YACHT LIFT MALTA P.L.C.

COMPANY ANNOUNCEMENT

REF: 26/2021

Company Announcement issued by Yacht Lift Malta p.l.c. (C-78281) of 129-130, Ta' Xbiex Seafront, Ta' Xbiex, hereinafter referred to as the "Company", in terms of the Prospect MTF Rules of the Malta Stock Exchange, regulating the Prospects Market, the market regulated as a multilateral trading facility operated by the Malta Stock Exchange.

Guarantor's Board of Directors Meeting and Annual General Meeting

QUOTE

The Company announces that pursuant to the Board of Directors meeting of the Guarantor, Yacht Lift Operations Malta Limited, held on the 5th of March 2021, wherein the audited financial statements of the Guarantor for the year ended 30 September 2020 were approved.

The Board of Directors of the Guarantor recommended to the Annual General Meeting of the Guarantor that no dividend be declared.

The Company further announces the Guarantor's annual general meeting was also held later on the 5th March 2021 and at which:

1. the Guarantor's audited Financial Statements for the year ended 30 September 2020 were approved;
2. the Guarantor's Statutory Directors' Report on the Financial Statements for the year ended 30 September 2020 was approved;
3. the Guarantor's Auditors' Report on the Financial Statements for the year ended 30 September 2020 was approved;
4. KSi Malta were reappointed as the Guarantor's auditors until the conclusion of the next general meeting; and
5. the composition of the Board of Directors was approved as follows:

Giuseppe Farrugia
Daniel Gatt

The shareholders took note of the Board of Directors' resolution that no dividend be declared.

Copies of the Guarantor's Audited Financial Statements for the financial year ended 30 September 2020 are attached to this announcement and are also available for viewing and download on the following link on the Company's website: https://www.yachtliftmalta.com/investors-information

UNQUOTE

Dr. Katia Cachia
Company Secretary

6th March 2021

YACHT LIFT MALTA OPERATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the period 8 August 2019 to 30 September 2020

Company Registration No: C 92887

YACHT LIFT MALTA OPERATIONS LIMITED

Company Information

Directors :	Mr Giuseppe Farrugia Capt Daniel Gatt
Company number :	C 92887
Registered office :	129-130 Ta Xbiex Seafront Ta Xbiex XBX 1028
Auditors :	KSi Malta 6, Villa Gauci Mdina Road Balzan BZN 9031

YACHT LIFT MALTA OPERATIONS LIMITED

Contents

Report of the Directors
For the period 8 August 2019 to 30 September 2020

The directors present their report and the audited financial statements for the period 8 August 2019 to 30 September 2020.

Principal Activity

The main object of the company is to provide services to the yachting industry.

Review of Business

The loss for the period amounted to € 292,174. The Company is still non trading. The Parent Company Yacht Lift Malta PLC issued € 2,000,000 5.5% secured callable Bonds having a nominal value of €100 each. These funds were used to finance the purchase and installation of a floating dry dock platform known as 'Yacht Lift' situated at Marina Di Valletta Pieta. During the next financial year, the Company's intention is to finish the project of the floating dry dock platform and start trading.

Dividends and Reserves

The directors do not recommend the payment of a dividend.

Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks: liquidity risk and credit risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that services are made to customers with an appropriate credit history.

Report of the Directors (continued)
For the period 8 August 2019 to 30 September 2020

Post Balance Sheet Events

The Directors evaluated subsequent events from 1 October 2020 through 5 March 2021, the date the financial statements are approved.

Directors

The following have served as directors of the company during the period under review:

Mr Giuseppe Farrugia
Capt Daniel Gatt

In accordance with the company's Articles of Association the present directors remain in office.

Directors' Interest

The directors' held no beneficial interest in the shares of the company at 30 September 2020.

Financial Reporting Framework

The directors have resolved to prepare the Company's financial statements for the period 8 August 2019 to 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU.

Auditors

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Mr Giuseppe Farrugia	Capt Daniel Gatt
Director	Director

5 March 2021

Directors' Responsibilities
For the period 8 August 2019 to 30 September 2020

The Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234) requires the directors to prepare 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 that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these 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 period to another;

- make judgements and estimates that are reasonable and prudent;

- account for income and charges relating to the accounting period on accruals basis; and

- value separately the components of asset and liability items on a prudent 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 holding company and to enable them to ensure that the financial statements comply with the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234). They are also responsible for safeguarding the assets of the Company and holding company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible to ensure that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Independent Auditors' Report

To the shareholders of Yacht Lift Malta Operations Limited

Report on the Audit of the Financial Statements

We have audited the financial statements of Yacht Lift Malta Operations Limited (the Company), set out on pages 8 to 34, which comprise balance sheet as at 30 September 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234).

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 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 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 15 which makes reference to the outbreak of the COVID-19 virus during 2020 that brought about world-wide adverse economic conditions. It is difficult to determine and quantify the financial effects and the consequent impact on future results, projections and profitability of the company. These events indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Nevertheless, the directors are still confident that future profitability of the company will enable it to continue as a going concern.

Furthermore, the Company presents a net liability position of EUR 291,934 as at 30 September 2020. The Board has however confirmed that it expects the Company to continue operating as a going concern notwithstanding the net liability position, following the start of the operations expected during the year 2021.

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Independent Auditors' Report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Directors Responsibilities. Our opinion on the financial statements does not cover this 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 Report of the Directors, we also considered whether the Report of the Directors includes the disclosures required by Article 177 of the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234). Based on the work we have performed, in our opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234).

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 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 with International Financial Reporting Standards as adopted by the EU, and for such internal control 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 has no realistic alternative but to do so.

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Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, future events or conditions may cause the company 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.

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Auditors' Responsibilities for the Audit of the Financial Statements (conrinued)

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.

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234) enacted in Malta to report to you if, in our opinion:

- The information given in the Report of the Directors is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Joseph Gauci (Partner) for and on behalf of

KSi Malta
Certified Public Accountants

Balzan
Malta

5 March 2021

6, Villa Gauci, Mdina Road. Balzan, BZN9031, Malta (EU)
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Statement of Profit or Loss and Other Comprehensive Income
For the period 8 August 2019 to 30 September 2020

	Notes	2020 (13 ½ months) €
Administrative expenses	6	(204,056)
Operating loss		(204,056)
Finance costs	6	(88,118)
Net finance cost		(21,703)
Loss before tax		(292,174)
Income tax	7	-
Loss for the period		(292,174)
Other comprehensive income for the period		
Other comprehensive income for the period		-
Total comprehensive loss for the period		(292,174)

Balance Sheet
As at 30 September 2020

	Notes	2020 €
Assets		
Non-current assets		
Property, plant and equipment	8	1,319,013
Total non-current assets		1,319,013
Current assets		
Trade and other receivables	9	153,417
Cash and cash equivalents	9	-
Total current assets		153,417
Total assets		1,472,430
Liabilities		
Non-current liabilities		
Borrowings	9	30,706
Total non-current liabilities		30,706
Current liabilities		
Borrowings	9	1,609,851
Trade and other payables	9	123,807
Current tax liabilities		-
Total current liabilities		1,733,658
Total liabilities		1,764,364
Net liabilities		(291,934)
Equity		
Issued capital	10	240
Retained earnings	10	(292,174)
Total deficiency		(291,934)

The financial statements on pages 8 to 34 were approved and authorised for issue by the Board on 5 March 2021 and were signed on its behalf by:

Mr Giuseppe Farrugia
Director

Capt Daniel Gatt
Director

Statement of Changes in Equity
For the period 8 August 2019 to 30 September 2020

	Issued capital €	Retained earnings €	Total €
Changes in equity for 2020			
Balance at 8 August 2019	-	-	-
Issue of share capital	240	-	240
Loss for the period	-	(292,174)	(292,174)
Balance at 30 September 2020	240	(292,174)	(291,934)

Statement of Cash Flows
For the period 8 August 2019 to 30 September 2020

	Note	2020 (13 ½ months) €
Cash flows from operating activities		
Loss before tax		(292,174)
Adjustments for:		
Depreciation		36,809
Finance charge		6,804
Interest expense		81,314
Operating loss before working capital changes:		(167,247)
Movement in receivables		(66,450)
Movement in payables		(61,928)
Cash used in operations		(295,625)
Tax paid		-
Net cash inflow used in operating activities		(295,625)
Cash flows from investing activities		
Purchase of property, plant and equipment		(1,126,382)
Net cash inflow used in investing activities		(1,126,382)
Cash flows from financing activities		
Advances from related company		1,508,735
Advances to related party		(86,968)
Issue of share capital		240
Net cash outflow generated from financing activities		1,422,007
Net movement in cash and cash equivalents		-
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	9.3	-

Notes to the Financial Statements
For the period 8 August 2019 to 30 September 2020

1 REPORTING ENTITY

Yacht Lift Malta Operations Limited is a limited liability company domiciled and incorporated in Malta. Its ultimate controlling parties are Mr. Giuseppe Farrugia and Capt Daniel Gatt. The company's registered office and principal activity of the Company are disclosed in the introduction to the annual report.

2 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Merchant Shipping Act (Cap. 234). The financial statements have been prepared under the historical cost convention. They were authorised for issue by the Company's board of directors 5 March 2021.

Details of the Company's accounting policies are included in Note 14.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Euro, which is the Company's functional currency.

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and interpretations applied during the current year

Amendments and interpretations applicable for the first time in 2020 shown here under have been implemented. The application of the below standards and interpretations do not have an impact on the financial statements of the Company.

Standard	Subject of amendment	Effective date
IFRS 3 Business Combinations	Amendments to clarify the definition of a business	1 January 2020
IFRS 7 Financial Instruments- Disclosures	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IFRS 9 Financial Instruments	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IFRS 16 Leases	Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 June 2020
IAS 1 Presentation of Financial statements	Amendments regarding the definition of material	1 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Amendments regarding the definition of material	1 January 2020
IAS 39 Financial Instruments: Recognition and Measurement	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IAS 41 Agriculture	Amendments resulting from *Annual Improvements to IFRS Standards 2019–2020* (taxation in fair value measurements)	1 January 2020

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

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 new and amended standards and interpretations, if applicable, when they become effective.

Standard	Subject of amendment	Effective date
IFRS 1 First-time Adoption of International Financial Reporting Standards	Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (subsidiary as a first-time adopter)	1 January 2022
IFRS 3 Business Combinations	Amendments updating a reference to the *Conceptual Framework*	1 January 2022
IFRS 4 Insurance Contracts	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
	Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 7 Financial Instruments: Disclosures	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2021
IFRS 9 Financial Instruments	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2021
	Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022
IFRS 16 Leases	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 17 Insurance Contracts	Original issue	1 January 2023
	Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023
IAS 1 Presentation of Financial statements	Amendments regarding the classification of liabilities	1 January 2023
	Amendment to defer the effective date of the January 2020 amendments	1 January 2023

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

Standards issued but not yet effective (continued)

IAS 16 Property, Plant and Equipment	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 39 Financial Instruments: Recognition and Measurement	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021

The directors are of the opinion that the adoption of these Standards (where applicable) will not have a material impact on the financial statements.

5 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Estimation of current tax payable and current tax expense – note 7;
- Estimated useful life of property, plant and equipment – note 8;
- Leases: whether an arrangement contains a lease – note 9;
- Leases classification – note 9.

Notes to the Financial Statements (continued)
For the period 8 August 2019 to 30 September 2020

6 OTHER INCOME AND EXPENSE ITEMS

6.1 Breakdown of expenses by nature

	2020 (13 ½ months) €
Directors' remuneration	128,892
Depreciation	1,344
Depreciation – right of use	35,130
Audit fees	3,200
Other expenses	32,490
	204,056

6.2 Finance costs

	2020 (13 ½ months) €
Finance charges on finance lease	6,804
Interest on laon to related company	81,314
	88,118

7 INCOME TAX EXPENSE

7.1 Income Tax Expense

	2020 (13 ½ months) €
Current tax	
Current tax on taxable income for the period	-
Total current tax expense	-
Deferred tax:	
Increase in deferred tax assets	-
Total deferred tax asset	-
Total income tax expense recognised in the current year	-

7.2 Reconciliation of income tax expense

	2020 (13 ½ months) €
Loss before tax	(292,174)
Theoretical tax at 35%	(102,261)
Tax effect of expenses not subject to tax:	
Disallowable expenses	102,261
Income tax expense recognised in profit or loss	-

Notes to the Financial Statements (continued)
For the period 8 August 2019 to 30 September 2020

8 NON-FINANCIAL ASSETS AND LIABILITIES

8.1 Property, plant and equipment

	Plant and Machinery €	Office equipment €	Motor boats €	Right of use assets €	Total €
Cost/revalued amount					
At 8 August 2019	-	-	-	-	-
Additions	1,115,387	1,627	9,368	-	1,126,382
Transfer from parent company	-	-	-	269,669	269,669
At 30 September 2020	1,115,387	1,627	9,368	269,669	1,396,051
Depreciation					
At 8 August 2019	-	-	-	-	-
Charge for the year	-	407	937	35,465	36,809
Transfer from parent company	-	-	-	40,229	40,229
At 30 September 2020	-	407	937	75,694	77,038
Carrying amounts					
At 30 September 2020	1,115,387	1,220	8,431	193,975	1,319,013

8 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

8.1.1 Leased assets

Property includes the following amounts where the Company is a lessee under a finance lease (refer to note 9.5 for further details):

	2020
	€
Leased property	
Cost	269,669
Accumulated depreciation	(75,694)
Net book amount	193,975

8.1.2 Depreciation method and useful lives

Items of property, plant and equipment are recognised at historical costs less depreciation. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of the residual values, over the estimated useful lives or, in the case of leasehold property the shorter lease term as follows:

	%
Plant and machinery	10
Motor boats	20
Office equipment	25

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The company holds the following financial instruments:

	Notes	2020 €
Financial assets		
Other financial assets	9.2	86,967
Trade and other receivables	9.1	66,450
Cash and cash equivalents	9.3	-
		153,417
Financial liabilities		
Trade and other payables	9.4	123,807
Borrowings	9.5	1,640,557
		1,764,364

9.1 Trade and other receivables

	2020 €
Current assets	
Other receivables	51,297
Prepayment	15,153
	66,450

9.2 Other financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows;

- The contractual terms give rise to cash flows that are solely payments of principal and interest.

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

9.2 Other financial assets at amortised cost (continued)

Financial assets at amortised cost include the following debt investments:

	2020
Current assets	
Amounts due from related parties (note)	€ 86,967

Note:

Further information relating to amounts due from related parties and key management personnel is set out in note 13.

9.3 Cash and cash equivalents

	2020
Current assets	
Cash at bank and in hand	€ -

9.3.1 Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2020
	€
Balances as above	-
Balances per statement of cash flows	-

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

9.4 Trade and other payables

	2020
	€
Current liabilities	
Trade payables	25,440
FSS/NI payable	24,167
Accruals	74,200
	123,807

9.5 Borrowings

	2020
	€
Secured	
Current liabilities	
Leased liabilities (note)	19,802
	19,802
Non-current liabilities	
Leased liabilities (note)	30,706
	30,706
Unsecured	
Current liabilities	
Amounts due to related company (note)	1,590,049
	1,590,049
Total borrowings	1,640,557

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

9.5 Borrowings (continued)

Note:

Finance lease:

The Company leases properties with a carrying amount of € 50,508 under finance leases.

Borrowings from related company

Borrowings obtained from related company are unsecured, has a 6% interest rate and repayable on demand.

Further information relating to amounts due to related company and key management personnel is set out in note 13.

10 EQUITY

10.1 Share Capital

	2020
Authorised	
1,200 ordinary shares of €1 each	€ 1,200
Called-up, issued and 20% paid up	
1,200 ordinary shares of €1 each	€ 240

The holders of ordinary shares are entitled to receive dividends as declared by time to time and are entitled to one vote per share at shareholder's meetings of the company.

10.2 Retained Earnings

Movement in retained earnings were as follows:

	€
2019	
At 8 August 2019	-
Net loss for the year	(292,174)
At 30 September 2020	(292,174)

11 FINANCIAL RISK MANAGEMENT

The company's risk management is carried out by the board of directors. There are written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidities.

11.1 Market risk

(i) Cash flow and fair value interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financial position and cash flows. As at the reporting date, the Company has fixed and variable interest-bearing liabilities. Fixed interest-bearing liabilities consists of finance lease liability whilst exposure to variable interest-bearing liabilities consists of bank overdrafts. As at the consolidated statement of financial position date, the Company's exposure to changes in interest rates on bank overdrafts held with financial institutions was limited as the level of borrowings with variable interest-bearing liabilities is immaterial with the level of borrowing with a fixed rate interest rate.

11.2 Credit risk

Credit risk arises from credit exposure to customers and amounts held with financial institutions (note 9). The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	2020 €
Other receivables	51,297
Cash at bank	-
	51,297

11 FINANCIAL RISK MANAGEMENT (continued)

11.2 Credit risk (continued)

With respect to amounts receivable, the Company assesses on an ongoing basis the credit quality of the third party tenants, taking into account financial position, past experience and other factors. The Company manages credit limits and exposures actively in a practical manner such that there are no material past due amounts receivable from third party tenants as at the reporting date.

The Company has no significant concentration of credit risk arising from third parties. As at 30 September 2020, no trade receivables were impaired.

11.3 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (note 9). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amounts	Contractual cash flows	On demand	Within one year	Between two and five years	After five years
	€	€	€	€	€	€
At 30 September 2020						
Trade and other payables	49,607	49,607	49,607	49,607	-	-
Finance lease	50,508	50,508	19,802	19,802	30,706	-
	100,115	100,115	69,409	69,409	30,706	-

12 CAPITAL MANAGEMENT

12.1 Risk Management

The company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

13 RELATED PARTY TRANSACTIONS

13.1 Parent entity

The company is a partially-owned subsidiary of Yacht Lift Malta P.L.C., the Company's parent company. The registered office of the parent company is situated at 129-130, Ta' Xbiex Seafront, Ta' Xbiex Malta. The ultimate beneficial owners are Mr Giuseppe Farrugia and Capt Daniel Gatt.

It is the responsibility of the parent company to prepare consolidated financial statements (if no exemptions exist) of the Company. If financial statements are prepared, these should be filed and available for public inspection at the Registrar of Companies in Malta.

13.2 Related party transactions and balances

	Note	Transaction value Year ended 30 September 2020 €	Balance outstanding As at 30 September 2020 €
<u>Financing transactions</u>			
Amounts due from shareholders	13.3	86,967	86,967
Amounts due to related company	13.3	1,590,049	1,590,049

13.3 The amounts owed from shareholders are unsecured, interest free and repayable on demand, while the amounts due to related company are unsecured, has a 6% interest rate and repayable on demand.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

14.1 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14.1 Income Tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

14.2 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14.3 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

14.4 Leases

14.4.1 The Company as a Lessee

For any new contracts entered into on or after 1 January 2018, the Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either identified in the contract or implicitly specified by being identified at the time asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;

- the Company has the right to direct the use of the identified asset throughout the period of use. The company assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14.4 Leases (continued)

14.4.1 The Company as a Lessee (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14.4 Leases (continued)

14.4.2 The Company as a lessor

- The Company's accounting policy under IFRS 16 has not changed from the comparative period.

- As a lessor the Company classifies its leases as either operating or finance leases.

- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Company as a lessee

Finance Leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note 11 in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element is charged to profit or loss, as finance costs over the period of the lease.

The Company as a lessor

Operating Leases

Rental income is recognised on a straight-line basis over the term of the lease.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14.5 Property, Plant and Equipment

The Company's accounting policy for land and buildings is explained in note 8.1.2. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the Company are disclosed in note 8.1.2.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Company's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

14 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14.6 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

14.7 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

14.8 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. Dividends are recognised as liability in the period in which they are declared.

15 OTHER MATTERS

Subsequent to year end, the worldwide outbreak of the COVID-19 is effecting adversely the general economic conditions. It is difficult to determine and quantify the financial effects and the consequent impact on future results, projections and profitability of the company.

The Schedules and Appendices on the pages that follow do not form part of the financial statements

Statement of Profit or Loss and Other Comprehensive Income – Schedule
For the period 8 August 2019 to 30 September 2020

	2020 (13 ½ months) €
Administrative expenses	
Registration fee	(85)
Professional fees	(4,247)
Accountancy fees	(2,400)
Audit fees	(3,200)
Directors remuneration	(128,892)
Utilities	(20)
Berthing permits	(23,208)
Water & electricity	(41)
Postage	(10)
Insurance	(291)
Depreciation	(1,344)
Depreciation- right of use	(35,130)
Repairs and maintenance	(2,678)
Travelling expenses	(1,239)
Printing fees	(25)
Cleaning expenses	(76)
Computer expenses	(65)
Clothing costs	(30)
Sundry expenses	(335)
Yacht registration	(740)
	(204,056)
Finance expenses	
Finance charges on finance lease	(6,804)
Interest on loan to related company	(81,314)
	(88,118)
Loss before tax	(292,174)