace Unit
 Youth Promoting Peace Unit
 Brain, Neuroscience & Special Education Unit
 Alternative Media Initiative
 Humanitarian Affairs Unit

Cyprus Neuroscience & Technology Institute

Board's report (Continued)
For the year ended 31 December 2007

Results

The income statement for the year is shown on page 5.

Board

The Secretary informed that Pantelis Makris and Dr. Christodoulos Laouris were replaced by Dr. Nikleia Eteokleous and Romina Laouri.

Auditors

The auditor Nearchos Tsangaris has expressed his willingness to continue in office as auditor, and a resolution proposing his re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

Xenia Constantinou
Secretary

Nicosia 7 April 2010

**Auditors' report
to the members of**

Cyprus neuroscience & technology institute

I have audited the Financial Statements on pages 5 to 13 and have obtained all the information and explanations we considered necessary. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit. This report is made solely to the board members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. My work has been undertaken so that I might state to the board members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Institute and the Board's members as a body, for my audit work, for this report, or for the opinions I have formed.

I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion proper books of account have been kept by the Institute and the financial statements, which are in agreement therewith, and have been prepared under the historical cost convention, give a true and fair view of the state of affairs of Cyprus Neuroscience & Technology Institute at 31 December 2007 and of profit and cash flows for the year then ended in accordance with International Accounting Standards and comply with the Companies Law, Cap. 113.

Nearchos Tsangaris CAT
Authorized Accountant

Nicosia 7 April 2010

Cyprus Neuroscience & Technology Institute

Income statement

For the year ended 31 December 2007

	Notes	2007 CY.P.	2006 CY.P.
Income	3	394.330	202.319
Other income		323	460
Expenditure (page 14)		(342.546)	(188.737)
Diminution in investment value		(44.313)	-
Operating surplus	3	7.794	14.042
Finance expenses	3	(1.275)	(848)
Surplus before taxation		6.519	13.194
Taxation		-	-
Surplus after taxation		6.519	13.194

The notes on pages 9 to 13 form part of the financial statements.

Cyprus Neuroscience & Technology Institute

Balance sheet 31 December 2007

	Notes	2007 CY.P.	2006 CY.P.
Assets			
Non – current assets			
Tangible assets	4	15.875	12.352
Intangible assets	5	34.941	7.768
		<u>50.816</u>	<u>20.120</u>
Investments	7	<u>39.924</u>	<u>84.237</u>
Current assets			
Debtors and prepayments		243.225	125.921
Cash at bank and in hand	6	5.031	2.757
		<u>248.256</u>	<u>128.678</u>
Total assets		<u>338.996</u>	<u>233.035</u>
Equity and liabilities			
Equity			
Reserves		<u>178.315</u>	<u>171.796</u>
Current liabilities			
Creditors		12.616	11.876
Bank overdraft	6	130.291	33.997
Related companies	8	17.774	15.366
		<u>160.681</u>	<u>61.239</u>
Total Equity and liabilities		<u>338.996</u>	<u>233.035</u>

.....
Yiannis Laouris – President

The notes on pages 9 to 13 form part of the financial statements.

Cyprus Neuroscience & Technology Institute

Statement of changes in equity For the year ended 31 December 2007

	Retained earnings CY.P.
Balance 1 January 2007	171.796
Surplus of the year	6.519
Balance 31 December 2007	<u>178.315</u>

The notes on pages 9 to 13 form part of the financial statements.

Cyprus Neuroscience & Technology Institute

Cash flow statement

For the year ended 31 December 2007

	2007 CY.P.	2006 CY.P.
Cash flows from operating activities		
Surplus for the year before taxation	6.519	13.194
Adjustments for:		
Depreciation	4.088	3.068
Amortization	19.381	3.879
Interest received	(26)	(15)
Interest paid	1.301	863
Profit before working capital changes	<u>31.263</u>	<u>20.989</u>
Increase in debtors	(117.304)	(23.681)
Increase in creditors	740	9.392
Increase/(Decrease) in related companies	2.408	(12.000)
Cash used in operating activities	<u>(82.893)</u>	<u>(5.300)</u>
Interest paid	(1.301)	(863)
Net cash used in operating activities	<u>(84.194)</u>	<u>(6.163)</u>
Cash from investing activities		
Purchase of fixed assets	(54.165)	(24.565)
Interest received	26	15
Diminution in investment value	44.313	-
Net cash used in investing activities	<u>(9.826)</u>	<u>(24.550)</u>
Decrease in cash and cash equivalents	<u>(94.020)</u>	<u>(30.713)</u>
Cash and cash equivalents at the beginning of the year (Notes 6)	<u>(31.240)</u>	<u>(527)</u>
Cash and cash equivalents at the end of the year (Notes 6)	<u>(125.260)</u>	<u>(31.240)</u>

The notes on pages 9 to 13 form part of the financial statements.

Cyprus Neuroscience & Technology Institute

Notes to the financial statements 31 December 2007

1. GENERAL

Incorporation

The Institute was incorporated in Nicosia, Cyprus in July 1994 as a non profit making Institute in accordance with the provisions of the Cyprus Companies Law, Cap.113.

Activities

The Institute's main activities is the design and execution of studies and research programs, the organization of scientific, technical and culture events. To organize, conduct and supervise seminars, congresses, conferences, workshops and the publication of material in subjects relevant with the aims of Institution.

2. ACCOUNTING POLICIES

General

The principal accounting policies, all of which have been applied consistently in relation to material assets, liabilities, profits or losses and cash flows for the accounting year and to the presentation of the financial affairs of the Institute are set out below.

Basis of preparation

The financial statements which are expressed in CY.P. have been prepared using the historical cost convention, and in accordance with applicable International Financial Reporting Standards. The Institute maintains its statutory records in accordance with the Cyprus Companies Law, cap.113.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Fixed assets

The fixed assets are stated at cost less accumulated depreciation.

The cost price of fixed assets comprises of the purchase price, including import duties and non-refundable purchase taxes and directly attributable costs of bringing the asset to its present location and condition.

Depreciation is computed using the estimated economic useful lives of the assets. The straight-line method is used at the following depreciation rates:

Furniture and equipment	10%
Books	20%
Computers	20%

Cyprus Neuroscience & Technology Institute

Notes to the financial statement (Continued) 31 December 2007

2 Accounting policies (continued)

Foreign currency transactions

Transactions in foreign currencies, other than CY.P., during the year have been translated at the exchange rates prevailing at the dates of the transaction. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on settlement and translation of other foreign currency items have been included in the income statement.

Debtors

Debtors are shown net of specific provisions for bad and doubtful debts. Provision for bad and doubtful debts is made only for specific debtors when payment is considered doubtful.

Cash and cash equivalents

Cash and cash equivalents consists of cash and balances with banks and short-term deposits with an original maturity of three months or less.

Finance costs

Finance costs are written off in the income statement when they are incurred.

Staff costs

Most CNTI personnel and associates are registered as self employed and are responsible for paying their own social insurance and income tax contributions.

Part of staff income is paid through international programs that directly fund activities of the institute and therefore this type of income does not appear in the institute's financial statements.

Intangible assets

Intangible assets are recognised according to the provisions of IAS 38 and are amortised over the period of the useful economic life of the asset.

Comparative figures

Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year.

Cyprus Neuroscience & Technology Institute

Notes to the financial statements (Continued) 31 December 2007

3 Surplus for the year before taxation

Surplus is stating after charging:

	2007	2006
	CY.P.	CY.P.
Auditor remuneration	4.600	2.300
Depreciation	4.088	3.068
Amortization	19.381	3.879
	<u> </u>	<u> </u>
Net finance costs		
Interest received	(26)	(15)
Interest paid	1.301	863
	<u> </u>	<u> </u>
	1.275	848
	<u> </u>	<u> </u>

Cyprus Neuroscience & Technology Institute

Notes to the financial statements (Continued) 31 December 2007

4 Tangible non-current assets

	Furniture & Fittings CY.P.	Books CY.P.	Computers CY.P.	Total CY.P.
Cost				
Balance 1.1.2007	5.533	10.812	15.345	31.690
Additions	2.171	-	5.440	7.611
Disposals	-	-	-	-
Balance 31.12.2007	7.704	10.812	20.785	39.301
Depreciation				
Balance 1.1.2007	2.053	10.772	6.513	19.338
Charge for the year	771	20	3.297	4.088
Disposals	-	-	-	-
Balance 31.12.2007	2.824	10.792	9.810	23.426
Net book value				
Balance 31.12.2007	4.880	20	10.975	15.875
Balance 31.12.2006	3.480	40	8.832	12.352

5 Intangible assets

	Computers Software CY.P.
Cost	
Balance 1.1.2007	112.198
Additions	46.554
Disposals	-
Balance 31.12.2007	158.752
Amortization	
Balance 1.1.2007	104.430
Charge for the year	19.381
Balance 31.12.2007	123.811
Net book value	
Balance 31.12.2007	34.941
Balance 31.12.2006	7.768

Cyprus Neuroscience & Technology Institute

Notes to the financial statements (Continued) 31 December 2007

	2007 CY.P.	2006 CY.P.
6 Cash and Cash equivalents		
Cash and cash equivalents consist of the following:		
Cash in hand and at bank	5.031	2.757
Bank overdraft	(130.291)	(33.997)
	<u>(125.260)</u>	<u>(31.240)</u>
	=====	=====
7 Investments		
Cyber Group Ltd (Misnted Ltd)	4.924	49.237
T.M.F. Multimedia factory Ltd	30.000	30.000
Ekkotek Ltd	5.000	5.000
	<u>39.924</u>	<u>84.237</u>
	=====	=====
8 Related Companies		
Cyber Group Ltd (Misnted Ltd)	(22.731)	(22.731)
T.M.F Multimedia factory Ltd	31.487	31.487
Ekkotek Ltd	9.018	6.610
	<u>17.774</u>	<u>15.366</u>
	=====	=====

Cyprus Neuroscience & Technology Institute

Expenditure & Interest paid For the year ended 31 December 2007

	2007 CY.P.	2006 CY.P.
Expenditure		
Salaries & other benefits	59.909	20.413
Rent	12.972	10.232
Work by associates and third parties	110.144	70.849
Telephone, internet & postages	4.660	5.133
Printing & stationery	8.945	3.959
Subscriptions & donations	116	148
Research activities & seminar expenses	11.294	32.542
Payments to project Partners	58.272	-
Audit fees	4.600	2.300
Legal fees	-	88
Rent of furniture & equipment	1.338	748
Transport & unloading	1.923	2.014
International development & travelling abroad	31.912	17.563
Cleaning expenses	1.132	365
Ice-breeding activities, after-seminar entertainment & gifts to international visitors	6.787	2.774
Computer and technology-related expenses	1.193	4.263
Translation expenses	2.295	4.261
Electricity	562	858
Repairs & maintenance	63	923
Awareness-related expenses	505	1.512
Insurance	-	478
Messenger expenses	120	-
Sundry	335	367
Amortization of computer software	19.381	3.879
Depreciation		
Furniture & fittings	771	555
Computers	3.297	2.449
Books	20	64
	-----	-----
Total expenditure (page 5)	342.546	188.737
	=====	=====
Interest paid		
Bank charges & interest (page 11)	1.301	863
	=====	=====