DINO FINO OPERATIONS LIMITED

C 81069

ANNUAL REPORT
AND FINANCIAL ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2021

DINO FINO OPERATIONS LIMITED

CONTENTS

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report of Dino Fino Operations Limited, a registered limited liability company under the Companies Act, (Cap. 386) with registration number C 81069.

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 related party, Dino Fino Finance PLC. 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 € 4,455,919 (2020: € 3,275,041) and generated a profit before tax of € 672,033 (2020: a profit before tax of € 281,329).

Position review

The Company's asset base amounted to € 8,324,213 as at 31 December 2021 (2020: € 4,716,098), consisting principally of property plant and equipment, inventory and trade and other receivables. The Company's total liabilities amounted to € 8,020,908 (2020: € 4,970,986).

As at 31 December 2021 the company is reporting a positive equity of €303,305 compared to the negative equity of € 254,887 as at 31 December 2020.

Future Developments

The director expects the present level of activity to improve in the foreseeable future, in line with the company's projections. The company is also in the process of launching a fully fledged contracts division as well as introducing new brands that will cater for different sectors of the market.

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 21 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. Furthermore, the conflict in Ukraine is resulting in an increase in costs and supply chain issues.

Board of director

The director of the Company during the year was:

Mr Dino Fino

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.

DINO FINO OPERATIONS LIMITED

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, Grant Thorton has expressed theirwillingness to hold office and a resolution proposing their 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 2021, 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

30 April 2022

Grant Thornton

Independent auditor's report

To the shareholders of Dino Fino Operations Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dino Fino Operations Limited set out on pages 7 to 30 which comprise the statement of financial position as at 31 December 2021, and the income statement, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

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

Other information

The directors are responsible for the other information. The other information comprises the directors' report shown on pages 1 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Act.

Grant Thornton

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

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the directors' report has been prepared in accordance with the Act.

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 and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

- Conclude on the appropriateness of management'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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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.

We communicate with those charged with governance 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 also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

30 April 2022

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	2021 €	As Restated 2020 €
Assets			
Non-current Assets			
Property, Plant and Equipment	7	397,196	470,005
Right-of-use-asset	8	3,426,210	1,594,925
Deferred Tax Asset	9	43,329	43,329
		3,866,735	**2,108,259**
Current Assets			
Inventories	10	250,472	340,863
Trade and Other Receivables	11	2,556,058	1,720,754
Cash and Cash Equivalents	12	1,650,948	546,222
		4,457,478	**2,607,839**
Total Assets		**8,324,213**	**4,716,098**
Equity and Liabilities			
Equity			
Share Capital	14	100,100	100,000
Retained Earnings		203,205	(384,614)
		303,305	**(284,614)**
Non-Current liabilities			
Shareholder's Loan		319,395	376,564
Long - Term Borrowings		435,750	951,196
Related Party amount due		1,269,000	-
Lease Liabilities	8	3,102,309	1,898,599
		5,126,454	**3,226,359**
Current liabilities			
Trade and Other Payables	15	2,317,703	1,431,662
Short - Term Borrowings		104,501	148,804
Income Tax Liability		112,250	44,318
Lease Liabilities	8	360,000	149,570
		2,894,454	**1,774,354**
Total liabilities		**8,020,908**	**5,000,713**
Total Equity and Liabilities		**8,324,213**	**4,716,098**

The accounting policies and explanatory notes on pages 11 to 30 form an integral part of these financial statements.

The financial statements on pages 7 to 30 have been authorised for issue by the sole director on 30 April 2022 and were signed by himself:

Mr. Dino Fino
Director

STATEMENT OF INCOME
For the year ended 31 December 2021

	Notes	2021 €	As Restated 2020 €
Revenue	15	4,455,919	3,275,041
Cost of sales	16	(2,608,382)	(1,823,134)
Gross Profit		**1,847,537**	**1,451,907**
Other Income		584,508	201,482
Other Direct Costs	17	(539,194)	(409,485)
Administration expenses	18	(1,029,008)	(832,355)
Operating Profit		**863,843**	**411,549**
Finance Costs	19	(191,810)	(130,220)
Profit Before Tax		**672,033**	**281,329**
Taxation	20	(84,214)	(106,624)
Profit After Tax		**587,819**	**174,705**

The accounting policies and explanatory notes on pages 11 to 30 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share Capital	Retained Earnings	Total
	€	€	€
Balance as at 1 January 2020	300	(88,714)	**(88,414)**
Re-instatement re prior year adjustment	-	(270,606)	**(270,606)**
Issue of shares	99,700	-	**99,700**
Profit for the Year	-	174,706	**174,706**
Dividend Paid	-	(200,000)	**(200,000)**
Balance as at 31 December 2020	100,000	(384,614)	**(284,614)**
Issue of Shares	100	-	**100**
Profit for the Year	-	587,819	**587,819**
Balance As at 31 December 2021	100,100	203,205	**303,305**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021	2020 restated
		€	€
Cash flows from operating activities			
Operating Profit / (Loss) for the year		672,033	281,329
Adjustment for:			
Depreciation of plant and machinery		101,214	102,133
Depreciation of Right-of-use-asset		143,099	142,198
Interest Expense		191,810	130,219
Loss on Write-off Fixed Assets		41,246	36,876
Release of Asset vs Liability - Termination of Lease		(532,033)	(54,977)
Less:- Taxation		84,214	0
Operating profit and loss before working capital changes		701,583	637,778
Movement in Working Capital			
Movement in inventories		90,391	(9,334)
Movement in trade and other receivables		(835,303)	(974,883)
Movement in trade and other payables		915,768	605,307
Cash generated from operating activities		872,439	258,868
Less Interest Paid		(191,810)	(6,568)
Less Tax Pad		(16,283)	0
Net Cash generated from operating activities		664,346	252,300
Cash flows from investing activities			
Purchase of property, plant and equipment		(27,986)	(190,997)
Net cash used in investing activities		(27,986)	(190,997)
Cash flows from financing activities			
Proceeds from Shareholder's Loans		(57,169)	(323,436)
Proceeds from Bank Loan		(559,748)	951,196
Proceeds from Related Party		1,269,000	0
Increase in the Issued Share Capital		100	99,700
Dividends Paid		0	(200,000)
Payment for lease obligation		(183,816)	(156,124)
Net cash generated from financing activities		468,367	371,336
Net decrease in cash and cash equivalents		1,104,727	432,640
Cash and cash equivalents at the beginning of the year		546,221	113,582
Cash and cash equivalents at the end of year	12	1,650,948	546,221

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021

1 Nature of operations

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 related party, Dino Fino Finance PLC. 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.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

The financial statements of the company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€), which is also the company's functional currency. The amounts presented in the financial statements have been rounded to the nearest euro.

3 Consideration of the effects of Covid-19

Following the outbreak of the COVID-19 pandemic, the directors have continued to actively monitor all developments currently taking place in Malta in order to take any immediate action to safeguard the interests of the company as changes in the business environment become more evident or any deterioration suspected. Such events are expected to have an impact on the performance and financial position of the company in the future due to any effects that this pandemic is having on the economy.

The results for the current year show that the company has achieved satisfactory results. Whilst the situation remains extremely fluid and future events may have an adverse effect on the company's profitability in the medium to longer term, as well as its liquidity and financial position, the outlook remains cautiously optimistic.

The company has taken all measures possible in order to protect its staff in line with Government guidelines and will continue to do so for a smooth transition into a period of uncertainty.

4 Consideration of the effects of war in Ukraine

Reference to note in the director's report.

5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to have a material impact on the company's financial statements.

6 Significant accounting policies

6.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases specified by IFRS for each type of asset, liability, income and expense. These are more fully described in the accounting policies summarised below.

The financial statements are presented in accordance with IAS 1 'Presentation of financial statements' (Revised 2007). The company did not have any items classified as 'other comprehensive income'.

The accounting policies have been consistently applied by the company and are consistent with those used in the previous period.

6.2 Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the company for goods supplied, excluding VAT and trade discounts.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The company often enters into transactions involving a range of products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties, VAT and trade discounts.

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021 - continued

Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers.

6.3 Expense recognition

Expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

6.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

6.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

6.6 Property, plant and equipment

The company's property, plant and equipment are classified into the following classes; long leasehold property, office equipment, plant and machinery, furniture and fittings, and fixtures and fittings. Property, plant and equipment are initially recorded at cost. Except for long leasehold property they are subsequently stated at cost less accumulated depreciation and impairment losses.

Land and buildings are held for use in the production or supply of goods or services or for administrative purposes. Subsequent to initial recognition, long leasehold property are stated at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made for the entire class of long leasehold property and with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the date of the statement of financial position. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021 - continued

Any revaluation increase arising on the revaluation is credited to the revaluation reserve unless it reverses a revaluation decrease for the same asset previously recognised in the profit and loss, in which case, the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is recognised in profit and loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

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

Depreciation is provided at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used are as follows:

Improvement to Premises	10%
Electrical & Plumbing Installation	15%
Air conditioners	16.67%
Electronic & computer equipment	25%
Plant and machinery	20%
Furniture and fittings	10%
Motor Vehicle	20%

6.7 Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the company's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the company's management.

Impairment losses are recognised immediately in the income statement. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.8 Leases

The Company as a lessee

For any new contracts entered into , 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 explicitly identified in the contract or implicitly -specified by being identified at the time the 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; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the company recognises a right of use asset and a lease liability on the statement of financial position. The right-of-use asset 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 commencement date (net of any incentives received).

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 lease 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 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 the profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the company has opted to disclose the right-of-use assets and lease liabilities as separate financial statement line items.

Operating leases as a lessee

All leases are treated as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term, where the lessee does not bear substantially all of the risks and rewards of ownership associated with the asset. Associated costs, such as maintenance and insurance, are expensed as incurred.

6.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the costs of completion and selling expenses.

6.10 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The company does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within ' finance costs' or ' finance income' or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, loans and receivables fall into this category of financial instruments.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021 - continued

The company assess impairment of trade receivables on a collective basis as they possess share credit risk characteristics.

Classification and measurement of financial liabilities

The company's financial liabilities include trade and other payables and lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included within 'finance costs' or 'finance income'.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

6.11 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the income statement in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the income statement in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the company and it is probable that reversal will not occur in the foreseeable future.

In addition, tax losses available to be carried forward are assessed for recognition of deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the income statement, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

6.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand less bank balances overdrawn. Bank balances overdrawn that are repayable on demand and form part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

6.13 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Shareholder's loan is unsecured, interest-free and have no fixed date of repayment.

Retained earnings include current and prior period results.

6.14 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

6.15 Significant management judgements in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the

basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, the accounting, estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised 2007).

Significant management judgements

The following is a significant management judgement in applying the accounting policies of the company that has the most significant effect on the financial statements.

Recognition of deferred tax asset

The extent to which deferred tax asset can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax asset can be utilised. The assessment is based on the latest approved budget forecast and if a positive forecast of taxable income indicates the probable use of a deferred tax asset that deferred tax asset is recognised in full.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain plant and equipment.

Leases - Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2021

7. Property, Plant and equipment

	Cost as at 31.12.20 €	Accumulated Depreciation 31.12.20 €	Net Book Value 31.12.20 €	Additions /(Disposals) For the year 2021 €	Depreciation Charge for the Year 2021 €	Closing Net Book Value 31.12.21 €
Furniture & fittings:- Santa Venera Showroom	41,950	16,328	25,622	-	-	25,622
Furniture & fittings:- B'Kara Showroom	248,818	41,556	207,262	326	29,109	178,479
Other equipment:- Santa Venera Showroom	3,267	1,820	1,447	3,392	3,267	1,572
Other equipment:- B'Kara Showroom	30,230	4,051	26,179	-		26,179
Computer software:- Santa Venera Showroom	22,835	13,704	9,131	-	4,569	4,562
Electronic & computer software:- Santa Venera Showroom	40,199	30,556	9,643	-	5,513	4,130
Electronic & computer software:- B'Kara Showroom	29,189	14,595	14,594	4,640	7,297	11,937
Improvements to premises:- Santa Venera Showroom	-	-	-	-	-	-
Improvements to premises:- B'Kara Showroom	39,574	5,144	34,430	847	4,042	31,235
Electrical & plumbing installation:- Santa Venera Showroom	-	-	-	-	-	-
Electrical & plumbing installation:- B'kara Showroom	157,054	42,917	114,137	11,500	25,283	100,354
Motor vehicles:- Santa Venera Showroom	6,500	3,900	2,600	-	1,300	1,300
Airconditioner:- B'Kara Showroom	41,951	25,901	16,050	-	15,625	425
Airconditioner:- Santa Venera Showroom	-	-	-	-	-	-
Office Equipment	11,880	2,970	8,910	7,281	4,790	11,401
	673,447	203,442	470,005	27,986	100,795	397,196

8. 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.

	2021 €	As Restated 2020 €
At 1 January 2021	1,594,925	2,140,013
Adjustment upon transition to IFRS 16 at 1 January 2021	1,853,390	-
Additions		
At 31 December 2021	**3,448,315**	2,140,013
Accumulated Depreciation		
Depreciation on Right-of-use	(22,105)	(545,088)
At 31 December 2021	(22,105)	(545,088)
Carrying Amount At 31 December 2021	**3,426,210**	1,594,925

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2021

8. 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 2021. 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:

	2021 €	2020 €
Current		
Lease Liabilities	**360,000**	149,570
Non-Current		
Lease Liabilites	**3,102,309**	1,898,599

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

	2021 €	2020 €
Depreciation on right-of-use assets		
Depreciation (included in administrative expenses - Note 18)	**143,099**	142,198

	2021 €	2020 €
Interest Expense		
Interest Expense on lease liabilities (included as finance costs - Note 19)	**121,360**	123,651

At 31 December 2021, 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 2021 amounted to € 183,816 (2021:- € 156,124).

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

	2021 €	2020 €
At the beginning of the year	**43,329**	105,634
Credited/(Charged) to profit or loss	**0**	(62,305)
At the end of the year	**43,329**	43,329
Temporary differences arising on:		
Property, Plant and Equipment	**-**	(565)
Unabsorbed Tax Losses	**-**	-
Investment Tax Credit	**-**	-
Leases	**-**	43,894
	43,329	43,329

10. Inventories

	2021 €	2020 €
Furniture Displayed in Showroom and Warehouse	**250,472**	340,863

11. Trade and Other Receivables

	2021 €	2020 €
Trade Receivables	**320,255**	406,918
Other Receivables	**348,340**	245,286
Financial assets	**668,595**	**652,204**
Work in Progress	**1,860,986**	1,006,908
Prepayments	**26,477**	61,642
	2,556,058	**1,720,754**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2021

11. 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.

12. Cash and cash equivalents

	2021 €	2020 €
Cash in hand and at bank	1,650,948	546,222

13. Trade and other payables

	2021 €	2020 €
Trade payables	497,598	642,603
Related Party Payables	239,110	11,202
Shareholder's Loan (Current)	39,551	90,553
Accruals	90,542	57,802
Financial Liabilities	866,801	802,160
Prepaid Income (Deposit on Order)	818,684	458,678
NI/Payee/MF	140,399	41,339
Vat Liability	491,819	129,485
	2,317,703	1,431,662

14. Share Capital

	2021 €	2020 €
Authorised		
650,000 Ordinary Shares of €1 each	650,000	650,000
Issued		
100,100 (2020: 100,000) Ordinary Shares of €1 each 100% paid up	100,100	100,000

15. Revenue

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

	2021 €	2020 €
Retail Sales	3,601,841	2,183,351
Contract Sales	-	393,052
Work-In-Progress	854,078	698,638
	4,455,919	3,275,041

16. Cost of Sales

	2021 €	2020 €
Opening Stock	340,863	331,529
Retail Purchases	2,272,758	1,428,400
Contract Purchases	-	229,911
Freight	245,234	174,157
Less: Closing Stock	(250,473)	(340,863)
Cost of Sales	2,608,382	1,823,134

17. Direct Costs

	Note	2021 €	2020 €
Subcontracting Fees (including Installation Costs)		47,085	34,261
Direct Wages (incl. NI Cont + MF)	18.2	457,264	352,634
Consumables & Surveying Costs		34,845	22,590
Other Direct Costs		-	-
		539,194	409,485

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2021

18. Administrative Expenses

	Note	2021 €	2020 €
Director's Remuneration	18.1	65,653	66,077
Wages (incl NI cont + MF)	18.2	242,083	191,687
Cleaning		8,610	5,818
Water & Electricity		11,090	14,188
Telecommunications		4,814	3,951
Postages & Stationery		12,424	12,515
Travelling Overseas		3,373	2,040
Computer Expenses		20,446	18,263
Advertising & Promotion		150,068	75,053
Accountancy Fees		11,095	8,212
Audit Fee		9,500	3,000
Legal & Professional Fees		114,563	52,344
Office Expenses		6,274	6,165
General Expenses		1,110	300
Repairs & Maintenance		11,886	7,563
Promotion & Entertainment		14,780	7,607
Bank Charges & Interests		7,301	5,265
Rent		273	-
Depreciation		100,795	102,133
Depreciation:- Right-Of-Use-Asset	7	143,099	142,198
Insurance		18,447	11,086
Local Travelling Expenses		31,479	17,799
Uniforms		4,816	4,489
Company Registration Fee		765	765
Staff Training		11,162	7,654
Fixed Assets Write-off		-	36,876
Penalties / Interest		-	3,749
Amortisation:- Bank Guarantee		417	833
Pre-Showroom & Launch Expenses		22,685	24,725
Total Administrative Expenses		1,029,008	832,355

18.1 Director's Remuneration Analysed as follows:-

	2021 €	2020 €
Director's Remuneration	65,653	66,077

18.2 Staff Salaries and Wages Analysed as follows:-

	2021 €	2020 €
Salaries	240,588	191,687
Maternity Fund	1,495	-
	242,083	191,687

	2021	2020
The average number of persons employed during the year:		
Direct Nature:- Sales, Operations & Installations	19	18
Administrative Nature:- Administration including Director	12	12
	31	30

19. Finance Costs

	Note	2021 €	2020 €
Interest Right-of-Use	8	121,360	123,651
Interest paid to Third Party		5,552	5,301
Interest paid for Loan		64,898	1,268
		191,810	130,220

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
For the year ended 31 December 2021

20. Taxation

	2021 €	2020 €
Deferred Tax Asset/(Liability) *(note 7)*	-	(62,305)
Tax Liability to P&L	-	62,305
Tax Charge for the Year	84,214	44,319
Tax Expense	84,214	106,624

	2021 €	2021 €
Profit Before Tax	672,033	368,283
Tax at the domestic rate at 35%	235,212	128,899
Tax effect of:		
Expenses not allowable for tax purposes	127,985	57,943
Income subject to exemption	(250,716)	(56,126)
Capital Allowances for the year	(28,267)	(28,197)
Balancing Allowance	-	(10,906)
Micro-Invest Tax Credit	-	(47,295)
Tax charge for the year	84,214	44,319

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021 - continued

21 Financial instrument risk

Risk management objectives and policies

The company is exposed to various risks in relation to financial instruments. The company's financial assets and liabilities by category are summarised in note 21.4. The main types of risks are credit risk, liquidity risk and market risk.

The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risk.

The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risk to which the company is exposed are described below.

21.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Note	The Company 2021 €	The Company 2020 €
Classes of financial assets carrying amounts:			
- Trade and other receivables	11	668,595	652,204
- Cash and cash equivalents		1,650,948	546,222
		2,319,543	**1,198,426**

The company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

The company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

21.2 Liquidity risk

Liquidity risk is that the company might be unable to meet its obligations. The company manages its liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a monthly basis. The company's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the company's committed borrowing facilities that it can access to meet liquidity needs.

As at 31 December 2021, the non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2021	Current Within 1 year €	Non-current After 1 year €
Other related party loan	-	1,269,000
Bank borrowing	104,501	435,750
Trade and other payables	866,801	-
Total	**971,302**	**1,704,750**

This compares to the maturity of non-derivative financial liabilities in the previous reporting periods as follows:

31 December 2020	Current Within 1 year €	Non-current After 1 year €
Bank Borrowings	148,804	951,196
Trade and other payables	802,160	-
Total	**950,964**	**951,196**

21.3 Market risk

Foreign currency risk

The company transacts business mainly in euro. Exposure to currency exchange rates arise from the company's sale and purchase of foreign currency to/from clients. However, foreign currency denominated financial assets and liabilities at the end of the financial reporting date under review are deemed negligible.

Accordingly, the company's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the reporting date is deemed not necessary.

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021 – continued

Interest rate risk

The company's exposure to interest rate risk is limited to the variable interest rate of bank borrowings. Based on observation of current market conditions, management considers a change of +/- 100 basis points to be reasonably possible. The calculations are based on the company's financial instruments held at the end of each reporting period. All other variables are held constant. Consequently, the potential impact of such a shift in interest rates with effect from the beginning of the year on the net results for the reporting periods presented is considered immaterial.

21.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the company's financial assets and financial liabilities as recognised at the reporting date of the reporting period under review may also be categorised as follows.

	2021 €	2020 €
Financial assets		
Current		
Loans and receivables:		
- Trade and other receivables	668,595	652,204
- Cash and cash equivalents	1,650,948	546,222
	2,319,543	**1,198,426**
Financial liabilities		
Financial liabilities measured at amortised cost:		
Non-current		
- Shareholder's loan	319,395	376,564
- Related party loan	1,269,000	-
- Borrowings	435,750	951,196
- Lease liabilities	3,102,309	1,898,599
	5,126,454	**3,226,359**
Current		
- Borrowings	104,501	148,804
- Trade and other payables	866,801	802,160
- Lease liabilities	360,000	149,570
	1,331,302	**1,100,534**

Dino Fino Operations Limited

Notes to the Financial Statements

For the year ending 31 December 2021 – continued

22 Related parties

The company had the following related party transactions.

	2021	2020
	€	€
Transactions with parent company		
Interest payable recharged from	**5,552**	5,301

23 Ultimate controlling party

The company's parent is Dino Fino Finance PLC respectively, having its registered address at Msida Valley Road, Birkirkara BKR9025. The ultimate controlling party is Mr. Dino Fino, who is also considered to be a related party.