

Registration Number C 62625

**CARMELO STIVALA GROUP  
LIMITED**

**Report and Financial Statements**

**for the year ended 31 December 2016**

# CARMELO STIVALA GROUP LIMITED

## Contents

	<b>Page</b>
Director's Report	1 - 2
Independent Auditors' Report	3 - 5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 20

# CARMELO STIVALA GROUP LIMITED

## Director's Report

for the year ended 31 December 2016

---

**Director** Mr Carmelo Stivala

**Registered address** 143  
The Strand  
Gzira GZR 1026  
Malta

---

The director presents his report and the audited financial statements for the year ended 31 December 2016.

### Principal activities

The company is engaged in renting property to related parties. It is also a holding company.

### Business review

The profit for the year amounted to € 184,461 (2015 : € 994,422). The profit for the year has decreased significantly due to the fact that depreciation expense has increased due to the property, plant and equipment acquired during the year. As from 1 January 2017, two subsidiaries of the company have taken over hotel operations and property rentals from related companies.

### Dividends and reserves

The director does not recommend the payment of an ordinary dividend and proposes to transfer the profit for the year to reserves.

### Events after the reporting period

There were no particular important events affecting the company which occurred since the end of the reporting period.

### Director

In accordance with the company's Articles of Association, the director, who held office throughout the year, remains in office.

# CARMELO STIVALA GROUP LIMITED

## Director's Report

for the year ended 31 December 2016

---

### Director's responsibilities

The Maltese Companies Act, 1995 requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year, in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these the director is required to:

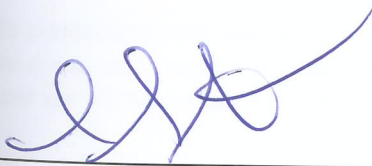
- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable him to ensure that the financial statements comply with the Maltese Companies Act, 1995. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The auditors, Nexia BT, have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

This report was approved, authorised for issue, and signed by the director on 5 April 2017.



---

Mr Carmelo Stivala  
Director

# CARMELO STIVALA GROUP LIMITED

## Independent Auditors' Report

To the Members of Carmelo Stivala Group Limited

---

### Opinion

We have audited the accompanying financial statements of Carmelo Stivala Group Limited, which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of Carmelo Stivala Group Limited as of 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act (Cap. 386).

### 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession Act in Malta, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Information

The director is responsible for the other information. The other information comprises the Director's report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Director's report, we also considered whether it includes the disclosures required by Art. 177 of the Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has been prepared in accordance with the Companies Act (Cap. 386).

# CARMELO STIVALA GROUP LIMITED

## Independent Auditors' Report

To the Members of Carmelo Stivala Group Limited

---

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Director's report and other information. We have nothing to report in this regard.

### Responsibilities of the director

The director is responsible for the preparation of the financial statements that give a true and fair view in accordance to International Financial Reporting Standards as adopted by the EU and for such internal controls as the director are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

### Auditors' 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 auditors' 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 scepticism 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the Director's use of 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.

# CARMELO STIVALA GROUP LIMITED

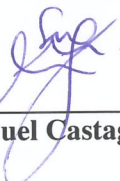
## Independent Auditors' Report Other Companies

To the Members of Carmelo Stivala Group Limited

---

- 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 the director 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.



---

**Mr Manuel Castagna**

for and on behalf of

**Nexia BT**

**Certified Public Accountants**

**The Penthouse, Suite 2**

**Capital Business Centre, Entrance C**

**Triq taz-Zwejt**

**San Gwann SGN 3000**

**Malta**

**Date : 5 April 2017**

# CARMELO STIVALA GROUP LIMITED

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016

	Notes	2016 €	2015 €
Revenue	2	185,000	185,000
Administrative expenses		(668,093)	(60,112)
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(483,093)</b>	<b>124,888</b>
• Investment income	5	822,218	989,772
Finance costs	6	(222)	(975)
<b>Profit before taxation</b>		<b>338,903</b>	<b>1,113,685</b>
Income tax	7	(154,442)	(119,263)
<b>Profit for the year</b>		<b>184,461</b>	<b>994,422</b>
<b>Total comprehensive income</b>		<b>184,461</b>	<b>994,422</b>

The notes on pages 10 to 20 form an integral part of these financial statements.



# CARMELO STIVALA GROUP LIMITED

## Statement of Financial Position

at 31 December 2016

	Notes	2016 €	2015 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	8	20,983,208	4,179,651
Property, plant and equipment	9	3,799,800	-
Investments in subsidiaries	10	2,400	-
Investments in associates	10	840	720
		<u>24,786,248</u>	<u>4,180,371</u>
<b>Current assets</b>			
Trade and other receivables	11	2,364,106	7,563,488
Cash at bank and in hand	12	808,441	82,874
		<u>3,172,547</u>	<u>7,646,362</u>
<b>Total assets</b>		<u>27,958,795</u>	<u>11,826,733</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up issued share capital	13	1,200	1,200
Retained earnings		1,443,812	1,259,351
<b>Total equity</b>		<u>1,445,012</u>	<u>1,260,551</u>
<b>Non-current liabilities</b>			
Long-term borrowings	14	11,763,394	6,894,816
<b>Current liabilities</b>			
Short-term borrowings	14	3,421,182	917,496
Trade and other payables	15	11,315,698	2,702,411
Current tax payable	16	13,509	51,459
		<u>14,750,389</u>	<u>3,671,366</u>
<b>Total liabilities</b>		<u>26,513,783</u>	<u>10,566,182</u>
<b>Total equity and liabilities</b>		<u>27,958,795</u>	<u>11,826,733</u>

The financial statements were approved, authorised for issue, and signed by the director on 5 April 2017.



Mr Carmelo Stivala  
Director

The notes on pages 10 to 20 form an integral part of these financial statements.

# CARMELO STIVALA GROUP LIMITED

## Statement of Changes in Equity for the year ended 31 December 2016

	Called-up issued share capital €	Retained earnings €	Total €
<b>At 1 January 2015</b>	1,200	264,929	266,129
Profit for the year	-	994,422	994,422
Other comprehensive income	-	-	-
• Total comprehensive income	-	994,422	994,422
<b>At 31 December 2015</b>	1,200	1,259,351	1,260,551
Profit for the year	-	184,461	184,461
Other comprehensive income	-	-	-
Total comprehensive income	-	184,461	184,461
<b>At 31 December 2016</b>	1,200	1,443,812	1,445,012

# CARMELO STIVALA GROUP LIMITED

## Statement of Cash Flows

for the year ended 31 December 2016

	2016 €	2015 €
<b>Cash flows from operating activities</b>		
Operating (loss)/profit	(483,093)	124,888
Adjustments for:		
Depreciation	604,831	42,219
	<u>121,738</u>	<u>167,107</u>
Working capital changes:		
Movement in trade and other receivables	5,199,382	(3,889,073)
Movement in trade and other payables	8,587,137	926,797
	<u>13,908,257</u>	<u>(2,795,169)</u>
Cash flows from operations	(222)	(975)
Interest paid	265,892	253,613
Dividends received	(192,392)	(108,997)
Taxation paid	<u>13,981,535</u>	<u>(2,651,528)</u>
Net cash flows from operating activities		
<b>Cash flows from investing activities</b>		
Acquisition of investment property	(17,766,393)	(2,445,544)
Proceeds from disposals of investment property	1,336,531	888,600
Acquisition of property, plant and equipment	(4,222,000)	-
Acquisitions of financial assets	(2,520)	-
	<u>(20,654,382)</u>	<u>(1,556,944)</u>
Net cash flows from investing activities		
<b>Cash flows from financing activities</b>		
Movement in ultimate beneficial owners' loan	129,760	-
Movement in related party loan	-	3,400,000
Movement in third party loan	2,000,000	-
Movement in bank loan	6,160,000	-
	<u>8,289,760</u>	<u>3,400,000</u>
Net cash flows from financing activities		
<b>Movement in cash and cash equivalents</b>	<u>1,616,913</u>	<u>(808,472)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Movement in cash and cash equivalents	1,616,913	(808,472)
Cash and cash equivalents at start of year	(808,472)	-
	<u>808,441</u>	<u>(808,472)</u>
Cash and cash equivalents at end of year		
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	808,441	82,874
Bank overdraft	-	(891,346)
	<u>808,441</u>	<u>(808,472)</u>

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements

for the year ended 31 December 2016

---

### 1. General information

Carmelo Stivala Group Limited is a limited liability company incorporated in Malta. The company is engaged in renting property to related parties. It is also a holding company. Its registered office is at 143, The Strand, Gzira GZR 1026, Malta.

### 2. Accounting policies

#### *Accounting convention and basis of preparation*

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Maltese Companies Act (Cap. 386), and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

#### *Investment property*

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the company, and the cost of the property can be reliably measured. Investment property is initially measured at cost, including transaction costs, less impairment losses. After initial recognition, investment property is stated at cost less accumulated depreciation and less accumulated impairment losses.

Depreciation is provided at rates intended to write down the cost of investment property over its expected useful life. The annual rates used, which are consistent with those applied in the previous year, are as follows:

Freehold land and buildings - Nil on Land, 1% Straight Line on Buildings

#### *Property, plant and equipment*

Property, plant and equipment are initially recorded at cost. They are subsequently stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the Statement of Profit or Loss and Other Comprehensive Income in the period of derecognition.

Depreciation is provided at rates intended to write down the cost of the assets over their expected useful lives. The annual rates used, which are consistent with those applied in the previous year, are as follows:

Furniture and fittings - 10% Straight Line

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements

for the year ended 31 December 2016

---

### *Financial assets*

Investments in subsidiaries are stated at cost less impairment losses.

Participating interest investments are stated at cost less impairment losses.

Income from these investments is accounted for when received.

Loans and receivables are stated at fair value, net of any impairment. A provision for impairment of loans and receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of payment. Loans and receivables are considered for impairment on a case by case basis and any provision is based on the director's assessment of the amount recoverable on each receivable. Any change in value of loans and receivables is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### *Financial liabilities*

The company's financial liabilities include borrowings and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Interest-related charges are recognised as an expense in the period in which they are incurred.

### *Share capital*

Ordinary shares are classified as equity.

Dividends are recognised in the period in which they are declared.

### *Impairment*

The carrying amounts of the company's assets, other than deferred tax assets, are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

### *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense is calculated on net income, adjusted for non-temporary differences between taxable and accounting income. The tax effect of temporary differences, arising from items brought into account in different periods for income tax and accounting purposes, is carried in the Statement of Financial Position as deferred tax debits or credits. Such deferred tax balances are calculated on the liability method taking into account the estimated tax that will be paid or recovered when the temporary differences reverse.

Deferred tax debits are only carried forward if there is a reasonable expectation of realisation. Deferred tax debits, arising from tax losses yet to be recovered, are only carried forward if there is a reasonable assurance and to the extent that future taxable income will be sufficient to allow the benefit of the tax loss to be realised or to the extent of the net credits in the deferred tax balance.

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements

for the year ended 31 December 2016

### *Foreign currencies*

The financial statements are presented in Euro, being both the company's functional and presentation currency. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Financial Position. Translation differences are dealt with through the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

### *Revenue*

Revenue represents the invoiced value of services rendered, net of taxes. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction.

### *Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand and balances with banks.

### **3. Critical accounting estimates and judgements**

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

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

### **4. Operating (loss)/profit**

	2016	2015
	€	€
Operating (loss)/profit is stated after charging:		
Depreciation	604,831	42,219
Auditors' remuneration	<u>1,726</u>	<u>1,500</u>

### **5. Investment income**

	2016	2015
	€	€
Profit on disposal of investment property	556,326	736,159
Dividends receivable	<u>265,892</u>	<u>253,613</u>
	<u>822,218</u>	<u>989,772</u>

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements

for the year ended 31 December 2016

### 6. Finance costs

	2016	2015
	€	€

Interest on bank overdraft	<u>222</u>	<u>975</u>
----------------------------	------------	------------

### 7. Income tax

As at year-end, unabsorbed tax losses for which no deferred tax asset is recognised amounted to € 422,200 (2015 : € -).

	2016	2015
	€	€

Malta Income Tax :

Current - for the year	154,442	122,547
- under provision in respect of previous years	-	(3,284)

Tax charge for the year	<u>154,442</u>	<u>119,263</u>
-------------------------	----------------	----------------

The accounting profit and the tax charge for the year are reconciled as follows:

	2016	2015
	€	€

Profit before taxation	<u>338,903</u>	<u>1,113,685</u>
------------------------	----------------	------------------

Tax thereon at 35%	118,616	389,790
--------------------	---------	---------

Tax effect of permanent differences	(111,944)	(267,243)
-------------------------------------	-----------	-----------

Under provision in respect of previous years	-	(3,284)
--	---	---------

Tax effect of unrecognised temporary differences	<u>147,770</u>	-
--	----------------	---

Tax charge for the year	<u>154,442</u>	<u>119,263</u>
-------------------------	----------------	----------------

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### 8. Investment property

	<b>Freehold land and buildings €</b>
<b>Cost</b>	
At 1 January 2015	1,928,767
Additions	2,445,544
Disposals	(152,441)
At 31 December 2015	<u>4,221,870</u>
At 1 January 2016	4,221,870
Additions	17,766,393
Disposals	(790,503)
At 31 December 2016	<u>21,197,760</u>
<b>Depreciation</b>	
Charge for the year	42,219
At 31 December 2015	<u>42,219</u>
At 1 January 2016	42,219
On disposals	(10,298)
Charge for the year	182,631
At 31 December 2016	<u>214,552</u>
<b>Net book value</b>	
At 31 December 2016	<u>20,983,208</u>
At 31 December 2015	<u>4,179,651</u>
At 31 December 2014	<u>1,928,767</u>

In the director's opinion, the fair value of investment property stated at cost is equivalent to its cost.



# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

---

### 9. Property, plant and equipment

	<b>Furniture and fittings €</b>
<b>Cost</b>	
Additions	4,222,000
At 31 December 2016	<u>4,222,000</u>
<b>Depreciation</b>	
Charge for the year	422,200
At 31 December 2016	<u>422,200</u>
<b>Net book value</b>	
At 31 December 2016	<u><u>3,799,800</u></u>

### 10. Non current financial assets

	<b>Investments in subsidiaries €</b>	<b>Investments in associates €</b>	<b>Total €</b>
<b>Cost</b>			
At 1 January 2016	-	720	720
Additions	2,400	120	2,520
At 31 December 2016	<u>2,400</u>	<u>840</u>	<u>3,240</u>

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

At year-end, the company held share capital in the following companies:

Company	Registered address	Shares held	
		Class	%age
<b>Subsidiaries</b>			
ST Properties Ltd	143, The Strand, Gzira GZR 1026, Malta	Ordinary	100
ST Hotels Ltd	143, The Strand, Gzira GZR 1026, Malta	Ordinary	100
<b>Associates</b>			
Civala Limited	Vincenti Buildings, 25/25, Strait Street, Valletta VLT 1432 Malta	Ordinary	50
Quisisana Boutique Company Ltd	143, The Strand, Gzira GZR 1026, Malta	Ordinary	50
Platinum Developments Ltd	143, The Strand, Gzira GZR 1026, Malta	Ordinary	50

### 11. Trade and other receivables

	2016	2015
	€	€
Amounts owed by related parties	Note 2,117,711	1,684,093
Other receivables	<u>246,395</u>	<u>5,879,395</u>
Financial assets	<u>2,364,106</u>	<u>7,563,488</u>

#### *Amounts owed by related parties*

Amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment.

### 12. Cash at bank and in hand

As at year-end, the company did not have any restrictions on its cash at bank and in hand.

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### 13. Called up issued share capital

	2016	2015
	€	€
<b>Authorised</b>		
1,200 Ordinary shares of €1 each	<u>1,200</u>	<u>1,200</u>
<b>Called up issued and fully paid-up</b>		
1,200 Ordinary shares of €1 each	<u>1,200</u>	<u>1,200</u>

Each ordinary share gives the right to one vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

### 14. Borrowings

	2016	2015
	€	€
<b>Falling due within one year:</b>		
Bank overdraft	-	891,346
Bank loan	Note 1,421,182	-
Director's current account	-	26,150
Third party loan	Note 2,000,000	-
<b>Short-term borrowings</b>	<u>3,421,182</u>	<u>917,496</u>
<b>Falling due in between two and five years:</b>		
Bank loan	Note 4,738,818	-
Ultimate beneficial owners' loan	Note 3,624,576	3,494,816
Related party loan	Note 3,400,000	3,400,000
<b>Long-term borrowings</b>	<u>11,763,394</u>	<u>6,894,816</u>
	<u>15,184,576</u>	<u>7,812,312</u>

#### *Bank loan*

The bank loan is secured by a general hypothec over the company's assets, by a special hypothec over properties in Gzira and Birkirkara and by personal guarantees of the ultimate beneficial owners. It bears interest at 5.25% per annum over the 3 month LIBOR for euro, and is repayable by monthly instalments of €142,559 inclusive of interest.

#### *Third party loan*

The third party loan is unsecured, bears interest at 5% per annum and is repayable by 30 September 2017.

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### *Ultimate beneficial owners' loan*

The ultimate beneficial owners' loan is unsecured, interest-free and has no fixed date of repayment.

### *Related party loan*

The related party loan is unsecured, interest-free and has no fixed date of repayment.

## 15. Trade and other payables

	2016	2015
	€	€
Amounts owed to related parties	Note 10,410,679	2,628,241
Indirect taxes and social security	33,300	33,300
Other payables	867,647	36,888
Accruals	4,072	3,982
	<u>11,315,698</u>	<u>2,702,411</u>

### *Amounts owed to related parties*

Amounts owed to related parties are unsecured, interest-free and have no fixed date of repayment.

## 16. Current tax payable

	2016	2015
	€	€
The tax provision is made up of :		
Balance at beginning of year	51,459	41,193
Provision for the year	154,442	122,547
Tax adjustment re previous years	-	(3,284)
Settlement tax paid	(51,459)	(37,909)
Provisional tax paid	(38,213)	-
Tax paid at source	(102,720)	(71,088)
Balance at end of year	<u>13,509</u>	<u>51,459</u>

## 17. Risk management objectives and policies

The entity is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The entity's risk management is coordinated by the director and focuses on actively securing the entity's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the entity is exposed to are described below.

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements

for the year ended 31 December 2016

### *Credit risk*

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 10, 11 and 12.

The company continuously monitors defaults of customers and other counterparts, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

### *Liquidity risk*

The entity's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the entity's obligations when they become due.

At 31 December 2016 and 31 December 2015, there were no contractual maturities on the financial liabilities of the entity. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

	<b>Less than 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>
	€	€	€
Bank borrowings	855,354	855,354	6,836,630
Non-bank borrowings	25,000	2,050,000	-
	<u>880,354</u>	<u>2,905,354</u>	<u>6,836,630</u>

### *Foreign currency risk*

Most of the entity's transactions are carried out in Euro. Exposure to currency exchange rates arises from the entity's transactions in foreign currencies.

The entity's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.

### *Interest rate risk*

The entity's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observations of current market conditions, the director considers an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

# CARMELO STIVALA GROUP LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

---

### 18. Related parties

The company had the following related party transactions.

	2016	2015
	€	€
<i>Transactions with associate:</i>		
Dividends receivable	265,892	253,613
<i>Transactions with other related parties:</i>		
Rent receivable	185,000	185,000
Capitalised expenditure	-	19,586

### 19. Ultimate controlling party

The ultimate controlling entity is Bastille Malta Trustees Limited, as trustees.

### 20. Capital management policies and procedures

The entity's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The entity monitors the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

# CARMELO STIVALA GROUP LIMITED

## Detailed Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016

	2016		2015	
	€	€	€	€
<b>Revenue</b>				
Rent receivable		185,000		185,000
<b>Administrative expenses</b>				
Commissions payable	14,280		-	
Licences and permits	85		100	
Legal and professional	8,193		3,476	
Audit	1,726		1,500	
Bank charges	36,778		10,817	
Donations	2,200		2,000	
Depreciation	604,831		42,219	
		<u>(668,093)</u>		<u>(60,112)</u>
<b>Operating (loss)/profit</b>		<u>(483,093)</u>		<u>124,888</u>
<b>Investment income</b>				
Dividends receivable	265,892		253,613	
Profit on disposal of investment property	556,326		736,159	
		<u>822,218</u>		<u>989,772</u>
<b>Finance costs</b>				
Interest on bank overdraft	222		975	
		<u>(222)</u>		<u>(975)</u>
<b>Profit on ordinary activities before taxation</b>		<u><u>338,903</u></u>		<u><u>1,113,685</u></u>

This page does not form part of the statutory financial statements.