SHOPPING MALLS
FINANCE P.L.C.

D Shopping Malls Finance PLC
Dizz Building, Carob Street, St. Venera SVR 700
Tel: 21225589 Fax: 21443681
Co. Reg. No. C 87809

Approval of Guarantor's Financial Statements

Date of Announcement 28th April 2021

The following is a company announcement issued by D Shopping Malls Finance p.l.c. (hereinafter the "Company") pursuant to the Prospects MTF Rules, a market regulated as a multilateral trading facility and operated by the Malta Stock Exchange.

QUOTE

The Company's Guarantor, D Shopping Malls Limited, has approved its Financial Statements for the year ended 31st December 2020.

The said financial statements are attached herewith.

UNQUOTE

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Dr Ian Vella Galea
Company Secretary

DSM 39

D SHOPPING MALLS LIMITED

ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

For the year ended 31 December 2020

Holding Company Information

Directors :	Ms Diane Izzo Mr Karl Izzo
Secretary :	Ms Diane Izzo
Company number :	C 87499
Registered office :	Dizz Buildings Carob Street Santa Venera
Auditors :	KSi Malta 6, Villa Gauci Mdina Road Balzan Malta
Banker :	Bank of Valletta plc Constitution Road Mosta

Contents

Report of the Directors
For the year ended 31 December 2020

The directors present their report and the audited financial statements of the Group, composed of D Shopping Malls Limited (hereinafter referred to as the "Guarantor/Company") and D Shopping Malls Finance P.L.C. (hereinafter referred to as the "Issuer"), for the year ended 31 December 2020.

Principal Activity

The Group is principally engaged in investing in, acquiring, holding and/or managing any land, building or other property for the purpose of deriving income therefrom. The Guarantor's principal activity is the management, operation and lease of the following shopping malls and properties:

- A 15-year lease agreement with Sliema Wanderers football club to develop and sublease D Malls, a commercial centre located in Tigne Point, Sliema. The lease agreement can be further extended. This project was inaugurated on 21st November 2020, and by the end of the year, eight outlets were leased out to related or third parties, with one outlet and office space remaining vacant at the end of the year. The outlet will be completed and opened towards the second half of 2021.

- A 15-year agreement with Center Parc Holding Limited located in Triq it-Tigrija, Qormi, that can be further extended. As at the end of the reporting year, the Company had subleased all the nine retail units at its disposal to related or third parties.

- Leasing of two owned properties: (i) Laguna Apartment 206, Portomaso, Spinola and (ii) Flat 13, Waterside Apartments and Flat 6, Byron Court, Ix-Xatt ta' Qui Si Sana, Sliema.

The D Shopping Malls Limited's subsidiary, D Shopping Malls Finance P.L.C.'s principal activity, is to act as a finance company and its business is limited to the raising of capital and the lending of such capital to the Guarantor, the collection of interest from the Guarantor and the settlement of interest payable on capital raised from third parties. The activities of the company are expected to remain consistent for the foreseeable future.

D Shopping Malls Finance P.L.C., raised € 7,500,000 5.35% Unsecured Bonds on 1 October 2018 on Prospects MTF. These Bonds are repayable at par on 28 October 2028. The Bond proceeds were advanced by way of a loan to the Guarantor and subsequently been allocated to the projects as per the Company Admission Document.

Review of Business

The COVID-19 pandemic has disrupted business on a global level. Despite this, the pandemic did not have a direct impact on the business of the Company, as the revenue generated was in line with the lease agreements entered into by the company. Furthermore, the Company completed the development of D Malls during 2020 and leased out a further six outlets during the year.

In fact, during the year under review the Group registered a profit before tax of € 1,156,546 (2019: Loss of € 246,445), which was principally derived from leasing of immovable property amounting to € 1,120,180. Of this € 57,600 relates to property owned by the Group and € 1,062,580 relates to leased properties.

Furthermore, during the year, the Company generated income from key money of Eur 1,000,000 from related companies as per note 25.3 as well as revalued upwards its investment property, recognising a gain of Eur 850,000

Report of the Directors (continued)
For the year ended 31 December 2020

Principal Risks and Uncertainties

D Shopping Malls Finance P.L.C. ("Issuer") is mainly dependant on the business prospects of the D Shopping Malls Limited ("the Guarantor"), and consequently, the operating results of D Shopping Malls Limited have a direct effect on the Company's Consolidated financial position and performance, including the ability of D Shopping Malls Finance P.L.C. to services its payment obligations under the issued bonds. D Shopping Malls Limited ability to generate Cash Flows and earnings may be restricted by:

- loss of tenants
- decrease in rental rates
- changes in applicable laws and regulations;
- the terms contained in the agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or
- other factors beyond the control of the Company.

In this respect, the Parent, intends to continue to manage the properties in order to ensure optimal utilisation thereof and achieve positive and sustainable financial results. The directors monitor closely the impact of events and the ability of the parent to honour its financial commitments. To this regard, the directors are of the view that the amount receivable from the parent by the Company is recoverable. D Shopping Malls Limited is also inherently economically dependent on the wider Dizz Group (Dizz Group of Companies Limited and its subsidiaries) which it also forms part, whose core operations operating retail and catering outlets, given that the majority of retail outlets are leased to related parties forming part of the Dizz Group.

Dividends and Reserves

The Directors do not recommend the payment of a dividend.

Future Developments

The Directors intend to continue to operate in line with the current business plan

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 notes 24.5 and 24.6 of the financial statements.

Events Subsequent to the Statement of Financial Position Date

There were no particular important events affecting the Group which occurred since the end of the accounting period.

Directors

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

Ms Diane Izzo
Mr Karl Izzo

Report of the Directors (continued)
For the year ended 31 December 2020

***Directors* (continued)**

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

Directors' Interest

The Directors do not hold direct shares in D Shopping Malls Limited as at 31 December 2020, however the Directors are the Ultimate Beneficial Owners of the Dizz Group of Companies Limited.

Statement of Directors' Responsibilities

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial year which fairly presents the state of affairs of the Group and the holding company as at the end of the financial year and of the profit or loss of the Group and the holding company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Group and the holding company will continue in business;

- select suitable accounting policies and apply them consistently from one accounting period to another;

- make judgements and estimates that are reasonable and prudent;

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

- value separately the components of asset and liability items on a prudent basis.

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

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

The Directors whose core operations operating retail and catering outlets. confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Group and the holding company at 31 December 2020, and of the financial performance and the cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU; 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 Group and the holding company face.

Report of the Directors (continued)
For the year ended 31 December 2020

Going Concern Statement

After making enquiries and having taken into consideration the future plans of the Group and the D Shopping Malls Ltd, the directors have reasonable expectation that the Group and the D Shopping Malls Limited has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopted the going concern basis in the preparation of the financial statements. The directors intend to continue to operate in line with the current business plan.

Auditors

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

BY ORDER OF THE BOARD

Ms Diane Izzo
Director

Mr Karl Izzo
Director

27 April 2021

Independent Auditors' Report

To the shareholders of D Shopping Malls Limited

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of D Shopping Malls Limited (the holding company), set out on pages 9 to 52, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the consolidated financial statements fairly present, in all material respects the financial position of the Group and the holding company as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

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

Emphasis of Matter

We draw attention to the fact that the Group forms part of the Dizz Group of Companies (the ultimate holding parent being Dizz Group of Companies Ltd) that operates in the retail and catering industry. Due to the COVID-19 outbreak, these industries were negatively affected and had to deal with government-imposed restrictions on all operations. D Shopping Malls Limited's principal activity is to hold investment property and generate income therefrom. Although presenting a profit of EUR 1,620,731, it is currently itself dependent on the financial performance of the wider Dizz Group of Companies and its ability to operate as a going concern.

We draw attention to Note 3.1.1, Going Concern, which describes the directors' assessment of the impact of COVID-19 on the Group's results and financial position. This matter is considered to be of fundamental importance to the understanding of the financial statements, due to its nature and significance. Our opinion is not modified in respect of this matter.

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Independent Auditors' Report (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Bond

As at 31 December 2020 the Company held Euro 7,500,000 in Bonds having a coupon rate of 5.35% to the general public through Prospects markets and these were fully subscribed. During the audit process we ascertained ourselves that the proceeds from the Bond were being utilised as per the admission document. The results of our testing were satisfactorily, and we concur that the Bond proceeds and usage are disclosed in the audited accounts accordingly.

During the audit process we ascertained ourselves that the proceeds from the Bond were being utilised as per the admission document. The results of our testing were satisfactorily, and we concur that the Bond proceeds and usage are disclosed in the audited accounts accordingly.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Directors' Responsibilities. Our opinion on the consolidated financial statements does not cover this information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the Report of the Directors has been prepared in accordance with the Companies Act (Cap.386).

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

Responsibilities of the Directors

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Companies Act (Cap. 386) enacted in Malta to report to you if, in our opinion:

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

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

Joseph Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Balzan
Malta

27 April 2021

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

		Group		Company	
		2020	2019 (17 months)	2020	2019 (17 months)
	Notes	€	€	€	€
Revenue	5	1,120,180	205,393	1,120,180	205,393
Direct costs		(1,143,843)	(250,523)	(1,033,236)	(250,523)
Gross loss		(23,663)	(45,130)	86,944	(45,130)
Other income	6	2,088,041	628,920	2,088,041	628,920
Administration expenses		(103,457)	(201,470)	(234,863)	(207,211)
Finance costs	7	(804,376)	(631,877)	(800,290)	(626,170)
Finance income	8	-	3,112	-	-
Profit/(Loss) before tax	9	1,156,545	(246,445)	1,139,832	(249,591)
Income tax	10	464,186	(120,939)	464,186	(120,939)
Profit/(Loss) for the year/period		1,620,731	(367,384)	1,604,018	(370,530)
Total comprehensive income/(loss) for the year/period		1,620,731	(367,384)	1,604,018	(370,530)

Consolidated Statement of Comprehensive Income (continued)
For the year ended 31 December 2020

		Group		Company	
		2020	2019 (17 months)	2020	2019 (17 months)
	Notes	€	€	€	€
Profit/(Loss) for the year/period attributable to:					
Owners of Company	18	1,620,731	(367,384)	1,604,018	(370,530)
Non-controlling interest		-	-	-	-
		1,620,731	(367,384)	1,604,018	(370,530)
Total comprehensive income/(expense) for the year/period attributable to:					
Owners of Company	18	1,620,731	(367,384)	1,604,018	(370,530)
Non-controlling interest		-	-	-	-
		1,620,731	(367,384)	1,604,018	(370,530)
Earnings per share	11	2.25	(0.51)	2.22	(0.51)

Consolidated Statement of Financial Position
As at 31 December 2020

		Group		Company	
		2020	2019 (17 months)	2020	2019 (17 months)
	Notes	€	€	€	€
Assets					
Property, plant and equipment	12	2,070,110	2,100,644	2,079,984	2,111,616
Right of use asset	13	10,097,164	10,838,177	10,097,164	10,838,177
Investment property	14	4,450,000	3,600,000	4,450,000	3,600,000
Investment in subsidiaries	15	-	-	49,999	49,999
Deferred tax asset	10	633,247	88,041	633,247	88,041
Total non-current assets		17,250,521	16,626,862	17,310,394	16,687,833
Trade and other receivables	16	1,607,508	358,697	3,636,110	1,766,340
Cash and cash equivalents		39,086	-	34,238	-
Total current assets		1,646,594	358,697	3,670,348	1,766,340
Total assets		18,897,115	16,985,559	20,980,742	18,454,173
Equity					
Issued capital	17	721,200	721,200	721,200	721,200
Retained earnings	18	1,253,347	(367,384)	1,233,488	(370,530)
Non-controlling interest	19	1	1	-	-
Total equity		1,974,548	353,817	1,954,688	350,670

Consolidated Statement of Financial Position (continued)
As at 31 December 2020

	Notes	Group 2020 €	Group 2019 (17 months) €	Company 2020 €	Company 2019 (17 months) €
Liabilities					
Lease liabilities	20	7,672,586	7,667,295	7,672,586	7,667,295
Borrowings	21	7,435,235	7,426,958	-	-
Loan payable	22	-	-	7,417,230	7,417,230
Deferred tax liabilities	10	290,000	208,980	290,000	208,980
Total non-current liabilities		15,397,821	15,303,233	15,379,816	15,293,505
Trade and other payables	23	1,301,313	959,307	3,438,844	2,451,215
Lease liabilities	20	207,394	350,637	207,394	350,637
Borrowings	21	-	18,565	-	8,146
Taxation bond		16,039	-	-	-
Total current liabilities		1,524,746	1,328,509	3,646,238	2,809,998
Total liabilities		16,922,567	16,631,742	19,026,054	18,103,503
Total equity and liabilities		18,897,115	16,985,559	20,980,742	18,454,173

The consolidated financial statements set out on pages 9 to 52 were approved and authorised for issue by the Board on 27 April 2021 and were signed on its behalf by:

Ms Diane Izzo
Director

Mr Karl Izzo
Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

Group

	Issued capital €	Retained earnings €	Non-controlling interest €	Total €
Changes in equity for the period				
Issue of share capital	721,200	-	-	721,200
Loss for the period	-	(367,384)	-	(367,384)
Minority share capital of subsidiary acquired	-	-	1	1
Balance at 31 December 2019	721,200	(367,384)	1	353,817
Balance at 1 January 2020	721,200	(367,384)	1	353,817
Profit for the year	-	1,620,731	-	1,620,731
Balance at 31 December 2020	721,200	1,253,347	1	1,974,548

Company

	Issued capital €	Retained earnings €	Total €
Changes in equity for the period			
Issue of share capital	721,200	-	721,200
Loss for the period	-	(370,530)	(370,530)
Balance at 31 December 2019	721,200	(370,530)	350,670
Balance at 1 January 2020	721,200	(370,530)	350,670
Profit for the year	-	1,604,018	1,604,018
Balance at 31 December 2020	721,200	1,233,488	1,954,688

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Cash flows from/(used in) operating activities				
Profit/(loss) before tax	1,156,545	(246,445)	1,139,832	(249,591)
Adjustments for:				
Depreciation of property, plant and equipment	251,649	84,648	252,747	84,648
Amortisation right of use asset	741,013	148,455	741,013	148,455
Revaluation of investment property	(850,000)	(628,920)	(850,000)	(628,920)
Interest expense	382,104	382,994	382,104	382,990
Interest payable to subsidiary	-	-	416,503	242,424
Bond interest payable	330,895	236,807	-	-
Amortisation of bond issue costs	8,277	9,728	-	-
Taxation on bond interest	16,039	-	-	-
Operating profit/(loss) before working capital changes:	2,036,522	(12,733)	2,082,199	(19,994)
Movement in trade and other receivables	(1,248,811)	(358,697)	(1,203,822)	(344,274)
Movement in trade and other payables	(121,924)	632,584	(89,220)	613,785
Net cash generated from working capital changes	665,787	261,154	789,157	249,517
Bond interest paid	(330,895)	(401,250)	-	-
Bank interest paid	-	(7)	-	(3)
Interest paid to subsidiary	-	-	-	(488,196)
Net cash generated from/(used in) operating activities	334,892	(140,103)	789,157	(238,682)

Consolidated Statement of Cash Flows (continued)
For the year ended 31 December 2020

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Cash flows from/(used in) investing activities				
Payments for property, plant and equipment	(221,115)	(1,950,492)	(221,115)	(1,950,492)
Acquisition of investment in subsidiary	-	-	-	(49,999)
Payments to acquire investment property		(2,251,080)	-	(2,251,080)
Net cash used in investing activities	(221,115)	(4,201,572)	(221,115)	(4,251,571)
Cash flows from/(used in) financing activities				
Proceeds from/(advances to) related party companies	459,518	(859,914)	655,935	7,814,515
Proceeds from related party	4,410	18,079	(665,948)	18,079
Proceeds on issue of share capital	-	1,200	-	1,200
Repayment of lease liabilities	(520,055)	(2,253,486)	(520,056)	(3,351,687)
Net proceeds from bond Issue	-	7,417,230	-	-
Non-controlling interest	1	1	-	-
Proceeds from shareholder's loan	-	-	4,411	-
Net cash (used in)/generated from financing activities	(56,126)	4,323,110	(525,658)	4,482,107
Net movement in cash and cash equivalents	57,651	(18,565)	42,384	(8,146)
Cash and cash equivalents at beginning of year	(18,565)	-	(8,146)	-
Cash and cash equivalents at end of the year	39,086	(18,565)	34,238	(8,146)

1 REPORTING ENTITY AND OTHER INFORMATION

D Shopping Malls Limited (the Company) is a limited liability company incorporated in Malta on 13 August 2018. Its ultimate controlling party is Dizz Group of Companies Limited. The registered office of the Company is disclosed in the introduction to the annual report. The Group's structure is further described in note 15.

These financial statements are presented in Euro.

1.1 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 27 April 2021.

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

Standards and interpretations applied during the current period

Amendments and interpretations applicable for the first time in 2019 shown here under have been implemented. The application of the below standards and interpretations do not have an impact on the consolidated financial statements of the Group.

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

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

Standards issued but not yet effective

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

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

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

Standards issued but not yet effective (continued)

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

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

3 ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's and the Group's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

3.1.1 GOING CONCERN

We draw attention to the fact that the Group forms part of the Dizz Group of Companies (the ultimate holding parent being Dizz Group of Companies Ltd) that operates in the retail and catering industry.

Due to the COVID-19 outbreak, all the operations of the wider Dizz Group were negatively affected and had to deal with government-imposed restrictions on all operations, which measures were introduced in an effort to curb the pandemic. In light of the situation, the Government of Malta announced several support measures to mitigate the negative effects brought about by the pandemic. The Dizz Group applied for the COVID-19 Wage Supplement Scheme, the Electricity Refund Scheme and the rental refund scheme made available by Malta Enterprise. Furthermore, during the year under review the Dizz Group applied for bank finance with a subsidised interest rate to aid in the liquidity management of the Group.

The Dizz Group shall continue to closely monitor the situation and constantly assess the impact of the COVID-19 pandemic on its operations. The Dizz Group acknowledges that there is still a high degree of uncertainty, however the directors will continue to take appropriate actions, as they have already done, and consider the Group resilient enough to be able to sustain the current conditions.

Taking into consideration all of the above factors and circumstances, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

3 ACCOUNTING POLICIES

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the period are included in the consolidated profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 ACCOUNTING POLICIES (continued)

3.2 BASIS OF CONSOLIDATION (continued)

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in the subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relation assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 REVENUE RECOGNITION

The Group recognises revenue from the following major sources as detailed here under:

3.3.1 Rental Income

Rental income from investment property and right of use asset is recognised in profit or loss on a straight-line basis over the term of the lease on the annual income received.

3.3.2 Dividends and interest income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

3 ACCOUNTING POLICIES (continued)

3.4 LEASES

3.4.1 The Group as a Lessee

For any new contracts entered into on or after 1 January 2019, the Group 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 Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either identified in the contract or implicitly specified by being identified at the time asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

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

The Group amortises 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

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

3 ACCOUNTING POLICIES (continued)

3.4 LEASES (continued)

3.4.2 The Group as a Lessor

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

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

Finance Leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset.

Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

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

See note 13 in the period-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element is charged to profit or loss, as finance costs over the period of the lease.

Operating Leases

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

3.4.3 The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.4.4 The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3 ACCOUNTING POLICIES (continued)

3.5 FOREIGN CURRENCY AMOUNTS

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

3.6 BORROWING COSTS

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.7 TAXATION

The income tax expense represents the sum of the tax currently payable and deferred tax.

3.7.1 Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other period and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3 ACCOUNTING POLICIES (continued)

3.7 TAXATION (continued)

3.7.2 Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.7.3 Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 ACCOUNTING POLICIES (continued)

3.8 PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

The annual rates used:

	%
Furniture and fittings	10
Improvements to premises	10
Electrical installations	6.67
Office equipment	25
Air-condition	16.67

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3 ACCOUNTING POLICIES (continued)

3.8 PROPERTY, PLANT AND EQUIPMENT (continued)

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 INVESTMENT PROPERTY

Investment properties are properties held to earn rentals and capital accretion. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All the Group's property interests held to earn rentals are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.10 IMPAIRMENT OF TANGIBLE ASSETS

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 ACCOUNTING POLICIES (continued)

3.11 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.12 FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.12.1 Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3 ACCOUNTING POLICIES (continued)

3.12 FINANCIAL ASSETS (continued)

3.12.2 Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.12.3 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime Expected Credit Losses (ECL) for trade receivables, contract assets and lease receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3.12.4 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3 ACCOUNTING POLICIES (continued)

3.12 FINANCIAL ASSETS (continued)

3.12.4 Derecognition of financial assets (continued)

In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.13 FINANCIAL LIABILITIES

3.13.1 Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

3.13.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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

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

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

3.13.3 Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

3 ACCOUNTING POLICIES (continued)

3.13 FINANCIAL LIABILITIES (continued)

3.13.3 Loans and borrowings (continued)

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

3.13.4 Derecognition

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

3.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recognised as liability in the period in which they are declared.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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 the period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Capitalisation of borrowing costs

As described in note 3, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the Group's premises in D Shopping Malls Limited – Tigne Mall and Center Parc projects.

4.1.2 Deferred taxation on investment properties (owned properties)

For the purpose of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held for capital accretion and achieve rental income. Deferred tax was calculated according to the applicable tax rate on the fair value of property.

4.1.3 Deferred taxation on investment properties (leased properties)

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

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

4.2.1 Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 14.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

5 REVENUE

The Group derives its revenue as disclosed in note 3.3 and as per below

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Rental income from owned properties	57,600	76,000	57,600	76,000
Rental income from leased properties	1,062,580	129,393	1,062,580	129,393
	1,120,180	205,393	1,120,180	205,393

6 OTHER INCOME

As per accounting policies of the Group, investment property is measured at fair value and any profit or losses are accounted for through the statement of profit or loss.

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Gains on revaluations of investment property	850,000	628,920	850,000	628,920
Service charge	88,041	-	88,041	-
Key money	1,150,000	-	1,150,000	-
	2,088,041	628,920	2,088,041	628,920

7 FINANCE COSTS

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Finance interest on finance lease	382,104	382,987	382,104	382,987
Interest payable to related company	-	-	416,503	242,424
Bank interest	-	7	257	3
Bank charges	2,785	1,877	1,426	756
Bond Interest	401,250	236,807	-	-
Bondholder amendments	9,960	471	-	-
Amortisation of bond issue costs	8,277	9,728	-	-
	804,376	631,877	800,290	626,170

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

8 FINANCE INCOME

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Bank interest receivable	-	3,112	-	-

9 PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Profit/(loss) before tax is stated after charging:				
Auditors' remuneration	12,000	12,000	2,000	4,000
Directors' remuneration	2,500	8,167	-	-
Depreciation of property, plant and equipment	251,649	84,648	252,747	84,648
Amortisation right of use asset	741,013	148,455	741,013	148,455

10 INCOME TAX

10.1 Income tax recognised in statement of comprehensive income

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Current tax:				
In respect of current period	-	-	-	-
Deferred tax:				
Immovable property	81,020	208,980	81,020	208,980
Capital allowances and tax losses	(545,206)	(88,041)	(545,206)	(88,041)
	(464,186)	120,939	(464,186)	120,939
Total tax recognised in the current period	(464,186)	120,939	(464,186)	120,939

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

10 INCOME TAX (continued)

10.1 Income tax recognised in statement of comprehensive income (continued)

The income tax expense for the year/period can be reconciled to the accounting loss as follows:

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Profit/(loss) before tax	1,156,545	(246,445)	1,139,832	(249,591)
Theoretical taxation expense at 35%	404,791	(86,256)	398,942	(87,357)
Group loss relief	(953,389)	210,187	(944,639)	219,091
Deferred tax on capitalization of interest	-	3,840	-	-
Revaluation gain on investment property	(297,500)	(220,122)	(297,500)	(220,122)
Deferred tax on property	81,020	208,980	81,020	208,980
Disallowable expenses	3,258	4,310	357	347
Depreciation on improvements	44,563	-	44,563	-
IFRS 16 permanent difference	253,071	-	253,071	-
	(464,186)	120,939	(464,186)	120,939

10.2 Deferred tax balances in statement of financial position

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
	€	€	€	€
Deferred tax asset	633,247	88,041	633,247	88,041
Deferred tax liabilities	(290,000)	(208,980)	(290,000)	(208,980)
	343,247	(120,939)	343,247	(120,939)

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

10 INCOME TAX (continued)

10.3 Deferred tax balances

The Group's deferred tax can be analysed as follows:

	Opening balance €	Recognised in profit or loss €	Recognised in other comprehensive income €	Other €	Closing balance €
2019					
Immovable property	-	(208,980)	-	-	(208,980)
	-	(208,980)	-	-	(208,980)
Tax losses	-	58,414	-	-	58,414
Capital allowances	-	29,627	-	-	29,627
	-	(88,041)	-	-	(88,041)
2020					
Investment property	(208,980)	(81,016)	-	-	(289,996)
	(208,980)	(81,016)	-	-	(289,996)
Tax losses	58,414	574,829			633,243
Capital allowances	29,627	(29,627)			-
	88,041	545,202			633,243

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

11 EARNINGS PER SHARE

	Group		Company	
	2020	2019 (17 months)	2020	2019 (17 months)
Profit / (Loss) for the year / Period	1,620,731	(367,384)	1,604,018	(370,530)
Weighted number of ordinary shares	721,200	721,200	721,200	721,200
Basic earnings per share	2.25	(0.51)	2.22	(0.51)

Earnings per share is calculated by dividing the results attributable to owners of the company by the weighted average number of ordinary shares in issue during the year.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

12 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Improvements to premises €	Air-conditioning €	Furniture and fittings €	Office equipment €	Electrical Installations €	Plant & Machinery €	Total €
Cost/Revalued amount							
At 23 July 2018	-	-	-	-	-	-	-
Additions	1,166,289	281,740	405,863	15,249	316,151	-	2,185,292
At 31 December 2019	1,166,289	281,740	405,863	15,249	316,151	-	2,185,292
Additions	95,980	7,294	21,413	2,138	609	93,681	221,115
At 31 December 2020	1,262,269	289,034	427,276	17,387	316,760	93,681	2,406,407
Depreciation							
At 23 July 2018							
Additions	-	46,957	33,879	3,812	-	-	84,648
At 31 December 2019	-	46,957	33,879	3,812	-	-	84,648
Charge for the year	126,227	48,173	42,727	3,812	21,128	9,582	251,649
At 31 December 2020	126,227	95,130	76,606	7,624	21,128	9,582	336,297
Carrying amounts							
At 31 December 2020	1,136,042	193,904	350,670	9,763	295,632	84,099	2,070,110
At 31 December 2019	1,166,289	234,783	371,984	11,437	316,151	-	2,100,644

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

12 PROPERTY, PLANT AND EQUIPMENT – COMPANY

	Electrical installations	Improvements to premises	Furniture & fittings	Office equipment	Air-conditioning	Plant and Machinery	Total
	€	€	€	€	€	€	€
Cost							
At 23 July 2018							
Additions	316,151	1,177,261	405,863	15,249	281,740	-	2,196,264
At 31 December 2019	316,151	1,177,261	405,863	15,249	281,740	-	2,196,264
Additions	609	95,980	21,412	-	7,294	95,820	221,115
At 31 December 2020	316,760	1,273,241	427,275	15,249	289,034	95,820	2,417,379
Depreciation							
At 23 July 2018							
Additions	-	-	33,879	3,812	46,957	-	84,648
Charge for the year	21,128	127,324	42,728	3,812	48,173	9,582	252,747
At 31 December 2020	21,128	127,324	76,607	7,624	95,130	9,582	337,395
Carrying amounts							
At 31 December 2020	295,632	1,145,917	350,668	7,625	193,904	86,238	2,079,984
At 31 December 2019	316,151	1,177,261	371,984	11,437	234,783	-	2,111,616

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

13 LEASES - RIGHT OF USE ASSETS

GROUP

	Buildings €	Total €
Cost		
At 1 January 2020 / 31 December 2020	10,986,632	10,986,632
Additions	-	-
At 31 December 2020	10,986,632	10,986,632
Amortisation		
At 23 July 2018	-	-
Charge for the period	148,455	148,455
At 31 December 2019	148,455	148,455
Charge for the year	741,013	741,013
At 31 December 2020	889,468	889,468
Carrying amounts		
At 31 December 2020	10,097,164	10,097,164
At 31 December 2019	10,838,177	10,838,177
Amounts recognised in profit or loss		
Amortisation expense on right of use assets	741,013	741,013
Interest expense on lease liabilities	382,104	382,104

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

13 LEASES - RIGHT OF USE ASSETS (continued)

COMPANY

	Buildings	Total
	€	€
Cost		
At 1 January 2020/At 31 December 2020	10,986,632	10,986,632
Amortisation		
At 23 July 2018	-	-
Charge for the period	148,455	148,455
At 31 December 2019	148,455	148,455
Amortisation for the year	741,013	741,013
At 31 December 2020	889,468	889,468
Carrying amounts		
At 31 December 2020	10,097,164	10,097,164
At 31 December 2019	10,838,177	10,838,177
Amounts recognised in profit or loss		
Amortisation expense on right of use assets	741,013	741,013
Interest expense on lease liabilities	382,104	382,104

14 INVESTMENT PROPERTY

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Cost/revalued amount				
At 1 January 2020	3,600,000	-	3,600,000	-
Additions at cost	-	2,971,080	-	2,971,080
Revaluation	850,000	628,920	850,000	628,920
At 31 December 2020	4,450,000	3,600,000	4,450,000	3,600,000

14.1 Fair value measurement of the Group's investment property

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The fair value measurement of the Group's land and buildings were performed by Architect and Civil Engineer Kurt Vella, an independent valuer not related to the Group. The valuation conforms to International Valuation Standards. The fair value of the land and building was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Group/Company	Fair value €
2019/2020	
Residential units situated at:	
Laguna Apartment 206, Portomaso, Spinola	2,200,000
Flat 13, Waterside Apartments, Ix-Xatt ta' Qui Si Sana, Sliema	1,303,680
Flat 6, Byron Court, Ix-Xatt ta' qui si sana, Sliema	946,320
	4,450,000

14.2 Assets pledged as security

Land and buildings with a carrying amount of approximately € 4,450,000 have been pledged to secure borrowings of the Dizz Group of Companies Limited. The land and buildings have been pledged as security for bank overdraft.

15 INVESTMENTS IN SUBSIDIARIES

The investment in group undertakings is as follows:

	Company €
Cost	
At 1 January 2020	49,999
Additions	-
At 31 December 2020	49,999
At 1 Janaury 2020/31 December 2020	49,999

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	**Principal activity**	**Registered office**	**Proportion of ownership interest and voting power held**	
			2020	2019
D Shopping Malls Finance PLC	Finance	Dizz Buildings Carob Street St. Venera	99.99%	99.99%

Financial Support:

During the period ended 31 December 2019, D Shopping Malls Finance P.L.C. issued € 7,500,000 5.35% unsecured bonds to the general public. These bonds were fully subscribed and admitted on Prospects MTF on the Malta Stock Exchange. These funds were advanced by way of a loan to D Shopping Malls Limited who in turn acquired property, plant and equipment. Interest rates charged within the Group on such loans will be charged accordingly.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Amounts falling due within one year:				
Trade receivables	169,263	67,163	169,263	67,163
Other receivables	373,029	273,917	358,617	266,397
Prepayments	1,065,216	17,617	1,020,216	10,714
Amounts due from related parties (note)	-	-	2,088,014	1,422,066
	1,607,508	358,697	3,636,110	1,766,340

Note:

The amounts due from related parties are interest free and repayable on demand.

17 ISSUED CAPITAL

	Company	
	2020	2019
	€	€
Authorised		
1,400,000 ordinary shares of €1 each	1,400,000	1,400,000
Called-up, issued and fully paid		
721,200 ordinary shares of €1 each	721,200	721,200

18 RETAINED EARNINGS

Group	€
At 1 January 2020/ 31 December 2019	(367,384)
Loss for the period attributable to owners	1,620,731
At 31 December 2020	1,253,347

	2019
Company	€
At 1 January 2020 / 31 December 2019	(370,530)
Loss for the period	1,604,018
At 31 December 2020	1,233,488

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

19 NON-CONTROLLING INTEREST

Group	€
At 1 January 2020 / 31 December 2019	1
Profit for the year attributable to Non - Controlling Interest	-
Share capital on acquisition of subsidiary	-
At 31 December 2020	1

Company	
At 1 January 2020 / 31 December 2019	-
Profit for the year	-
At 31 December 2020	-

20 LEASE LIABILITY

	Group		**Company**	
	2020	2019	2020	2019
	€	€	€	€
Amounts falling due within one year:				
Lease liability	207,394	350,637	207,394	350,637
Amounts falling due after more than one year				
Lease liability falling due between 2 and 5 years	743,619	1,242,976	743,619	1,242,976
Lease liability falling due after 5 years	6,928,967	6,424,319	6,928,967	6,424,319
	7,672,586	7,667,295	7,672,586	7,667,295
Total lease liability	7,879,980	8,017,932	7,879,980	8,017,932

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

21 BORROWINGS

		Group		Company	
		2020	2019	2020	2019
	Note	€	€	€	€
Amounts falling due after five year:					
5.35% Bonds 2028	21.1	7,435,235	7,426,958	-	-
		7,435,235	7,426,958	-	-
Amounts falling due within one year:					
Bank balance overdrawn		-	18,565	-	8,146
Total borrowings		-	7,445,523	-	8,146

21.1 Summary of borrowing arrangements

During the period 23 July 2018 to 31 December 2019, D Shopping Malls Finance P.L.C. issued € 7,500,000, 5.35% unsecured bonds to the general public. These bonds were fully subscribed and admitted to Prospects MTF. Total proceeds from these bonds amounted to € 7,500,000. Total costs incurred by the D Shopping Malls Finance P.L.C. to issue the bonds amounted to € 82,770. These costs are being amortised in the Income Statement of the D Shopping Malls Finance P.L.C. over the period of the bond.

22 LOAN PAYABLE

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Loan payable to subsidiary (note)	-	-	7,417,230	7,417,230

Note –

The loan due to subsidiary carries an interest rate of 5.6% and is repayable according to a specified loan agreement.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Amounts falling due within one year:				
Trade payables	357,428	337,565	334,437	326,764
Other payables	141,180	27,000	17,000	27,000
Accruals	82,421	338,376	173,134	260,021
Amounts due to related companies (note)	697,794	238,287	2,891,783	1,819,351
Amounts due to related party (note)	22,490	18,079	22,490	18,079
	1,301,313	959,307	3,438,844	2,451,215

Note:

Amounts due to related companies and related party are unsecured, interest-free and repayable on demand.

24 FINANCIAL INSTRUMENTS

24.1 Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debts (borrowings as detailed in notes 21 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 17 to 19).

24.1.1 Gearing ratio

The Group's gearing ratio at the end of the reporting period was as follows:

	Group	
	2020	2019
	€	€
Debt (i)	7,435,235	7,426,958
Cash and bank balances	(39,086)	15,565
Net debt	7,396,149	7,445,523
Equity (ii)	1,974,549	353,817
Net debt to equity ratio	78.9%	95.46%

24 FINANCIAL INSTRUMENTS (continued)

24.1.1 Gearing ratio (continued)

Notes:

(i) Debt is defined as long-and short-term borrowings.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

24.2 Categories of financial instruments

	Group	
	2020	**2019**
	€	€
Financial assets		
Receivables	542,292	341,080
Cash and Cash equivalents	39,086	-
	581,378	341,080

24.3 Financial risk management objectives

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial year.

24.4 Market risk

(i) 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 entity's functional currency. The Group has no significant currency risk since substantially all assets and liabilities are denominated in Euro.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financial position and cash flows. As at the reporting date, the Group has fixed and variable interest-bearing liabilities. Fixed interest-bearing liabilities consists of 5.35% Bonds issued to the general public whilst exposure to variable interest-bearing liabilities consists of bank overdrafts. As at the consolidated statement of financial position date, the Group's exposure to changes in interest rates on bank overdrafts held with financial institutions was limited as the level of borrowings with variable interest-bearing liabilities is immaterial with the level of borrowing with a fixed rate interest rate.

24 FINANCIAL INSTRUMENTS (continued)

24.5 Credit risk

Credit risk arises from credit exposure to customers and amounts held with financial institutions (note 16). The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	Group	
	2020	2019
	€	€
Trade and other receivables	542,292	341,080
Cash at bank and in hand	39,086	-
	581,378	341,080

With respect to amounts receivable arising from rental income, the Group assesses on an ongoing basis the credit quality of the third party tenants, taking into account financial position, past experience and other factors. The Group manages credit limits and exposures actively in a practical manner such that there are no material past due amounts receivable from third party tenants as at the reporting date. The Group has no significant concentration of credit risk arising from third parties. As at 31 December 2019 no trade receivables were impaired.

24.6 Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (notes 21,22 and 23). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

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

24 FINANCIAL INSTRUMENTS (continued)

24.6 Liquidity risk (continued)

	Carrying amounts €	Contractual cash flows €	On demand €	Within one year €	Between two and five years €	After five years €
At 31 December 2019						
Bank overdrawn	18,565	18,565	18,565	18,565	-	-
Trade and other payables	337,565	337,565	337,565	337,565	-	-
Bond	7,426,958	11,111,250	401,250	401,250	1,605,000	9,105,000
	7,783,088	11,467,380	757,380	757,380	1,605,000	9,105,000
At 31 December 2020						
Bank overdrawn	-	-	-	-	-	-
Trade and other payables	357,428	357,428	357,428	357,428	-	-
Bond	7,435,235	10,710,000	401,250	401,250	1,605,000	8,703,750
	7,792,663	11,067,428	758,678	758,678	1,605,000	8,703,750

The Group continues to assess its funding requirements to ensure that adequate funds are in place to meet its financial liabilities when they fall due.

Notes to the Consolidated Financial Statements (continued)
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25 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

25.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period was as follows:

	Group	
	2020	2019
	€	€
Directors' remuneration	2,500	8,167

25.2 (Loans to)/loans from related parties

	Group	
	2020	2019
	€	€
Amounts due to related companies	(697,794)	(238,287)
Amounts due to related party	(22,490)	(18,079)

	Company	
	2020	2019
	€	€
Amounts due from related companies	2,088,014	1,422,066
Amounts due to related companies	(2,891,783)	(1,819,351)
Loan payable to subsidiary	(7,417,230)	(7,417,230)
Amounts due to related party	(22,490)	(18,079)

25.3 Transactions in the Statement of Profit and Loss

	Group	
	2020	2019
	€	€
Other income	1,000,000	-

	Company	
	2020	2019
	€	€
Other income	1,000,000	-