COMPANY ANNOUNCEMENT

Stivala Group Finance P.L.C. (the "company")

Date of Announcement	**30th April 2019**
Reference	**STV11/2019**

The following is a company announcement issued by Stivala Group Finance P.L.C. pursuant to the Listing Rules as issued by the Listing Authority.

Quote

Further to the company announncement of the 29th April 2019, the Board of directors of Stivala Group Fiannce PLC is also making available to the public the financial statements of the Guarantor, Carmelo Stivala Group ltd, for the ended 31December 2018.

A copy of this report and the corresponding financial statements is available for download from the Company`swebsite:

http://stivalagroup.com/wp-content/uploads/2019/04/Carmelo-Stivala-Group-Ltd-FS-31.12.18.pdf

Unquote

Rudi Xuerebf: Stivala Group Finance PLC
Company Secretary
30th April 2019

Registration Number C 62625

CARMELO STIVALA GROUP LIMITED

Report and Financial Statements

for the year ended 31 December 2018

Prepared in accordance to IFRS as adopted by the EU

Contents

Statement of Directors' Responsibilities

The Maltese Companies Act (Cap. 386), 1995 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the entity and of the profit or loss of the entity for that year. In preparing these the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the entity and to enable them to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

To the Members of Carmelo Stivala Group Limited

Opinion

We have audited the accompanying financial statements of Carmelo Stivala Group Limited, which comprise the Statement of Financial Position as at 31 December 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of Carmelo Stivala Group Limited as of 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act (Cap. 386).

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report. Our opinion on the financial statements does not cover the other information.

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

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

Based on the work we have performed, in our opinion:
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Companies Act (Cap. 386).

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

Responsibilities of the directors

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain resonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could resonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

- Conclude on the appropriateness of the Directors' use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- 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.

Mr Darren Bugeja

for and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date : 25 April 2019

The directors have taken advantage of the exemption conferred by Section 183 (2) of the Companies Act (Cap. 386) and removed the Statement of Profit or Loss and Other Comprehensive Income.

CARMELO STIVALA GROUP LIMITED

Statement of Financial Position
at 31 December 2018

	Notes	2018 €	2017 (as restated) €	2017 (as previously stated) €
ASSETS				
Non-current assets				
Investment property	10	174,722,142	166,714,848	155,414,848
Investments in subsidiaries	12	504,720	504,720	504,720
Investments in associates	12	840	840	840
Loans	12	13,283,192	-	-
		188,510,894	167,220,408	155,920,408
Current assets				
Trade and other receivables	13	2,469,905	17,288,377	17,288,377
Cash at bank and in hand	14	1,417	5,508,294	5,508,294
		2,471,322	22,796,671	22,796,671
Total assets		190,982,216	190,017,079	178,717,079
EQUITY AND LIABILITIES				
Capital and reserves				
Called up issued share capital	15	45,004,895	45,004,895	45,004,895
Revaluation reserve		88,273,869	87,600,810	77,204,810
Retained earnings		27,642,486	23,872,617	23,872,617
Total equity		160,921,250	156,478,322	146,082,322
Non-current liabilities				
Long-term borrowings	16	11,858,669	14,214,586	14,214,586
Deferred taxation	17	15,885,377	15,218,660	14,314,660
		27,744,046	29,433,246	28,529,246
Current liabilities				
Short-term borrowings	16	1,207,209	1,931,807	1,931,807
Trade and other payables	18	1,064,894	2,144,883	2,144,883
Current tax payable	19	44,817	28,821	28,821
		2,316,920	4,105,511	4,105,511
Total liabilities		30,060,966	33,538,757	32,634,757
Total equity and liabilities		190,982,216	190,017,079	178,717,079

The financial statements were approved and authorised for issue by the Board of Directors on 25 April 2019, and signed on its behalf by:

Mr Michael Stivala
Director

Mr Martin John Stivala
Director

The notes on pages 9 to 24 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2018

		Called-up issued share capital €	Revaluation reserve €	Retained earnings €	Total €
At 1 January 2017		1,200	-	1,443,812	1,445,012
Profit for the year, as restated		-	-	110,535,615	110,535,615
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	110,535,615	110,535,615
Issue of share capital		45,003,695	-	-	45,003,695
Dividends		-	-	(506,000)	(506,000)
Revaluation of investment property, net of deferred tax		-	87,600,810	(87,600,810)	-
At 31 December 2017		45,004,895	87,600,810	23,872,617	156,478,322
At 31 December 2017 as previously stated		45,004,895	77,204,810	23,872,617	146,082,322
Prior year adjustment	**25**	-	10,396,000	-	10,396,000
Adjustment from the adoption of new IFRSs retrospectively		-	-	(44,440)	(44,440)
At 1 January 2018, as restated		45,004,895	87,600,810	23,828,177	156,433,882
Profit for the year		-	-	6,512,368	6,512,368
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	6,512,368	6,512,368
Dividends		-	-	(2,025,000)	(2,025,000)
Revaluation of investment property, net of deferred tax		-	673,059	(673,059)	-
At 31 December 2018		45,004,895	88,273,869	27,642,486	160,921,250

CARMELO STIVALA GROUP LIMITED

Statement of Cash Flows
for the year ended 31 December 2018

	2018	2017
	€	€
Cash flows from operating activities		
Operating profit	5,906,856	12,281,395
Adjustments for:		
Provision on related party balance	-	2,465,445
Adjustment from the adoption of new IFRSs retrospectively	(44,440)	-
Movement in allowances of credit losses	41,479	-
	5,903,895	14,746,840
Working capital changes:		
Movement in trade and other receivables	2,940,639	(665,051)
Movement in trade and other payables	833,551	23,128,315
Cash flows from operations	9,678,085	37,210,104
Interest received	286,122	-
Interest paid	(293,111)	(639,912)
Other income received	4,513	-
Taxation refunded	14,276	-
Taxation paid	(63,351)	(42,485)
Net cash flows from operating activities	9,626,534	36,527,707
Cash flows from investing activities		
Acquisition of investment property	(6,667,518)	(32,290,871)
Acquisitions of financial assets	(1,446,838)	(498,800)
Net cash flows from investing activities	(8,114,356)	(32,789,671)
Cash flows from financing activities		
Movement in ultimate beneficial owners' loan	(2,032,952)	(1,591,624)
Movement in related party loan	1,377,356	(3,400,000)
Movement in third party loan	-	(2,000,000)
Movement in bank loan	(5,085,837)	7,953,440
Dividends paid	(2,025,000)	-
Net cash flows from financing activities	(7,766,433)	961,816
Movement in cash and cash equivalents	(6,254,255)	4,699,852
Reconciliation of net cash flow to movement in net debt		
Movement in cash and cash equivalents	(6,254,255)	4,699,852
Cash and cash equivalents at start of year	5,508,293	808,441
Cash and cash equivalents at end of year	(745,962)	5,508,293
Cash and cash equivalents		
Cash at bank and in hand	1,417	5,508,294
Bank balance overdrawn	(747,379)	(1)
	(745,962)	5,508,293

1. General information

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

2. Accounting policies

Accounting convention and basis of preparation

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

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

The directors have taken advantage of the exemption conferred by Section 183(2) of the Companies Act (Cap. 386) and did not prepare an Income Statement, since it is a small company and is a private company having the status of an exempt company.

The company has availed itself of the exemption from preparing consolidated accounts, as provided by Section 174(1) of the Maltese Companies Act, 1995, as the consolidated accounts will be prepared by its parent company.

New and revised standards that are effective for the current period

In the current year, the entity has applied IFRS 9 Financial Instruments and the related consequential amendments to other International Financial Reporting Standards that are effective for periods that begin on or after 1 January 2018. IFRS 9 introduced new requirements for the classification and measurement of financial assets and introduced an 'expected credit loss' model for the impairment of financial assets.

In adopting IFRS 9, the entity has applied transitional relief and opted not to restate prior periods. Any differences between previous carrying amounts and those determined under IFRS 9 at the date of initial application, under this option, is included in opening retained earnings or equivalent component of equity.

The adoption of IFRS 9 has impacted the following areas:

a) Classification and measurement

There has been no changes to the classification or measurement of financial assets and liabilities as a result of the application of IFRS 9.

b) Impairment
In adopting the expected credit loss model as opposed to an incurred credit loss model under IAS 39, on the date of initial application a loss allowance amounting to € 44,440, was recognised in opening retained earnings. The cumulative additional loss allowance recognised on 1 January 2018 on items that are subject to the impairment provisions of IFRS 9 and that existed on that date is explained below.

	01.01.2018
	€
Loans to related parties	44,440
	44,440

In the current year, the entity has applied IFRS 15 Revenue from Contracts with Customers which is effective for periods that begin on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The application of IFRS 15 has not had an impact on the financial position and financial performance of the entity.

New and revised standards that are issued but not yet effective
IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations.The standard is mandatory for periods commencing on or after 1 January 2019.

At this stage the company is still in the process of assessing and evaluating the impact of IFRS 16.

Investment property
Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the company, and the cost of the property can be reliably measured. Investment property is initially measured at cost, comprising its purchase price and any directly attributable costs.

After initial recognition, investment property is carried under the fair value model, with changes in fair value above the historical cost of investment property being recognised in a separate component of equity under the heading of fair value reserve.

Financial assets
Investments in subsidiaries are stated at cost less impairment losses.

Investments in associates are stated at cost less impairment losses.

Income from these investments is accounted for when received.

Financial assets at amortised cost are financial assets that meet the following conditions and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.Discounting is omitted where the effect of discounting is not material. The entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

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

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

Share capital
Ordinary shares are classified as equity.

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

Impairment
Impairment testing for investment property
For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. These assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which asset's (or cash generating unit's) carrying amount exceeds its recoverable amount, which is higher of fair value less costs of disposal and value-in-use. These assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and balances with banks less bank overdrafts. Bank overdrafts that are repayable on demand and form part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Critical accounting estimates and judgements

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

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

4. Revenue

	2018	2017
	€	€
Dividend income	5,925,517	14,779,615
Rent receivable	500	500
Disposal of ground rent	-	2,329
	5,926,017	14,782,444

5. Other income

	2018 €	2017 €
Gain on merger	-	10,571,858
Sundry income	4,513	-
	4,513	10,571,858

6. Operating profit

	2018 €	2017 €
Operating profit is stated after charging:		
Auditors' remuneration	3,650	9,619
and after crediting:		
Movement in allowance for expected losses	2,961	-

7. Interest receivable and similar income

	2018 €	2017 €
Bank interest	-	2,354
Interest recharged to related party	286,122	791,983
	286,122	794,337

8. Finance costs

	2018 €	2017 €
Interest on bank balance overdrawn	6,989	2,233
Interest on bank loan	286,122	558,112
Other interest payable	-	79,567
	293,111	639,912

9. Income tax

As at year-end, temporary differences for which no deferred tax asset is recognised amounted to € 2,465,445 (2017 : € 2,465,445).

	2018	2017 (as restated)
	€	€
Malta Income Tax :		
Current - for the year	65,071	72,873
Deferred	666,717	15,218,660
Tax charge for the year	731,788	15,291,533

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

	2018	2017 (as restated)
	€	€
Profit before taxation	7,244,156	125,827,148
Tax thereon at 35%	2,535,455	44,039,502
Tax effect of permanent differences	(1,803,667)	(29,610,875)
Tax effect of unrecognised temporary differences	-	862,906
Tax charge for the year	731,788	15,291,533

10. Investment property

	Freehold land and buildings €
Fair value/Cost	
At 1 January 2017	21,197,760
Additions	32,290,871
Transferred upon merger	10,621,299
Revaluation	102,604,918
At 31 December 2017	166,714,848
At 1 January 2018	166,714,848
Additions	6,667,518
Revaluation	1,339,776
At 31 December 2018	174,722,142
Depreciation	
At 1 January 2017	214,552
On revaluation	(214,552)
At 31 December 2017	-
Carrying amount	
At 31 December 2018	174,722,142
At 31 December 2017	166,714,848
At 31 December 2016	20,983,208

The fair value is based on a valuation made by an independent professional architect on 28 August 2017.

The fair value of property, plant and equipment amounting to €45 million is based on the market comparable approach that reflects transaction prices for similar properties.

The fair value of property, plant and equipment amounting to €56 million is based on the income approach. The main inputs are the free cash flows amounting to €3.2 million and the capitalisation rate at 5.7%.

The fair value of property, plant and equipment amounting to €40 million is based on the discounting factor method. The calculation assumes a weighted average cost of capital of 6.95%.

The cost of the additions after 28 August 2017 amounting to €33.7 million is considered by the directors to be equivalent to the fair value.

11. Property, plant and equipment

	Furniture and fittings
	€
Cost/revaluation	
At 1 January 2017	4,222,000
Transfer to subsidiary	(4,222,000)
At 31 December 2017	-
Depreciation	
At 1 January 2017	422,200
On transfer to subsidiary	(422,200)
At 31 December 2017	-
Net book value	
At 31 December 2018	-

12. Non current financial assets

	Investments in subsidiaries	Investments in associates	Loan to subsidiary	Loans to associates	Loan to other related party	Total
	€	€	€	€	€	€
Cost						
At 1 January 2018	504,720	840	-	-	-	505,560
Transfer from current/Additions	-	-	5,707,994	2,115,061	5,501,616	13,324,671
At 31 December 2018	504,720	840	5,707,994	2,115,061	5,501,616	13,830,231
Expected credit loss allowance						
Movement	-	-	5,339	27,337	8,803	41,479
At 31 December 2018	-	-	5,339	27,337	8,803	41,479
Net book value						
At 31 December 2018	504,720	840	5,702,655	2,087,724	5,492,813	13,788,752
At 31 December 2017	504,720	840	-	-	-	505,560

Loans to subsidiaries, associates and other related parties

Loans to subsidiaries, associates and other related parties are unsecured, interest-free and have no fixed date of repayment. They are considered to be of a long-term nature and are expected to be settled between 2 and 5 years. The entity determines the loss allowance for subsidiaries, associates and other related parties at a probability of default ranging between 0.16%, and 3.3% and a loss given default ranging between 17.81% and 100%, which resulted into an expected credit loss allowance of € 41,479.

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

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

13. Trade and other receivables

		2018	2017
		€	€
Ultimate beneficial owners' current account	*Note*	1,420,157	-
Amounts owed by related parties	*Note*	2,466,860	14,343,278
Provision on amounts owed by related parties		(2,465,445)	(2,465,445)
Other receivables		1,048,333	1,606,857
Accrued income		-	3,802,654
Financial assets		2,469,905	17,287,344
Advance payments to suppliers		-	1,033
		2,469,905	17,288,377

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

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

14. Cash at bank and in hand

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

15. Called up issued share capital

		2018 €	2017 €
Authorised			
4,895 Ordinary shares of €1 each		4,895	4,895
45,000,000 Redeemable Preference shares of €1 each		45,000,000	45,000,000
		45,004,895	45,004,895
Called up issued and fully paid-up			
4,895 Ordinary shares of €1 each		4,895	4,895
45,000,000 Redeemable Preference shares of €1 each		45,000,000	45,000,000
		45,004,895	45,004,895

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

The redeemable preference shareholders have no voting rights.

16. Borrowings

		2018 €	2017 €
Falling due within one year:			
Bank balance overdrawn		747,379	1
Bank loan	*Note*	459,830	1,931,806
Short-term borrowings		1,207,209	1,931,807
Falling due in between two and five years:			
Bank loan	*Note*	2,042,167	4,877,976
Ultimate beneficial owners' loan		-	2,032,952
Related party loans	*Note*	3,290,896	-
		5,333,063	6,910,928
Falling due in five years or more:			
Bank loan	*Note*	6,525,606	7,303,658
Long-term borrowings		11,858,669	14,214,586
		13,065,878	16,146,393

Bank loan

The bank loan is secured by a general hypothec over the company's assets, by a special hypothec over properties in Gzira and Birkirkara and by personal guarantees of the ultimate beneficial owners. It bears interest at 3% per annum and is repayable at monthly instalments of € 56,960 inclusive of interest for the first 36 months. Thereafter, interest is to be charged at 4% per annum for the rest of the repayment period, and is repayable by monthly instalments of € 61,516 inclusive of interest.

Related party loans

The related party loans are unsecured, interest-free and are repayable between two and five years.

17. Deferred taxation

Deferred tax is analysed over the following temporary differences:

	2018	2017 (as restated)
	€	€
Revaluation of investment property	15,885,377	15,218,660

18. Trade and other payables

		2018	2017
		€	€
Amounts owed to group undertakings	*Note*	3,086	-
Amounts owed to related parties		-	1,913,540
Other payables		1,053,158	224,408
Accruals		8,650	6,935
		1,064,894	2,144,883

Amounts owed to group undertakings

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

19. Current tax payable

	2018	2017
	€	€
The tax provision is made up of :		
Balance at beginning of year	28,821	13,509
Provision for the year	65,071	72,873
Tax balance transferred upon merger	-	(15,076)
Settlement tax paid	-	(13,509)
Provisional tax paid	-	(10,292)
Tax refunded	14,276	-
Tax paid at source	(63,351)	(18,684)
Balance at end of year	44,817	28,821

20. Capital commitments

	2018	2017
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved and contracted for	17,298,181	-

21. Contingent liabilities

The company acts as a guarantor in favour of related parties for the amount of € 9,000,000. The company also acts as guarantor in favour of the bond issued by Stivala Group Finance plc amounting to € 45,000,000.

22. Risk management objectives and policies

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

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

Credit risk

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 12, 13 and 14.

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

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

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

Liquidity risk

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

At 31 December 2018 and 31 December 2017, there were no contractual maturities on the financial liabilities of the entity. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

	Less than 6 months 2018 €	From 6 to 12 months 2018 €	From 1 to 5 years 2018 €	More than 5 years 2018 €	Less than 6 months 2017 €	From 6 to 12 months 2017 €	From 1 to 5 years 2017 €	More than 5 years 2017 €
Bank borrowings	355,428	369,096	2,952,768	7,592,110	1,209,966	1,209,966	6,314,941	9,312,718

Foreign currency risk

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

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

Interest rate risk

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

23. Related parties

The company had the following related party transactions.

	2018	2017
	€	€
Transactions with subsidiaries:		
Recharge of interest receivable	286,122	791,983
Dividend income	4,305,654	14,779,615
Rent receivable	500	500

The rent receivable is charged at an amount which cannot be considered at an arm's length.

24. Ultimate controlling party

The company's parent and ultimate parent company is Stivala Group Finance plc, of 143, The Strand, Gzira GZR 1026, Malta. The ultimate controlling party is Bastille Malta Trustees Limited, as trustees.

25. Prior year adjustment

A prior year adjustment was passed so as to account for understated investment property at fair value in previous year, and the respective deferred tax charge thereon.

	Investment property €
At 31 December 2017, as previously stated	155,414,848
Prior year adjustment	11,300,000
At 31 December 2017, as restated	166,714,848

	Deferred taxation €
At 31 December 2017, as previously stated	14,314,660
Prior year adjustment	904,000
At 31 December 2017, as restated	15,218,660

	Revaluation reserve €
At 31 December 2017, as previously stated	77,204,810
Prior year adjustment	10,396,000
At 31 December 2017, as restated	87,600,810

26. Capital management policies and procedures

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