143, The Strand, Gzira. Malta

COMPANY ANNOUNCEMENT

Stivala Group Finance p.l.c. (the "Company")

Date of Announcement	**29 April 2021**
Reference	**STV34/2021**

The following is a company announcement issued by Stivala Group Finance p.l.c. (C82218) (the "Company") pursuant to the Malta Financial Services Authority Listing Rules.

QUOTE

The Board of Directors of Stivala Group Finance plc met on Wednesday 28th April 2021 and approved the annual report and financial statements of the Guarantor for the financial year ending 31st December 2020.

The said Annual Report and Financial Statements are attached to this Announcement and are available for viewing in the Investors' Section of the Company's website at https://stivalagroup.com/?page_id=21

UNQUOTE

By order of the Board

Antoinette Scerri *f:* Stivala Group Finance PLC
Company Secretary
29th April 2021

Company Registration No.:- C 62625

Carmelo Stivala Group Limited

Annual Report and Financial Statements
for the year ended
31 December 2020

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Carmelo Stivala Group Limited

Directors' Report
for the year ended 31 December 2020

The Board of Directors is hereby presenting its annual report together with the audited financial statements of the Company for the year ended 31 December 2020.

Directors

The Directors of the Company since the beginning of the year up to the date of this report were:

Mr. Michael Stivala
Mr. Martin John Stivala
Mr. Ivan Stivala
Mr. Carlo Stivala

Principal activity

The Company is principally engaged in renting properties to its subsidiaries. It is also a holding company.

Review of business

During the year ended 31 December 2020, the Company's financial performance increased substantially due to the change in fair value of the investment properties. The Company generated a profit before tax of €125,456,177 (2019: €11,265,838).

Given the company's financing structure and the positive net assets position attained by the company by the end of the current financial year, the directors consider the company's state of affairs as at the close of the financial year to be satisfactory.

Results

The results for the year are set out in the statement of comprehensive income on page 9.

Future Developments

The directors expect to attain and enhance the Company's present level of revenue and continue to register positive results in the coming years.

Dividend

The Board of Directors paid a dividend of €2,637,073 (2019 : €1,672,125), net of taxation.

Events after the reporting period

All events occuring after the balance sheet date until the date of authorisation for issue of these financial statements and that are relevant for valuation and measurement as at 31 December 2020 for the Company are included in these financial statements.

On 26 April 2021, the relinquishment of Mr. Carlo Stivala's ownership in Stivala Group was formally signed and concluded. Following such, titles to properties as disclosed in note 17 were transferred to CAST Holding Ltd.

The rapid development and the constant changes surrounding the covid-19 pandemic make it difficult to predict its ultimate impact. The extent of the success resulting from the roll out of the vaccines in Malta and across the world amid the spread of new variants is still being observed.

Carmelo Stivala Group Limited

Directors' Report
for the year ended 31 December 2020

Financial Reporting Framework

The directors have prepared the Company's financial statements for the year ended 31 December 2020 in accordance with the International Financial Reporting Standards as adopted by the European Union, and the requirements of the Maltese Companies Act, 1995 (Chapter 386, Laws of Malta).

Auditors

A resolution to re-appoint HLB CA Falzon as auditors of the company will be proposed at the forthcoming annual general meeting. HLB CA Falzon have expressed their willingness to continue in office.

The financial statements of Carmelo Stivala Group Limited for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 April 2020.

By order of the Board:

Mr. Michael Stivala - Director

Mr. Martin John Stivala - Director

Registered Office

143,
The Strand,
Gzira
Malta

28 April 2021

Statement of Directors' Responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the directors of Carmelo Stivala Group Limited to prepare annual financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the year in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union.

In preparing such financial statements, the directors are 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 from one accounting year to another;
- make judgments and estimates that are reasonable and prudent; and
- account for income and charges relating to the accounting year on the accruals basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Companies Act, Cap. 386 of the Laws of Malta.

The directors are 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.

The directors are not required to prepare consolidated financial statements in consequence of the company being exempt from the obligation to prepare such financial statements since the company is a wholly-owned subsidiary company of an immediate parent company.

Independent Auditors' Report
to the members of Carmelo Stivala Group Limited

Report on the Audit of the Financial Statements
We have audited the accompanying financial statements of Carmelo Stivala Group Limited ('the Company'), set out on pages 9 to 48, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance to the International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act, 1995 (Chapter 386, Laws of Malta).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap.281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter
The financial statements of Carmelo Stivala Group Limited for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 April 2020.

Independent Auditors' Report
to the members of Carmelo Stivala Group Limited

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover this information, including the Directors' Report, and we do not express any form of assurance conclusion thereon.

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 Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap.386). Based on the work we have performed, in our opinion:

- the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements ; and
- the Directors' Report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Company and its environment, obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report. We have nothing to report on this regard.

Responsibilities of the Directors and Those Charged with Governance

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so.

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.

Independent Auditors' Report
to the members of Carmelo Stivala Group Limited

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 auditor's report that includes our opinion.

Reasonable Assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk 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 ommissions, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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, present and future events or conditions may cause the Company to cease to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Company's business and the overall economy.

- 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 directors regarding, among other matters, the planned, scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be throught to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
Matters on which we are required to report by exception by the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act").

We have nothing to report in respect of the following matters where the Act requires us to report to you if, in our opinion :

- we have not obtained all the information and explanations which, to the best of our knowledge and belief, were necessarily for the purpose of our audit ;

- proper books of account have not been kept by the company so far as appears from our examination thereof ;

HLB CA FALZON
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report
to the members of Carmelo Stivala Group Limited

- the information given in the Directors' Report for the financial year for which these financial statements are prepared is not consistent with the financial statements ;

- the company's financial statements are not in agreement with accounting records and returns; and

- if certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

This copy of the audit report has been signed by:

Jozef Wallace Galea
for and on behalf of HLB CA Falzon
Registered Auditors

28 April 2021

HLB CA Falzon, Central Office Building, Block A, Level 1, Mosta Road, Lija LJA 9016, Malta
TEL: +356 2010 9800 **EMAIL:** info@hlbmalta.com **VAT NO:** MT 2080 6811
PARTNERS: Jozef Wallace Galea, Alfred Falzon, Patrizio Prospero, Fiona Buttigieg.

Carmelo Stivala Group Limited

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020	2019
		€	€
Rent receivable	6	2,787,500	2,496,500
Administrative expenses	7	(134,835)	(188,065)
Dividend income		-	5,701,518
Profit on barter/sale of property for resale	16	119,605	1,332,913
Operating profit		2,772,270	9,342,866
Dividend income		5,187,598	-
Other income	8	65,139	199,281
Change in fair value of investment property		117,431,420	1,732,865
Finance income	8	347,922	412,838
Finance costs	9	(348,172)	(422,012)
Profit before tax		125,456,177	11,265,838
Income tax expense	10	(9,275,178)	(1,731,123)
Profit for the year		116,180,999	9,534,715

The notes on pages 13 to 48 form part of these financial statements.

Carmelo Stivala Group Limited

Statement of Financial Position
as at 31 December 2020

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Investment in subsidiaries	12	501,200	504,720
Investment in associates	13	240	840
Investment property	15	248,114,317	181,798,265
Deferred tax assets	20	942,166	-
Total non-current assets		249,557,923	182,303,825
Current assets			
Property for resale	16	-	756,207
Other financial assets	14	22,519,800	22,923,276
Assets held for distribution to owner	17	59,947,736	-
Other receivables	18	7,751,897	6,768,070
Cash and cash equivalents	23	5,709	622,926
Total current assets		90,225,142	31,070,479
Total assets		339,783,065	213,374,304
EQUITY AND LIABILITIES			
Equity			
Issued capital	21	60,004,896	60,004,895
Other reserve	22	197,442,894	89,405,988
Retained earnings		39,879,977	34,372,957
Total equity and reserves		297,327,767	183,783,840
Non-current liabilities			
Non-current borrowings	14	8,310,332	8,187,207
Deferred tax liability	20	25,880,637	16,486,123
Total non-current liabilities		34,190,969	24,673,330
Current liabilities			
Current borrowings	14	4,865,804	3,409,371
Trade and other payables	19	1,826,456	739,724
Current taxation due	10	1,572,069	768,039
Total current liabilities		8,264,329	4,917,134
Total liabilities		42,455,298	29,590,464
Total equity and liabilities		339,783,065	213,374,304

The notes on pages 13 to 48 form part of these financial statements.

The financial statements on pages 9 to 48 were authorised for issue by the Board and were signed on its behalf by:

Mr. Michael Stivala - Director

Mr. Martin John Stivala - Director

28 April 2021

Carmelo Stivala Group Limited

Statement of Changes in Equity
for the year ended 31 December 2020

	Note	Issued capital €	Other reserve €	Retained earnings €	Total €
As at 1 January 2019					
Opening balance		45,004,895	88,273,869	27,642,486	160,921,250
Profit for the year		-	-	9,534,715	9,534,715
Dividends	11	-	-	(1,672,125)	(1,672,125)
Issue of share capital		15,000,000	-	-	15,000,000
Transfer of fair value gain on investment property, net of tax	22		1,132,119	(1,132,119)	-
As at 31 December 2019		60,004,895	89,405,988	34,372,957	183,783,840
As at 1 January 2020					
Opening balance		60,004,895	89,405,988	34,372,957	183,783,840
Profit for the year		-	-	116,180,999	116,180,999
Dividends	11	-	-	(2,637,073)	(2,637,073)
Issue of share capital		1	-	-	1
Transfer of fair value gains on investment properties, net of tax	22	-	108,036,906	(108,036,906)	-
As at 31 December 2020		60,004,896	197,442,894	39,879,977	297,327,767

The notes on pages 13 to 48 form part of these financial statements.

Carmelo Stivala Group Limited

Statement of Cash Flows
for the year ended 31 December 2020

	Note	2020	2019
		€	€
Cash flows from operating activities			
Profit before tax		125,456,177	11,265,838
Adjustments for:			
Provision for estimated credit losses		72,341	108,519
Increase in fair value of investment property		(117,431,420)	(1,732,865)
Provision for impairment of investments		4,120	-
Dividends receivable		(5,187,598)	(5,701,518)
Working capital changes:			
Decrease in property for resale		27,721	894,423
Increase in receivables		(406,611)	(1,911,859)
Increase/(decrease) in payables		1,086,732	(322,084)
Interest paid on cash and cash equivalents		(250)	(9,174)
Finance income		(347,922)	(412,838)
Finance cost		348,172	422,012
Taxation paid		(18,800)	(407,155)
Net cash from operating activities		3,602,662	2,193,299
Cash flows from investing activities			
Payments to acquire investment property		(8,103,882)	(6,993,888)
Receipts from /(advances to) subsidiary undertakings		371,832	(1,729,682)
Advances to associated undertakings		-	(2,901,046)
Receipts from /(advances to) related undertakings		2,290	(5,114,782)
Net cash used in investing activities		(7,729,760)	(16,739,398)
Cash flows from financing activities			
Equity dividends paid		(2,637,073)	(1,672,125)
Issue of share capital		1	-
Advances from banks/(repayment of bank loans)		57,578	(438,454)
Interest paid on bank loans		(180,610)	(412,838)
Receipts from/(advances) to shareholders		(623,296)	(2,389,392)
Receipts from subsidiary undertakings		5,488,429	20,195,306
(Advances to) /receipts from parent undertakings		559,306	222,745
Interest recharged to subsidiary undertakings		347,922	412,838
Net cash from financing activities		3,012,257	15,918,080
(Decrease)/increase in cash and cash equivalents		(1,114,841)	1,371,981
Decrease/(increase) in expected credit loss		3,093	(3,093)
Cash and cash equivalents at beginning of year		622,926	(745,962)
Cash and cash equivalents at end of year	23	(488,822)	622,926

The notes on pages 13 to 48 form part of these financial statements.

Carmelo Stivala Group Limited

Notes to the Financial Statements
for the year ended 31 December 2020

1. Corporate information

Carmelo Stivala Group Limited is registered in Malta as a limited liability company under the Companies Act, Cap. 386 of the laws of Malta. The Company's registration number is C 62625.

2. Principal accounting policies

a) Basis of preparation

The Company's financial statements are prepared under the historical cost convention as modified by the measurement of investment properties under fair value model in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union and in compliance with the Companies Act, Cap. 386 of the Laws of Malta. The financial statements are presented in euro, which is the Company's functional currency.

The Company has availed itself of the exemption from preparing consolidated accounts in accordance with the International Financial Reporting Standards and as provided by Section 174 (1) of the Maltese Companies Act. 1995, as the consolidated accounts will be prepared by its parent company.

b) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, Measurement, Derecognition, and Impairment of Financial Instruments (Upon adoption of IFRS 9)

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL). All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets in these financial statements are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents, loans and other receivables which are included under current financial assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

As at 31 December 2020 and 2019, the Company has no debt instruments at FVOCI.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

As at 31 December 2020 and 2019, the Company has no equity instruments at FVOCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As at 31 December 2020 and 2019, the Company has no financial assets at FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash in banks, other receivables and amounts due from/ loans to subsidiary, associate, shareholders and related undertakings, the Company applies a general approach in calculating ECLs. Therefore, the Company tracks changes in credit risk, and recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. This is being done by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in notes 3 and 24 to the financial statements.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 14 and 24.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property. Investment property comprises freehold land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value representing open market value determined periodically. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed on a regular basis (usually every 3 years). Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from its future expenditure other than those a rational market participant would take into account when determining the value of the property.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Company decides to dispose of an investment property without development, the Company continues to treat the property as an investment property. Similarly, if the Company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

When the use of the property changes from property for resale to investment property at fair value, any difference between the fair value at the date of transfer and it previous carrying amount should be recognised in profit or loss.

Investment property is measured at fair value, which is the amount for which the property could be exchanged between knowledgeable willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property should be included in profit or loss for the period in which it rises, then transferred to other reserves.

e) Investments in subsidiaries

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss which may have arisen. Dividends from these investments are recognised in the statement of comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

f) Investments in associates

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is also the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are included in the company's statement of financial position at cost less any impairment loss which may have arisen.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

g) Property for resale

Property held for resale is included in the financial statements at the lower of cost and net realisable value. Cost comprises the purchase price of acquiring the property and other costs incurred to develop the property. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cashflows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

i) Taxation

The tax expense for the period comprises of current tax and deferred tax. Tax is recognised in the statement of comprehensive income, except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is also dealt with in other comprehensive income or in equity, as appropriate.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects niether the accounting profit nor taxable profit or loss.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Value Added Tax

Revenue, expenses and assets are recognised net of Value Added Tax, except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case Value Added Tax is recognised as part of the acquisition of the asset or as part of the expense item, as applicable.

- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

j) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

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

k) Foreign currencies

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the dates of the transactions. Monetary receivables and payables expressed in foreign currencies are translated at the rates of exchange prevailing as at the reporting date. Translation differences are dealt with through the statement of comprehensive income.

l) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As at 31 December 2020, there are no lease agreements where the Company is a lessee.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss/comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

o) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Notes to the Financial Statements
for the year ended 31 December 2020

p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

The following recognition criteria must also be met before revenue is recognised:

(Not within the scope of IFRS 15)

- Dividend income : It is recognised on the date the entity's right to receive income is established.
- Interest income : Interest income is accounted for when it is probable that the economic benefits associated with the transaction will flow to the company and these can be measured reliably.
- Other operating income: It is accounted for when it is probable that the economic benefits associated with the transaction will flow to the Company and these can be measured reliably.

(Within the scope of IFRS 15)

Sale/barter of property for resale

Revenue from sale/barter of real property is recognised at the point in time when control of asset is transferred to the customer, generally upon signing of deed of sale where the customer obtains legal title to the property. Total fund is paid in full on date of deed.

q) Non-current assets held for distribution to owner

In accordance with IFRS 5, a non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners.

For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be expected to be completed within one year from the date of classification.

Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable.

Non-current assets and disposal groups classified as held for distribution to owner are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

There are a number of asset categories that are excluded from measurement requirements of IFRS 5, although disclosure requirements still need to be complied with. Among these exclusions, the most relevant to the Company is "Non-current assets that are accounted for in accordance with the fair value model (IAS 40 Investment Property)" which will be subsequently measured under the same accounting policy as before the classification.

Assets classified as held for distribution to owner are presented separately as current items in the statement of financial position.

Additional disclosures are provided in note 17.

Notes to the Financial Statements
for the year ended 31 December 2020

r) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

s) Fair value measurements and valuation processes

The Company measures financial instruments and non-financial assets such as investment property at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (a) in the principal market for the asset or liability or (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure at fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of investment property is disclosed in note 15.

3. Significant accounting judgements, estimates and assumptions

In preparing the financial statements, the directors are required to make judgments, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the year the changes become known.

In the opinion of the management, the accounting estimates, assumptions 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 significant in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements', except as disclosed below.

Operating lease commitments - Company as lessor

The Company has entered into lease agreements on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Provision for ECL on financial assets

The measurement of the Company's ECL on cash in banks, other receivables, amounts due from/loans to subsidiary, associate, directors and related undertakings is a function of the PD, LGD and the EAD. These financial assets are measured under Stage 1 of the impairment model, and therefore ECLs are calculated on 12-month basis.

Notes to the Financial Statements
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Elements of the ECL model which are considered accounting judgments and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances should be measured on a liftetime ECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It is the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

Fair value of investment property

The Company carries its investment property at fair value, with changes being recognised in profit or loss. This is based on market valuations performed by independent professional architect at least every three years. In a year when market valuations are not performed by the independent professional architect, an assessment of the fair value of investment property is performed to reflect market conditions at the year-end date.

Assets held for distribution to owner

On 25 November 2020, the Board of Directors publicly announced that Mr. Carlo Stivala, one of the ultimate beneficial owners, will relinquish all of its ownership interest from the group. The Board considered the noncurrent assets that will be transferred to the owner are classified as 'Assets held for distribution to owner' as such assets met the criteria for the following reasons:

- The selected assets are available for immediate distribution in their present condition.
- The actions to complete the distribution were initiated such as the Public announcement, Board resolutions, Framework agreement and Promise of sale agreement. This is expected to be completed within 3 months from the balance sheet date.

Additional disclosures are provided in note 17.

Notes to the Financial Statements
for the year ended 31 December 2020

4. Changes in Accounting policies and disclosures

4.1 New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard and amendment is described below:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments have no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments have no impact on the financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments have no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

4.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	*Effective for annual periods beginning on or*
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023

5. Rental income

	2020	**2019**
	€	**€**
Rental income	2,787,500	2,496,500

Rental income represents rent arising from the lease of various investment properties to subsidiary companies. In terms of the lease agreement treated as an operating lease in the capacity of a lessor, the Company receives annual rent of €2,496,000 starting 2019 which was modified to €2,787,500 starting 2020 and another €500 starting 2017, both for a period of 20 years.

In 2020, €19,102 was recognised as provision for ECL on accrued income (note 18).

Notes to the Financial Statements
for the year ended 31 December 2020

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2020	2019
	€	€
Within one year	2,787,500	2,496,500
1 - 2 years	2,787,500	2,496,500
2 - 3 years	2,787,500	2,496,500
3 - 4 years	2,787,500	2,496,500
4 - 5 years	2,787,500	2,496,500
More than five years	36,237,000	34,950,500
Total	50,174,500	47,433,000

6. Expenses by nature

Administrative expenses	2020	2019
	€	€
Provision for impairment of investments	4,120	-
Fines and penalties	5,786	-
Other expenses	-	1,561
Rent	-	5,014
Stationery and printing	-	173
Professional fees	24,443	20,522
Bank charges	23,345	47,826
Provision for estimated credit losses	72,341	108,519
Registration fee	1,400	1,200
Auditors' remuneration	3,400	3,250
	134,835	188,065

7. Other operating income

	2020	2019
	€	€
Profit on assignment of rights	-	76,852
Expenses recharged to subsidiary	-	117,425
Sundry income	9,732	5,004
Reversal of other payables	55,407	-
	65,139	199,281

8. Finance income

	2020	2019
	€	€
Interest recharged to subsidiary	347,922	412,838

Notes to the Financial Statements
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9. Finance costs

	2020	2019
	€	€
Interest on bank overdraft	250	9,174
Interest on bank loans	347,922	412,838
	348,172	422,012

10. Income tax

10.1 Tax charge on profit on ordinary activities

	2020	2019
	€	€
Income tax expense		
Under provision of prior year tax charge	(731)	-
Tax at source	-	(150,035)
Final withholding tax at 8%	(18,800)	(211,573)
Current tax charge	(803,299)	(768,769)
Total current tax expense	(822,830)	(1,130,377)
Deferred taxation (Note 20):		
Charge for year	(8,452,348)	(600,746)
Income tax charge for the year	(9,275,178)	(1,731,123)

10.2 Tax reconciliation

	2020	2019
	€	€
Profit before tax	125,456,177	11,265,838
Taxation charge thereon	43,909,662	3,943,043
Tax effect of:		
- expenses not allowed for tax purposes	169,052	213,528
- income taxed at different rate	822,099	910,593
- income not allowed for tax purposes	(44,078,714)	(3,936,787)
- under provision of prior year tax charge	731	-
- change in the fair value of investment property	9,394,514	600,746
- provision for impairment of investments	(1,442)	600,746
- provision for estimated credit losses	(940,724)	-
Income tax expense for the year	9,275,178	1,731,123

Notes to the Financial Statements
for the year ended 31 December 2020

10.3 Current taxation

Provision for income tax has been made at the rate of 35% on the chargeable income for the year.

Taxation due is made up as follows:

	2020	2019
	€	€
Balance brought forward	768,039	44,817
Under provision for tax	731	-
Current tax charge	822,099	1,130,377
	1,590,869	1,175,194
Payments:		
Settlement tax	-	(45,547)
Final withholding tax (8% on sale of Property)	(18,800)	(211,573)
Tax at source	-	(150,035)
	(18,800)	(407,155)
Balance carried forward	1,572,069	768,039

11. Equity dividends

	2020	2019
	€	€
Gross dividends on ordinary shares distributed from:		
Immovable property account taxed at 35%	2,347,794	2,572,500
Total taxation charged	(821,728)	(900,375)
Net dividend	1,526,066	1,672,125
Net dividend on ordinary shares distributed from final tax account	1,111,007	-
Total net dividends during the year	2,637,073	1,672,125
Amount of net dividend in cents per share	0.04	0.03

12. Investment in subsidiaries

	2020	2019
	€	€
Cost		
As at 1 January and 31 December	504,720	504,720
Provision for impairment		
As at 1 January	-	-
Provision during the year	3,520	-
As at 31 December	3,520	-
Net book amount		
As at 1 January	504,720	504,720
As at 31 December	501,200	504,720

Notes to the Financial Statements
for the year ended 31 December 2020

As at 31 December 2020, the Company held the following equity interest:

Undertakings / Registered Office	Number, class and nominal value of shares held	Percentage of issued shares held
ST Hotels Ltd. 143, The Strand, Gzira	500,000 Ordinary shares, of €1 each fully paid up	100%

The Company is engaged in operating hotels and hostels. It also rents out properties.

ST Properties Ltd 143, The Strand, Gzira	1,200 Ordinary shares, of €1 each fully paid up	100%

The Company is engaged in renting out properties.

Stivala Operators Limited 143, The Strand, Gzira GZR1026	996 Ordinary shares, of €2.329373 each fully paid up	100%

The Company used to be engaged in operating hotels and hostels.

Stivala Properties Ltd 143, The Strand, Gzira	1,200 Ordinary shares, of €1 each fully paid up	100%

The Company used to be engaged in renting residential and commercial properties to third parties.

13. Investment in associates

	2020 €	2019 €
Cost		
As at 1 January and 31 December	840	840
Provision for impairment		
As at 1 January	-	-
Provision during the year	600	-
As at 31 December	600	-
Net book amount		
As at 1 January	840	840
As at 31 December	240	840

As at 31 December 2020, the Company held the following equity interest:

Undertaking / Registered Office	Number, class and nominal value of shares held	Percentage of issued shares held
Quisisana Boutique Company Ltd 143, The Strand, Gzira	600 Ordinary shares, of €1 each fully paid up	50%

The Company is currently in dissolution.

Civala Limited Vincenti Buildings, 25/25 Strait Street Valletta VLT 1432	600 'B' Ordinary shares, of €1 each 20% paid up	50%

The Company has been principally engaged to acquire and hold assets of whatsoever nature, whether movable or immovable, corporal or incorporal, whether by way of title, real or personal, or on behalf of others.

Platinum Developments Ltd 143, The Strand, Gzira GZR 1026	600 Ordinary shares, of €1 each 20% paid up	50%

The Company is principally engaged to act as building developers, contractors, designers and ancillary services to building industry.

14. Financial assets and financial liabilities

14.1 Financial assets

	2020 €	2019 €
Debt instruments measured at amortised cost:		
Other financial assets (Loans receivable)		
Loans to subsidiary undertaking	7,063,743	7,437,676
Loans to associate undertaking	5,016,107	5,016,107
Loans to related undertakings	10,616,084	10,616,398
less allowance for expected credit losses:		
Loans to subsidiary undertaking	(48,406)	(8,457)
Loans to associate undertaking	(67,216)	(64,133)
Loans to related undertakings	(60,512)	(74,315)
Total other financial assets	22,519,800	22,923,276
Other receivables (note 18)	7,176,008	6,307,292
Total debt instruments at amortised cost	29,695,808	29,230,568

Notes to the Financial Statements
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Loans receivable

As at 31 December 2020 and 2019, the loans receivable from subsidiary, associate, related and parent undertakings are unsecured, interest-free and repayable on demand.

The Company's exposure to credit risk related to these financial assets is disclosed in note 24. As at the reporting date, these financial assets were fully performing and hence do not contain impaired assets. However, due to the implementation of IFRS 9, the assets are measured at amortised cost and estimated credit losses have to be calculated.

14.2 Financial liabilities: Loans and borrowing

	Interest rate	Maturity	2020 €	2019 €
Current loans and borrowings				
Bank overdraft (note 23)	5%	on demand	494,531	-
Bank loan (note 24)	4%	2021	336,395	401,942
Loans from subsidiary undertaking	interest free	on demand	3,252,827	2,784,684
Loans from parent undertakings	interest free	on demand	782,051	222,745
Total current borrowings			4,865,804	3,409,371
Non-current loans and borrowings				
Bank loan (note 24)	4%	2026 - 2035	8,310,332	8,187,207
Total non-current borrowings			8,310,332	8,187,207

Other financial liabilities at amortised cost, other than loans and borrowings

	2020 €	2019 €
Trade and other payables (note 19)	1,394,719	739,724

The bank overdraft bears annual interest at 5% (2019: 5%) per annum and is repayable on demand.

The bank loan comprise of a bank loan and a bank interest loan with terms as follows.

The bank loan is secured by a general hypothec over the Company's assets, by a special hypothec over properties in Msida, Gzira and Sliema, and by personal guarantees of the ultimate beneficial owners, by pledges on various insurance policies and by various letter of undertaking by directors and shareholders. A moratorium of repayment of capital and interest is allowed for the first 12 months up to March 2021. Repayments will resume in April 2021 and will amount to monthly installment of €64,606 inclusive of interest, until October 2035. It bears interest of 4% (2019: 3%) per annum.

The bank interest loan (included in bank loan) bears no interest and is repayable at monthly installment of €1,977 inclusive of interest from March 2021 and to be repaid in full by April 2026.

As at 31 December 2020 and 2019, the loans payable to subsidiary undertakings are interest-free, unsecured and repayable on demand.

Notes to the Financial Statements
for the year ended 31 December 2020

15. Investment property

	2020	2019
	€	€
Valuation		
As at January 1	181,798,265	174,722,142
Additions (subsequent expenditure)	8,103,882	6,993,888
Change in fair value due to revaluation	117,431,420	1,732,865
Transfer to property for resale (note 16)	-	(1,650,630)
Transfer to assets held for distribution to owner (note 17)	(59,219,250)	-
As at 31 December	248,114,317	181,798,265

	2020	2019
	€	€
Rental income derived from investment properties	2,787,500	2,496,500

Fair value measurement of the Company's investment properties

Market valuations are performed by independent professional architects every two years or earlier whenever their fair values differ materially from their carrying amounts. In the year when a market valuation is not performed, an assessment of the fair value is performed to reflect market conditions at the year-end date.

An independent valuation of the Company's investment properties was performed on 31 May 2020, by independent external valuers having experience in the location and type of property to determine the fair value as at 31 December 2020. The fair value movement were credited to profit or loss and subsequently transferred to other reserves under equity. As at 31 December 2020, management also assessed whether there are any significant changes to the significant inputs of the valuation.

The Company's investment properties consist mainly of residential, commercial and office buildings with a carrying amount of €80,997,242 (2019 : €73,736,631), had these assets been carried at cost less accumulated depreciation. The investment property has been categorised to fall within level 2 and 3 of the fair value hierarchy. The costs of additions after 31 May 2020 are being considered by the directors as being equivalent to its fair value. The different levels in the fair value hierarchy have been defined in note 24. The Company policy is to recognise transfers into and out of fair value hierarchy levels as of date of the event of change in circumstances that caused the transfer. There were transfers between levels during the year, reclassifications occured from level 3 to level 2. For all properties, their current use equates to the highest and best use. For all properties, their current use equates to the highest and best use.

Fair value hierarchy disclosures for investment properties are disclosed in note 24.

Notes to the Financial Statements
for the year ended 31 December 2020

Reconciliation of fair value:

	Offices	Commercial	Residential	Total
As at 1 January 2019	22,383,556	68,450,228	83,888,358	174,722,142
Additions/ (Reclassifications within)	7,226,120	(1,638,812)	1,406,580	6,993,888
Transfer to property for resale (note 16)	-	-	(1,650,630)	(1,650,630)
Fair value change recognised in profit or loss	-	1,732,865	-	1,732,865
As at 31 December 2019	29,609,676	68,544,281	83,644,308	181,798,265
Additions		7,318,956	784,926	8,103,882
Fair value change recognised in profit or loss	30,990,324	45,902,366	40,538,730	117,431,420
Transfer to assets held for distribution to owner (note 17)	(1,600,000)	(3,200,000)	(54,419,250)	(59,219,250)
As at 31 December 2020	59,000,000	118,565,603	70,548,714	248,114,317

For investment properties categorised under Level 2 of the fair value hierarchy in current and prior year, the following techniques and inputs were used:

Type of property	Technique	Inputs
Commercial properties	Market approach	Value of the properties are based on the selling price of similar types of properties.
Residential properties	Market approach	
Office properties		

For investment properties categorised under Level 3 of the fair value hierarchy in prior year, the following techniques and inputs were used:

Commercial, residential and office properties

Technique	Income capitalisation approach
Inputs	
Commercial	Capitalisation rate at 5.7%, yearly rental income of €365,500
Residential	Capitalisation rate at 5.7%, yearly rental income of €947,700
Offices	Capitalisation rate at 5.7%, yearly rental income of €1,934,500
Sensitivity analysis	The higher the capitalisation rate, the lower the fair value The higher the rental income, the higher the fair value

Commercial and residential properties

Technique	Discounted cash flow method
Inputs	Free cash flows arising from the projected income streams expected to be derived from the operation of the property. Weighted average cost of capital of 6.95%
Sensitivity analysis	The higher the capitalisation rate, the lower the fair value The higher the free cash flows, the higher the fair value

Income capitalisation approach:
This is a method that allows valuers to estimate the value of a property based on the income the property generates. It was derived by taking the gross rental income for each property and divided it by the average market capitalisation rate.

Discounted cash flow method:
Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

As at year end, the Company had investment property with a carrying amount of €54,996,412 (2019: €15,002,000) pledged to secure borrowings.

As at year end, the Company had preliminary agreements for contractual agreements for the acquisition of investment property amounting to €17,503,268 (2019: €13,782,000).

16. Property for resale

	2020	2019
Cost	€	€
As at 1 January	756,207	-
Additions	87,674	448,664
Transfer from investment property (note 15)	-	1,650,630
Disposals	(115,395)	(1,343,087)
Assets held for distribution to owner (note 17)	(728,486)	-
As at 31 December	-	756,207

During the year, the Company exchanged (through barter) a property for resale costing €115,395 with a new investment property, at an exchange value of €235,000. In prior year, the Company sold properties for resale costing €1,343,087 with sale value of €2,676,000. The profit from these transactions were shown in the statement of comprehensive income.

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for the year ended 31 December 2020

17. Assets held for distribution to owner

	2020	2019
	€	€
Investment property under fair value model (note 15)	59,219,250	-
Property for resale (note 16)	728,486	-
Total assets held for distribution to owner	59,947,736	-

On 25 November 2020, the Company publicly announced that Carlo Stivala, UBO, has intimated is intention to leave the business operated by the Company. It has been agreed that in consideration for relinquishing all and any ownership interest in the Stivala group of companies including North Harbour Limited (NHL), certain immovable properties currently owned by Carmelo Stivala Group Limited (CSGL) and NHL shall be transferred to CAST Holdings Ltd, a company that is ultimately owned by Trimer Services Ltd as trustee of CAST Trust, the beneficiaries of which are Carlo Stivala and his descendants.

In order to regulate the manner of his divestiture, Carmelo Stivala Group Limited, Carmelo Stivala Trustee Limited, North Harbour Limited, ST Properties Ltd, ST Hotels Ltd, CAST Holdings Ltd, CAST Renting Ltd and the directors entered into a framework agreement and promise of sale agreement on 24 November 2020.

Based on the agreed terms, the transfer of the immovable properties shall be made in consideration for the value of €61,200,000, which value represents part of the consideration due to the Trustee of the Seaside Trust and full consideration due to Carlo Stivala, for the said parties relinquinsing all of their interests in the share capital of the companies forming part of the Stivala group. The overall divestiture was completed on 26 April 2021.

18. Other receivables

	2020	2019
Current receivables	€	€
Amounts owed by subsidiary undertakings	2,470,399	2,468,298
Amounts owed by directors	4,429,759	3,806,463
Amounts owed by related undertakings	-	1,976
Accrued income	2,787,500	2,496,000
less allowance for expected credit losses:		
Amounts owed by subsidiary undertakings	(2,470,399)	(2,465,445)
Amounts owed by directors	(22,149)	-
Accrued income	(19,102)	-
Receivables net of ECL	7,176,008	6,307,292
Other receivables	4,750	3,770
Amounts paid in advance	-	700
Indirect taxation	-	12,688
Advance deposits on purchase of properties	571,139	443,620
Total other receivables	7,751,897	6,768,070

The amounts owed by subsidiary, directors and related undertakings are unsecured, interest free and repayable on demand.

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for the year ended 31 December 2020

Set out below is the movement in the allowance for expected credit losses of trade, other and related receivables:

As at 31 December 2020

	Impairment on			
	Subsidiary and related undertakings	**Amounts owed by directors**	**Accrued income**	**Total**
	€		€	€
As at 1 January	2,465,445	-	-	2,465,445
Movement during the year				
Provision for estimated credit losses	2,470,399	22,149	19,102	2,511,650
Reversal of impairment loss	(2,465,445)	-	-	(2,465,445)
Movement during the year	4,954	22,149	19,102	46,205
As at 31 December	2,470,399	22,149	19,102	2,511,650

As at 31 December 2019

	Impairment on			
	Subsidiary and related undertakings	**Amounts owed by directors**	**Accrued income**	**Total**
	€	€	€	€
As at 1 January	2,465,445	-	-	2,465,445
Movement during the year				
Provision for estimated credit losses	2,465,445	-	-	2,465,445
Reversal of impairment loss	(2,465,445)	-	-	(2,465,445)
Movement during the year	-	-	-	-
As at 31 December	2,465,445	-	-	2,465,445

For more information about the Company's exposure to credit risks, refer to note 24.

19. Trade and other payables

	2020	**2019**
	€	€
Current liabilities		
Trade payables	1,391,059	12,859
Indirect taxes	431,737	-
Other payables	-	229,408
Accruals	3,660	497,457
Total trade and other payables	1,826,456	739,724

Trade and other payables are unsecured and non-interest bearing.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 24.

Notes to the Financial Statements
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20. Deferred taxation

	2020 €	2019 €
Deferred tax asset		
As at 1 January	-	-
Credit in the statement of profit/loss and comprehensive income (note 11)	942,166	
As at 31 December	942,166	-

The deferred tax assets are attributable to the following:

	2020 €	2019 €
Tax effect of temporary differences relating to:		
Provision for estimated credit losses	940,724	-
Provision for impairment allowance on investments	1,442	-
	942,166	-

	2020 €	2019 €
Deferred tax liability		
As at 1 January	16,486,123	15,885,377
Charge in the statement of profit/loss and comprehensive income (note 11)	9,394,514	600,746
As at 31 December	25,880,637	16,486,123

The deferred tax liability is attributable to the following:

	2020 €	2019 €
Tax effect of temporary differences relating to:		
Asset revaluations	25,880,637	16,486,123

21. Share Capital

	2020 €	2019 €
Authorised:		
4,896 (2019 : 4,895) Ordinary shares of €1 each	4,896	4,895
60,000,000 Redeemable Preference shares of €1 each	60,000,000	60,000,000
	60,004,896	60,004,895

	2020 €	2019 €
Issued and fully called-up:		
4,896 (2019 : 4,895) Ordinary shares of €1 each	4,896	4,895
60,000,000 Redeemable Preference shares of €1 each	60,000,000	60,000,000
	60,004,896	60,004,895

Notes to the Financial Statements
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Movement in share capital	2020 €	2019 €
Balance brought forward	60,004,895	45,004,895
Shares issued	1	15,000,000
Balance carried forward	60,004,896	60,004,895

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

The redeemable preference shareholders have no voting rights.

22. Other reserve

	2020 €	2019 €
As at 1 January	89,405,988	88,273,869
Transfer from retained earnings	108,036,906	1,132,119
As at 31 December	197,442,894	89,405,988

This reserve represents changes in fair value of investment properties, net of deferred tax, which are unrealised at the reporting date. These amounts are transferred from retained earnings to this reserve since these gains are not considered by the directors to be available for distribution. Upon disposal of the respective investment property, realised fair value gains are transferred back to retained earnings. This reserve is a non-distributable reserve.

23. Cash and cash equivalents

The cash and cash equivalents comprise the following statement of financial position amounts:

	2020 €	2019 €
Cash at banks	5,709	626,019
Bank overdraft (note 14.2)	(494,531)	-
Cash and cash equivalents	(488,822)	626,019
Allowance for expected credit losses	-	(3,093)
Cash and cash equivalents, net of expected credit loss	(488,822)	622,926

For more information about the Company's exposure to credit risks, refer to note 24.

24. Financial risk management objectives and policies

The Company's principal financial assets comprise of loans and other receivables and cash and cash equivalents. Its principal financial liabilities comprise trade and other payables and loans and borrowings.

The Company is exposed to a variety of financial risks: market risk, credit risk, liquidity risk and fair value risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk include loans and borrowings. The Company is only exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk is limited to the variable interest rates on bank overdraft and bank loans. Based on observations of current market conditions, the directors consider an upward or downward movement in interest of 1% to be reasonable possible. However, the potential impact of such movement is considered immaterial. Except as for the terms disclosed in note 14 regarding interest bearing loans, the Company's financial assets and liabilities are generally non-interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations on the prevailing levels of market interest rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks. The carrying amount of these financial assets represents the maximum credit exposures.

Customer credit risk is managed by the Company's management subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on each individual's credit limits. Outstanding customer receivables are regularly monitors. An impairment amanysis is performed at the reporting fate on an individual basis. The Company exercises a prudent credit control policy, and accordingly, it is not subject to any significant exposure or concentration of credit risk.

The Company banks only with local financial institutions with high quality standard or rating. The Company's operations are principally carried out in Malta and all the Company's revenue originate from clients based in Malta.

The following details the risk profile of other receivables, amounts due from/loans to subsidiary, associate, directors and related undertaking and cash in banks.

The measurement of the Company's ECL on these financial assets is a function of the Probability of Default (PD), Loss Given Default (LGD) and the Estimated amount at Default (EAD) (see note 3).

24. Financial risk management objectives and policies *(continued)*

Set out below is the information about the credit risk exposure on the Company's financial assets:

As at 31 December 2020

	Loans to subsidiary undertaking	Loans to associate undertaking	Loans to related undertakings	Amounts owed by subsidiary undertakings	Amounts owed by directors	Accrued income	Total
	€	€	€	€	€	€	€
Approach in measuring ECL	*General*	*General*	*General*	*General*	*General*	*General*	
Probability of default (%)	3.19	1.34	0.57	100.00	0.50	3.19	
Loss given default (%)	21.50	100.00	100.00	100.00	100.00	21.50	
Estimated gross carrying amount at default (€)	7,063,743	5,016,107	10,616,084	2,470,399	4,429,759	2,787,500	32,383,592
Estimated credit loss (notes 14.1 and 18)	(48,406)	(67,216)	(60,512)	(2,470,399)	(22,149)	(19,102)	(2,687,784)

As at 31 December 2019

	Loans to subsidiary undertaking	Loans to associate undertaking	Loans to related undertakings	Amounts owed by subsidiary undertakings	Cash at banks	Total
	€	€	€	€	€	€
Approach in measuring ECL	*General*	*General*	*General*	*General*	*General*	
Probability of default (%)	0.70	3.30	0.70	99.88	0.70	
Loss given default (%)	16.41	40.00	100.00	100.00	84.00	
Estimated gross carrying amount at default (€)	7,362,280	4,816,000	10,616,398	2,468,298	526,019	25,788,995
Estimated credit loss (notes 14.1 and 18)	(8,457)	(64,133)	(74,315)	(2,465,445)	(3,093)	(2,615,443)

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Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 December 2020

	Less than 1 year	1 to 5 years	>5 years	Total
Bank overdraft (note 14.2)	494,531	-	-	494,531
Bank loans (note 14.2)	587,745	3,139,642	7,648,650	11,376,037
Trade and other payables (note 19)	1,826,456	-	-	1,826,456
Loans from subsidiary undertakings (note 14.2)	3,252,827	-	-	3,252,827
Loans from parent undertakings (note 14.2)	782,051	-	-	782,051
	6,943,610	3,139,642	7,648,650	17,731,902

As at 31 December 2019

	Less than 1 year	1 to 5 years	>5 years	Total
Bank overdraft (note 14.2)	-	-	-	-
Bank loans (note 14.2)	738,192	2,952,768	7,147,718	10,838,678
Trade and other payables (note 19)	739,724	-	-	739,724
Loans from subsidiary undertakings (note 14.2)	2,784,684		-	2,784,684
Loans from parent undertakings (note 14.2)	222,745	-	-	222,745
	4,485,345	2,952,768	7,147,718	14,585,831

The below table shows gross undiscounted cash flows for bank loans. The following shows the corresponding reconciliation of those amounts to the carrying amount:

As at 31 December 2020

	Gross payments	Finance charges	Net Present Values
Within 1 year	587,745	251,350	336,395
1 - 5 years	3,139,642	1,168,400	1,971,242
Over 5 years	7,648,650	1,309,560	6,339,090
	11,376,037	2,729,310	8,646,727

As at 31 December 2019

	Gross payments	Finance charges	Net Present Values
Within 1 year	738,192	336,250	401,942
1 - 5 years	2,952,768	1,174,435	1,778,333
Over 5 years	7,147,718	738,844	6,408,874
	10,838,678	2,249,529	8,589,149

Fair value risk

As at 31 December 2020 and 2019, the carrying amounts of other financial assets, other receivables, cash and cash equivalents, current borrowings and trade and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair values of non-current borrowings (note 14.2) are not materially different from their carrying amounts in the statement of financial position.

The investment properties are categorised under level 2 and 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined as follows:

Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets:

As at 31 December 2020

Types of property	Level 2	Level 3	Additions	Total
Commercial property	69,629,758	-	7,318,956	76,948,714
Residential property	117,980,677	-	784,926	118,665,603
Offices	52,500,000	-	-	52,500,000
Total	240,110,435	-	8,103,882	248,114,317

As at 31 December 2019

Types of property	Level 2	Level 3	Additions	Total
Commercial property	27,715,064	27,782,064	13,047,153	68,544,281
Residential property	31,620,938	46,999,588	5,023,782	83,644,308
Offices	-	16,625,686	12,983,990	29,609,676
Total	59,336,002	91,407,338	31,054,925	181,798,265

Capital risk management

Capital includes the equity attributable to the shareholders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

	2020	2019
	€	€
Loans and borrowings	8,310,332	8,187,207
Trade and other payables	1,826,456	739,724
Less: cash in banks and at hand	(5,709)	(626,019)
Net debt	10,131,079	8,300,912
Equity	297,327,767	183,783,840
Net debt to equity ratio	0.03:1	0.045:1

25. Supplemental cash flow information

Changes in liabilities arising from financing activities

	1 January 2020	Cash flows	31 December 2020
Bank overdraft (note 15.2)	-	494,531	494,531
Bank loans (note 14.2)	8,589,149	57,578	8,646,727
Loans from subsidiary undertakings (note 14.2)	2,784,684	468,143	3,252,827
Loans from parent undertakings (note 14.2)	222,745	559,306	782,051
Total liabilities from financing activities	11,596,578	1,579,558	13,176,136

	1 January 2019	Cash flows	31 December 2019
Bank overdraft (note 15.2)	747,379	(747,379)	-
Bank loans (note 14.2)	9,027,603	(438,454)	8,589,149
Loans from subsidiary undertakings (note 14.2)	3,290,896	(506,212)	2,784,684
Loans from parent undertakings (note 14.2)	-	222,745	222,745
Total liabilities from financing activities	13,065,878	(1,469,300)	11,596,578

Notes to the Financial Statements
for the year ended 31 December 2020

26. Capital commitments

Details of capital commitments at the accounting date are as follows:

	2020	2019
	€	€
Approved and contracted for	-	-
Approved and not contracted for	-	10,338,380
	-	10,338,380

27. Contingent liabilities

The Company acts as guarantor in favour of the bond issued by Stivala Group Finance plc amounting to €60,000,000. The Company also has a contingent liability on a court case amounting to €2,918.

28. Events after the reporting period

All events occuring after the balance sheet date until the date of authorisation for issue of these financial statements and that are relevant for valuation and measurement as at 31 December 2020 for the Company are included in these financial statements.

On 26 April 2021, the relinquishment of Mr. Carlo Stivala's ownership in Stivala Group was formally signed and concluded. Following such, titles to properties as disclosed in note 17 were transferred to CAST Holding Ltd.

The rapid development and the constant changes surrounding the covid-19 pandemic make it difficult to predict its ultimate impact. The extent of the success resulting from the roll out of the vaccines in Malta and across the world amid the spread of new variants is still being observed.

Notes to the Financial Statements
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29. Related party transactions

(a) Related party relationships

		Relationship
Stivala Group Finance plc	(C 82218)	Ultimate parent company

The following companies and Carmelo Stivala Group Limited are related by virtue of being controlled and significantly influenced by Carmelo Stivala Group Limited.

		Percentage of shares held by Carmelo Stivala Group Limited	
		2020	**2019**
		%	%
ST Hotels Ltd.	(C 78678)	100	100
ST Properties Ltd	(C 78261)	100	100
Stivala Properties Ltd	(C 51411)	100	100
Stivala Operators Limited	(C 23860)	100	100
Civala Limited	(C 66336)	50	50
Platinum Developments Ltd	(C 70581)	50	50
Quisisana Boutique Company Ltd	(C 58320)	50	50

The following companies and ST Hotels Ltd. are related by virtue of common director.

North Harbour Ltd (C 83667)

(b) During the year, the following transactions were conducted with related parties:

	2020	**2019**
	€	€
Transactions with subsidiaries:		
Improvements to properties transferred from (to)	87,674	493,757
Interest recharged to	347,922	412,838
Rent receivable from	2,787,500	2,496,500
Expenses recharged to	-	117,425
Dividends receivable from	5,187,598	5,701,518
Dividends payable to parent undertaking	2,637,073	1,672,125

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Company recorded impairment of receivables relating to amounts due from/loans to subsidiary, associate and related undertakings in the form of estimated credit losses disclosed in notes 14, 18 and 24, in compliance with IFRS 9. This assessment will be undertaken each financial year through examining the financial position of the related companies and the market in which the related company operates together with other historical data on recovery of amounts due.

30. Ultimate controlling party

The Company's immediate and ultimate parent company is Stivala Group Finance plc, who owns 100% of the Company's issued ordinary and preference share capital. The parent company's registered office is 143, The Strand Gzira GZR 1026, Malta. The ultimate controlling party of the company is Bastille Malta Trustees Ltd acting as a trustee, on behalf of the beneficiaries which are Mr. Michael Stivala, Mr. Ivan Stivala, Mr. Martin John Stivala, Mr. Carlo Stivala (note 28) and their descendants in direct line.

31. Comparative amounts

Certain amounts from previously reported financial statements have been reclassified to bring them in line with the current year's presentation.