DINO FINO OPERATIONS LIMITED
(FORMERLY AL SADI FINO COMPANY LTD)

C 81069

ANNUAL REPORT
AND FINANCIAL ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2020

DINO FINO OPERATIONS LIMITED
(Formerly Al Sadi Fino Company Ltd)

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DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his report of Dino Fino Operations Limited (Formerly Al Sadi Fino Company Ltd), a registered limited liability company under the Companies Act, (Cap. 386) with registration number C 81069. The Company was incorporated as a private limited company on 13 June 2017 by Mr Dino Fino and his 50% business partner, Mr. Abdulmajid Al-Sadi. In September 2020, Mr Fino bought out Mr Al-Sadi's shares in the Company. As a result of this, the Company is now 100% owned and controlled by Mr Fino ('the Buy-out'). The Buy-out was part financed through a bridge loan due to be refinanced through the Planned Bond.

Principal Activities

The company is engaged in retail operations of home and office furniture and furnishings to domestic and commercial clients. The Company operates from a four storey showroom in Birkirkara which it currently leases out from a third party. The business currently operates out of three of the floors and will be investing to furnish and open the fourth floor through part of the planned bond proceeds.

Performance Review

During the year under review the company's objective remained focused on trading in retail operations of home and office furniture. During the year under review the company generated revenue amounting to € 3,274,905 (2019: € 2,286,969) and generated a profit before tax of € 368,284 (2019: a loss before tax of € 102,006).

Position review

The Company's asset base amounted to € 3,489,054 as at 31 December 2020 (2019: € 2,408,846), consisting principally of property plant and equipment, inventory and trade and other receivables. The Company's total liabilities amounted to € 3,416,108 (2019: € 2,497,260).

As at 31 December 2020 the company is reporting a positive equity of € 72,946 compared to negative equity of € 88,414 as at 31 December 2019.

Future Developments

The director expects the present level of activity to improve in the foreseable future. The company also currently holds a promise of sale agreement to purchase the Showroom in October 2021, and the majority of the Planned Bond proceeds will be used for this purpose, with the property to be acquired being offered as a security for the bond.

Reserves

The results for the year are set in the Statement of Comprehensive Income on page 8.

Financial Risk Management

The company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in Note 19 to these financial statements.

Events during the reporting period

The World Health Organisation declared the spread of the Coronavirus Disease (COVID-19), as a worldwide pandemic in 2020. Due to the restrictions imposed by the Maltese Authorities, the showroom was closed temporarily. During the closure, the Company took the necessary measures to be able to continue to operate by using online methods to communicate between colleagues and also with clients.

Board of directors

The directors of the Company during the year were:

Mr Dino Fino
Mr Abdulmajid Al-Sadi (resigned on 29 September 2020)

Statement of Director's Responsibilities

The Companies Act, Cap 386 requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the Company as at the end of the financial year and of the profit and loss of the company and the Company of that year. In preparing these financial statements, the director is required to:

• adopt the going concern basis unless it is inappropriate to presume that the company and the Company will continue in business;
• select suitable accounting policies and then 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;
• report comparative figures corresponding to those of the preceding accounting period; and
• ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the Company to enable him to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. He is also responsible for safeguarding the assets of the company and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

As at the date of making this report the director confirm the following:

- As far as the director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- The director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Going concern

After making enquiries as noted in note 1, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the director confirms, that he has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the director continues to adopt the going concern basis in preparing the financial statements.

Appointment and removal of director

Appointment of director shall be made at the Annual General Meeting of the Company.

The director shall hold office for a period of one year and is eligible for re-election. An election of the director shall take place every year at the Annual General Meeting of the Company.

Auditor

The auditor, Mr Silvio Muscat has expressed his willingness to remain in office and a resolution proposing his re-appointment will be put before the members at the annual general meeting.

The director confirms that to the best of his knowledge:

· the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and

· the annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company face.

Approved by the Sole Director and signed by him:-

Mr. Dino Fino
Director

6 July 2021

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Dino Fino Operations Limited

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Dino Fino Operations Limited (the Company), set out on pages 7 to 20, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant policies.

In my opinion, the 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 with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my 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 I have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The director is responsible for the other information. The other information comprises the Director's Report. My opinion on the financial statements does not cover this information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Director's Report, I also considered whether the Director's Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work I have performed, in my opinion:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the director's report has been prepared in accordance with the 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, I am required to report if I have identified material misstatements in the director's report. I have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Director

The director is 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 director determines 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 director is 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 director either intends to liquidate the Company or the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 director.

- Conclude on the appropriateness of the director's 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID19 will have on the Company's trade, customers and suppliers, and the disruption to its 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. I communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

Under Maltese Companies Act (Cap. 386) I am required to report to you if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches not visited by me.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed by:-

Silvio Muscat
Certified Public Accountant and Auditor

63C, Flat 1,
Birkirkara Road,
St. Julians. STJ 1301

6 July 2021

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		2020	2019
Assets		**€**	**€**
	Notes		
Non-current Assets			
Property, Plant and Equipment	**5**	470,005	418,017
Right-of-use-asset	**6**	367,881	694,213
Deferred Tax Asset	**7**	43,329	105,634
		881,215	**1,217,864**
Current Assets			
Inventories	**8**	340,863	331,529
Trade and Other Receivables	**9**	1,720,754	745,871
Cash and Cash Equivalents	**10**	546,222	113,582
		2,607,839	**1,190,982**
Total Assets		**3,489,054**	**2,408,846**
Equity and Liabilities			
Equity			
Share Capital	**12**	100,000	300
Retained Earnings		(27,054)	(88,714)
		72,946	**(88,414)**
Non-Current liabilities			
Shareholder's Loan		376,564	700,000
Long - Term Borrowings		951,196	-
Lease Liabilities	**6**	354,641	669,145
		1,682,401	**1,369,145**
Current liabilities			
Trade and Other Payables	**11**	1,401,933	945,429
Short - Term Borrowings		148,804	-
Income Tax Liability		44,318	-
Lease Liabilities	**6**	138,652	182,686
		1,733,707	**1,128,115**
Total liabilities		**3,416,108**	**2,497,260**
Total Equity and Liabilities		**3,489,054**	**2,408,846**

The accounting policies and explanatory notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements on pages 7 to 20 have been authorised for issue by the sole director on 6 July 2021 and were signed by himself:

Mr. Dino Fino
Director

STATEMENT OF INCOME
For the year ended 31 December 2020

	Notes	2020 €	2019 €
Revenue	**13**	3,274,905	2,286,969
Cost of sales	**14**	(1,823,134)	(1,262,742)
Gross Profit		**1,451,771**	**1,024,227**
Other Income		204,558	17,775
Other Direct Costs	**15**	(409,484)	(396,701)
Administration expenses	**16**	(832,203)	(700,272)
Operating Profit / (Loss)		**414,642**	**(54,971)**
Finance Costs	**17**	(46,358)	(47,035)
Profit / (Loss) Before Tax		**368,284**	**(102,006)**
Taxation	**18**	(106,624)	53,159
Profit / (Loss) After Tax		**261,660**	**(48,847)**

The accounting policies and explanatory notes on pages 11 to 20 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share Capital	Retained Earnings	Total
	€	€	€
Balance as at 1 January 2019	300	(39,867)	**(39,567)**
Loss for the Year	-	(48,847)	**(48,847)**
Balance as at 31 December 2019	300	(88,714)	**(88,414)**
Issue of Shares	99,700	-	**99,700**
Profit for the Year	-	261,660	**261,660**
Dividend Paid	-	(200,000)	**(200,000)**
Balance As at 31 December 2020	100,000	(27,054)	**72,946**

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	2020	2019
		€	€
Cash flows from operating activities			
Operating Profit / (Loss) for the year		**368,284**	(102,006)
Adjustment for:			
Depreciation of plant and machinery		**102,133**	83,731
Depreciation of Right-of-use-asset		**142,046**	181,330
Interest Expense		**46,358**	47,035
Loss on Write-off Fixed Assets		**36,876**	-
Release of Asset vs Liability - Termination of Lease		**(57,916)**	-
Operating profit and loss before working capital changes		**637,781**	210,090
Movement in Working Capital			
Movement in inventories		**(9,334)**	(220,256)
Movement in trade and other receivables		**(974,883)**	106,161
Movement in trade and other payables		**605,307**	17,700
Cash generated from operating activities		**258,871**	113,695
Less Interest Paid		**(6,568)**	-
Net Cash generated from operating activities		**252,303**	113,695
Cash flows from investing activities			
Purchase of property, plant and equipment		**(190,997)**	(238,531)
Net cash used in investing activities		**(190,997)**	(238,531)
Cash flows from financing activities			
Proceeds from Shareholders' Loans		**(323,436)**	200,000
Proceeds from Bank Loan		**951,196**	-
Increase in the Issued Share Capital		**99,700**	-
Dividends Paid		**(200,000)**	-
Payment for lease obligation		**(156,126)**	(135,905)
Net cash generated from financing activities		**371,334**	64,095
Net decrease in cash and cash equivalents		**432,640**	(60,741)
Cash and cash equivalents at the beginning of the year		**113,582**	174,323
Cash and cash equivalents at the end of year	**10**	**546,222**	113,582

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. General Information

1.1 Basis of preparation

The financial statements and separate financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union. The financial statements are prepared in accordance with the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the director to exercise his judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

1.2 Functional and presentation currency

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

1.3 Going concern

In assessing going concern, the director has taken into account, the potential impact that the COVID19 pandemic may have on the Company. Ongoing monitoring is being made by the director in order to continually assess the situation. The director is assessing the support measures that are available to the Company in order to minimise the impact to the lowest level. The director is committed to taking all necessary steps to ensure that the Company's operations continue with the lowest possible disruptions in this critical time.

Following his assessment, the director believe that it remains appropriate to prepare these financial statements on a going concern basis.

2. Changes in Accounting Policies and Disclosures

In 2019, the Company adopted new standards and interpretations to existing standards that are mandatory for the Company for accounting periods beginning on 1 January 2019. The adoption of these revisions to the requirements of IFRSs as adopted by the EU resulted in changes in the accounting policies with respect to leases through the adoption of IFRS16 – Leases.

IFRS 16: Leases

IFRS16 sets out the principles for recognition, measurement, presentation, and disclosure of leases. Under IFRS 16, a contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under the new standard, all leases result in the lessee recognising the right to use an asset at the commencement date of the lease, and if lease payments are made over time, also recognising financing. Accordingly, IFRS 16 eliminates the classification between operating and finance leases as was required with IAS 17.

Lessee is required to recognise:

a) Assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value

b) Depreciation of right of use of asset separately from interest on lease liabilities in the profit and loss.

Upon the implementation of the standard there is a choice of full retrospective application, that is, restating the comparatives, or the modified retrospective approach, that is, without restating the comparative.

The Company decided to implement IFRS16 using the full restrospective approach. This requires the Company to restate the preivous years' numbers.

Upon adoption of IFRS16, the Company has elected not to include initial direct costs in the measurement of the right of use asset for operating leases in existence at the date of the initial application of IFRS16, that is January 2020.

The Company has also elected to measure the right of use asset at an amount equal to the lease liability adjusted for any accrued or prepaid lease payments that existed at the date of transition.

In the opinion of the director, there are no other standards that are effective in 2020, that would be expected to have a material impact on the Company in the current or future reporting periods.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services and goods in the ordinary course of the Company's activities. Revenue is recognised upon delivery of products or performance of services, net of sales taxes and trade discounts. Interest income is recognised on a time proportional basis.

3.2 Current and Deferred Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.3 Property, Plant and Machinery

Items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within "Other income" in statement of comprehensive income. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

Depreciation is calculated to write off the cost or valuation of the assets on the straight line method over the expected useful lives of the assets concerned. The annual depreciation rates are:

Furniture and Fittings	10%
Other equipment	20%
Motor Vehicle	20%
Computer Software	25%
Electronic & Computer Equipment	25%
Improvement to premises	10%
Electrical & Plumbing Installation	15%
Airconditioners	16.67%

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or chages 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 to sell and value in use. For the purposes of assessing impairment, assets are Companyed at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.4 Leases

Company as a lessee

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to an identified asset, the Company uses the definition of a lease in IFRS16.

The Company recognises a right-of- use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if this cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal period that the Company is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets within 'Property, plant and equipment' and lease liabilities within 'Non-current liabilities' and 'Current liabilities' in the statement of financial position.

Accounting policy up to 31 December 2020

Leases are classified as finance leases whenever the term of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

3.5 Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument. A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL. In the period presented the Company does not have and financial assets categorised at FVTPL and FVOCI, and all financial assets are measured at amortised cost.

The classification is determined by both:
- the entity's business model for managing the financial asset and;
- the contractual cashflow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within administrative expenses.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both the following conditions:
- it is held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) 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 immaterial. The Company's cash and cash equivalents, loans and receivable and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit and loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely SPPI are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As already noted above, the Company held no financial assets at fair value through profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2020

3.5 Financial Assets (continued)

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

• its is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

As already noted above, the Company held no financial assets at FVOCI.

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'prinicipal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

ii.Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with is debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there had been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to impairment under IFRS9, the Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial assets that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1, have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months, or until contractual maturity if shorter. If the Company identified a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its expected loss is measured on a lifetime basis, that is up until contractual maturity. If the Company determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and the expected credit loss is measured on a lifetime credit loss basis.

3.6 Inventories

Goods held for resale

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out method. The cost of inventories comprises the invoiced value of goods and in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

3.7 Trade and other receivables

Trade receivables comprise amounts due from customer for goods sold in the rendering of services in the ordinary course of business. If collection is expected in one year or less (or in the normal operation cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e. expected credit loss allowance.

The Company holds trade and other receivables with the objective to collect contractual cash flows and measures them subsequently at amortised cost using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within the 'administrative expenses'. When a receivable is uncollectable, it is written off against the allowance account for trade and other receivbales. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

3.8 Trade and other payables

Trade payables comprise obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). 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.

3.9 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 not recognised for future operating losses.

3.10 Cash and Cash Equivalents

Cash and cash equivalents include deposits at call with banks.

3.11 Share Capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4. Critical Accounting Estimates and Judgements

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

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

5. Property, Plant and equipment

	Cost as at 31.12.19	Accumulated Depreciation 31.12.19	Net Book Value 31.12.19	Additions /(Disposals) For the year 2020	Depreciation Charge for the Year 2020	Closing Net Book Value 31.12.20
	€	€	€	€	€	€
Furniture & fittings:- Santa Venera Showroom	47,314	13,742	33,572	(5,364)	2,585	25,623
Furniture & fittings:- B'Kara Showroom	166,746	16,675	150,071	82,072	24,882	207,261
Other equipment:- Santa Venera Showroom	8,214	4,224	3,990	(4,947)	(2,405)	1,448
Other equipment:- B'Kara Showroom	30,229	2,026	28,203	-	2,026	26,177
Computer software:- Santa Venera Showroom	13,710	7,996	5,714	9,125	5,709	9,130
Electronic & computer software:- Santa Venera Showroom	31,908	22,222	9,686	8,291	8,334	9,643
Electronic & computer software:- B'Kara Showroom	29,189	7,297	21,892	-	7,297	14,595
Improvements to premises:- Santa Venera Showroom	11,251	2,585	8,666	(11,251)	(2,585)	-
Improvements to premises:- B'Kara Showroom	11,870	1,187	10,683	27,704	3,957	34,430
Electrical & plumbing installation:- Santa Venera Showroom	12,743	5,734	7,009	(12,743)	(5,734)	-
Electrical & plumbing installation:- B'kara Showroom	129,058	19,359	109,699	27,996	23,558	114,137
Motor vehicles:- Santa Venera Showroom	6,500	2,600	3,900	-	1,300	2,600
Airconditioner:- B'Kara Showroom	20,551	10,275	10,276	21,400	15,625	16,051
Airconditioner:- Santa Venera Showroom	29,318	14,662	14,656	(29,318)	(14,662)	-
Office Equipment	-	-	-	11,880	2,970	8,910
	548,601	130,584	418,017	124,845	72,857	470,005

6. Leases

Right-of-use asset

The Company has elected to present right-of-use assets and lease liabilities as separate line items in the statement of financial position.

At date of transition, 1 January 2019, the Company adopted the modified retrospective approach with no reinstatement of comparative figures. The Company has opted to measure the right-of-use asset at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition. The following have been recognised as right-of-use assets in the statement of financial position of the Company:

	2020	2019
	€	€
At 1 January 2020		
Adjustment upon transition to IFRS 16 at 1 January 2020	**606,520**	949,025
Additions	**-**	-
At 31 December 2020	**606,520**	949,025
Accumulated Depreciation		
Depreciation on Right-of-use	**238,639**	254,812
At 31 December 2020	**238,639**	254,812
Carrying Amount		
At 31 December 2020	**367,881**	694,213

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2020

6. Leases (continued)

Lease liabilities

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2020. The incremental borrowing rate reflects the rate of interest that the Company would incur in order to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease liabilities are presented in the statement of financial position of the Company as follows:

	2020	2019
	€	€
Current		
Lease Liabilities	**138,652**	182,686
Non-Current		
Lease Liabilites	**354,641**	669,145

The depreciation on right-of-use asset and the interest expense on lease liabilities are recognised in the statement of comprehensive income as follows:-

	2020	2019
	€	€
Depreciation on right-of-use assets		
Depreciation (included in administrative expenses - Note 16)	**142,046**	181,330

	2020	2019
	€	€
Interest Expense		
Interest Expense on lease liabilities (included as finance costs - Note 17)	**39,790**	47,035

At 31 December 2020, the Group does not have short-term leases or leases of low value assets.

The total cash outflow in respect of leases during the year 2020 amounted to € 156,126 (2019:- € 135,905).

7. Deferred tax asset
The movement in the deferred tax asset is as follows:-

	2020	**2019**
	€	€
At the beginning of the year	**105,634**	52,475
Credited/(Charged) to profit or loss	**(62,305)**	53,159
At the end of the year	**43,329**	105,634
Temporary differences arising on:		
Property, Plant and Equipment	**(565)**	(335)
Unabsorbed Tax Losses	**-**	5,437
Investment Tax Credit	**-**	50,000
Leases	**43,894**	50,532
	43,329	105,634

8. Inventories

	2020	2019
	€	€
Furniture Displayed in Showroom and Warehouse	**340,863**	331,529

9. Trade and Other Receivables

	2020	2019
	€	€
Trade Receivables	**406,918**	158,478
Other Receivables	**245,286**	200,444
Work in Progress	**1,006,908**	308,269
Prepayments	**61,642**	78,680
	1,720,754	745,871

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2020

9. Trade and Other Receivables (continued)

The Company's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in Note 19 to the financial statements.

10. Cash and cash equivalents

	2020 €	2019 €
Cash in hand and at bank	**546,222**	113,582

11. Trade and other payables

	2020 €	2019 €
Trade payables	**612,874**	550,752
Related Party Payables	**11,202**	42,293
Prepaid Income (Deposit on Order)	**458,678**	75,587
Accruals	**57,802**	68,613
NI/Payee/MF	**41,339**	72,577
Shareholder's Loan (Current)	**90,553**	-
Vat Liability	**129,485**	135,607
	1,401,933	945,429

12. Share Capital

	2020 €	2019 €
Authorised		
650,000 Ordinary Shares of €1 each	**650,000**	650,000
Issued		
100,000 Ordinary Shares of €1 each 100% paid up	**100,000**	300

13. Revenue

Revenue represents the amounts receivable for sale of goods and services rendered, net of any indirect taxes, as follows:

	2020 €	2019 €
Retail Sales	**2,183,214**	1,571,407
Contract Sales	**393,052**	407,293
Work-In-Progress	**698,639**	308,269
	3,274,905	2,286,969

14. Cost of Sales

	2020 €	2019 €
Opening Stock	**331,529**	111,273
Retail Purchases	**1,428,400**	1,126,652
Contract Purchases	**229,911**	243,679
Freight	**174,157**	112,667
Less: Closing Stock	**(340,863)**	(331,529)
Cost of Sales	**1,823,134**	1,262,742

15. Direct Costs

	Note	2020 €	2019 €
Subcontracting Fees (including Installation Costs)		**34,261**	42,092
Direct Wages (incl. NI Cont + MF)	**16.2**	**352,633**	313,562
Consumables & Surveying Costs		**22,590**	40,409
Other Direct Costs		**-**	638
		409,484	396,701

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2020

16. Administrative Expenses

	Note	2020 €	2019 €
Director's Remuneration	**16.1**	**66,077**	63,005
Wages (incl NI cont + MF)	**16.2**	**191,687**	131,710
Cleaning		**5,818**	4,876
Water & Electricity		**14,188**	14,224
Telecommunications		**3,951**	4,643
Postages & Stationery		**12,515**	6,886
Travelling Overseas		**2,040**	5,112
Computer Expenses		**18,263**	13,505
Advertising & Promotion		**75,053**	64,034
Accountancy Fees		**8,212**	7,382
Audit Fee		**3,000**	3,000
Legal & Professional Fees		**52,344**	27,019
Office Expenses		**6,165**	4,290
General Expenses		**300**	-
Repairs & Maintenance		**7,563**	21,465
Promotion & Entertainment		**7,607**	15,620
Bank Charges & Interests		**5,265**	2,423
Rent		**-**	421
Depreciation		**102,133**	83,731
Depreciation:- Right-Of-Use-Asset	**6**	**142,046**	181,330
Insurance		**11,086**	10,621
Local Travelling Expenses		**17,799**	21,910
Uniforms		**4,489**	900
Company Registration Fee		**765**	765
Staff Training		**7,654**	3,128
Fixed Assets Write-off		**36,876**	-
Penalties / Interest		**3,749**	-
Amortisation:- Bank Guarantee		**833**	-
Pre-Showroom & Launch Expenses		**24,725**	8,272
Total Administrative Expenses		**832,203**	700,272

16.1 Director's Remuneration Analysed as follows:-

	2020 €	2019 €
Director's Remuneration	**63,618**	60,512
Social Security Contributions	**2,386**	2,420
Maternity Fund	**73**	73
	66,077	63,005

16.2 Staff Salaries and Wages Analysed as follows:-

	2020 €	2019 €
Salaries	**499,239**	414,707
Social Security Contributions	**43,927**	29,586
Maternity Fund	**1,065**	979
	544,231	445,272

	2020	2019
The average number of persons employed during the year:		
Direct Nature:- Sales, Operations & Installations	**18**	19
Administrative Nature:- Administration including Director	**12**	9
	30	28

17. Finance Costs

	Note	2020 €	2019 €
Interest Right-of-Use	**6**	**39,790**	47,035
Interest paid to Third Party		**5,301**	-
Interest paid for Loan		**1,267**	-
		46,358	47,035

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2020

18. Taxation

	2020 €	2019 €
Deferred Tax Asset/(Liability) *(note 7)*	**(62,305)**	53,159
Tax Liability to P&L	**62,305**	(53,159)
Tax Charge for the Year	**44,319**	-
Tax Expense	**106,624**	(53,159)

	2020 €	2019 €
(Loss) / Profit Before Tax	**368,283**	(102,006)
Tax at the domestic rate at 35%	**128,899**	(35,702)
Tax effect of:		
Expenses not allowable for tax purposes	**57,943**	61,667
Income subject to exemption	**(56,126)**	-
Capital Allowances for the year	**(28,197)**	(23,401)
Balancing Allowance	**(10,906)**	-
Unuabsorbed Trading Loss	**0**	(2,564)
Micro-Invest Tax Credit	**(47,295)**	-
Tax charge for the year	**44,319**	-

19. Financial risk management

At the year end, the Company's main financial assets on the statement of financial position comprised of trade and other receivables and cash held at bank and in hand. At the year end the company's main financial liabilities on the statement of financial position consisted of trade and other payables, and borrowings.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective company's functional currency. The Company is not exposed to foreign exchange risk since all of the Company's sales and purchases are denominated in the Euro currency.

Credit Risk

Financial assets which potentially subject the Company any to concentrations of credit risk consist principally of cash at bank, trade receivables and amounts due from related companies. The carrying amounts of trade and other receivables and balances due from related companies are stated net of necessary provisions which have been prudently made against bad and doubtful debts in respect of which management reasonably believes that recoverability is doubtful.

The Company's cash at bank is placed with high quality financial institutions. Management considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligation in the near term. As a result, no loss allowance has been recognised based on a 12 month expected credit losses since any impairment would be insignificant to the Company.

The Company assesses the credit quality of its customers, mainly taking into account the financial positions, past experience and other factors. Management ensures that sale of goods are effected with customers with an appropriate credit history. Management monitors on a consistent basis the performance customers with an appropriate credit history. Management monitors on a consistent basis the performance of its trade and other receivables on a regular basis to identify expected credit losses, which are inherent in the Company's debtors, taking into account historical experience in collection of accounts receivable.

Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. 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.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve month period detailed by the Company's segments to ensure that no additional financing facilities are expected to be required over the coming year.

The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity canyings based on the remaining period at the statement of financial position date to the contractual maturity date in the respective notes to the financial statements.

Fair Values

At 31 December 2020 and 31 December 2019, the fair values of financial assets and financial liabilities are not materially different from their carrying amounts.

Capital Risk Management

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

The Company manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the year ended 31 December 2020 and 31 December 2019.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2020

20. Contingent Assets and Liabilities

The Company had contingent liabilities amounting to Eur 24,722 as at 31 December 2020 (2019:- nil). Such amount consists of two liabilities, one being a deposit in court withdrawn by the bank relating to a guarnishee order filed by a cutomer in a counter-claim for damages for the delay of supply of furniture (liability amounting to Eur 6,753.42) and the other liability amounting to Eur 17,968.58 relates to a guarnishee order on a pending court case by an ex-employee against the Company, for which the company is contesting.

21. Events Subsequent to the Balance Sheet Date

The outbreak of COVID-19 has affected businesses at both national and worldwide level. Management is continuously assessing the impact of this pandemic both on the Company's performance and operations. Due to this being an unprecedented event, it is difficult for management to estimate of the potential impact that the pandemic may have on the Company. Management is committed to taking all necessary decisions in order to reduce the impact to the lowest levels, in this way ensuring continuity of the Company's operation with the lowest disruption possible.

22. Comparative Figures

Comparative figures have been reclassified to conform with this year's presentation of financial statements.