REG NO: C83842

CLIVENTI (II) LIMITED

Annual Report

For the year ended 31st December 2020

Contents **Page(s)**

General information

Registration

CLIVENTI (II) LIMITED is registered in Malta as a limited liability company under the Companies Act, (Cap. 386) with registration number C 83842.

Directors

Cliona Muscat
George Muscat

Company secretary

George Muscat - I.D. Number 312355 (M)

Registered office

Gap Holding Head Office,
Censu Scerri Street, Tigne,
Sliema, Slm 3060

Auditor

Pamela Fenech CPA FIA Dip Tax MEnt (Melit)
1, Tal-Providenza Mansions
Main Street
Balzan
Malta

Directors' responsibilities
For the year ended 31st December 2020

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Directors on behalf of the Board hereunder:

Cliona Muscat
Director

George Muscat
Director

Date : 17 September 2021

INCOME STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2020

	Notes	2020	2019
		€	€
Revenue		357,250	-
Cost of sales		(357,250)	-
		-	-
Administrative expenses		(8,152)	(6,390)
Operating loss		(8,152)	(6,390)
Rental income		145,273	60,530
Interest and other similar charges		(68,102)	(69,369)
Investment income		18	18
Profit / (loss) before taxation	3	69,037	(15,211)
Income tax expense		21,059	(3)
Profit / (loss) for the year		90,096	(15,214)

BALANCE SHEET - 31st DECEMBER 2020

	Notes	2020	2019
		€	€
ASSETS			
Non-current assets			
Property, plant and equipment	4	80,381	80,381
Investment property	5	2,174,724	2,174,724
Deferred income tax		21,061	-
		2,276,166	2,255,105
Current assets			
Trade and other receivables	6	101,779	793
Cash and bank balances		138,634	122,834
		240,413	123,627
Total Assets		2,516,579	2,378,732
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		300,000	175,000
Accumulated losses		(6,410)	(96,506)
Total equity		293,590	78,494
Non-current liabilities			
Bank loans	7.1	1,459,330	1,443,200
Other financial liabilities	8	300,000	300,000
Total non-current liabilities		1,759,330	1,743,200
Current liabilities			
Bank overdraft and loans	7.2	-	81,800
Trade and other payables	8	30,976	40,308
Other financial liabilities	8	432,683	434,930
Total current liabilities		463,659	557,038
Total liabilities		2,222,989	2,300,238
Total equity and liabilities		2,516,579	2,378,732

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 14.

The financial statements on pages 3 to 14 were approved by the board of directors and were signed on its behalf by:

Cliona Muscat
Director

George Muscat
Director

Date : 17 September 2021

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

The financial statements of CLIVENTI (II) LIMITED ("the Company") have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). The financial statements have been prepared on the historical cost basis These financial statements present information about the company as an individual undertaking.

1.2 Functional and presentation currency

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

2 Significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, land and buildings are carried under the revaluation model while other items of property, plant and equipment are carried under the cost model. Revaluations are made for the entire class of land and buildings at least every five years or with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

2 Significant accounting policies (continued)

2.1 Property, plant and equipment (continued)

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

Land is not depreciated. The rates of depreciation used for other items of property, plant and equipment are the following:

	Years
Immovable Property	50
Plant & Machinery	10
Furniture & Fittings	10

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

2 Significant accounting policies (continued)

2.2 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

i. Trade and other receivables (excluding non-financial assets included in this line item)

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment;

ii. Trade and other payables (excluding non-financial liabilities included in this line item)

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

iii. Bank borrowings

Subsequent to initial recognition, interest bearing loans are measured at the amortised cost using the effective interest method. Bank loans are carried at their face value due to their market rate of interest.

Subsequent to initial recognition, interest bearing bank overdrafts are carried at their face value due to their short term maturities.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

2 Significant accounting policies (continued)

2.2 Financial assets, financial liabilities and equity (continued)

iv. Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity. Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

2.3 Impairment

The Company's property, plant and equipment and financial assets are tested for impairment.

i. Property, plant and equipment

The carrying amounts of the Company's property, plant and equipment, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

2 Significant accounting policies (continued)

2.3 Impairment (continued)

ii. Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.4 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management, and are presented in current liabilities in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

2 Significant accounting policies (continued)

2.5 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

2.6 Income

Rendering of services

Revenue from the rendering of service is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the inflow of economic benefits associated with the transaction is probable. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates allowed by the entity.

Rental income

Rental income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably Rental income from investment property is recognised in profit or loss on a straight-line basis over the lease term.

2.7 Borrowing costs

Borrowing costs, including those costs that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised as an expense in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

2 Significant accounting policies (continued)

2.8 Investment property

Investment property is stated at cost. Freehold property or property held for perpetual emphyteusis are not depreciated.

3 Profit before tax

Total remuneration paid to the Company's auditors during the year amounts:

	2020	2019
	€	€
Audit fees	1,500	1,500

The company did not employ any persons.

4 Property, plant and equipment

	Plant & Machinery	Furniture & Fittings	Total
	€	€	€
Revalued/cost amount			
At 1st January 2020	70,878	9,503	80,381
Additons during the year	-	-	-
At 31st December 2020	**70,878**	**9,503**	**80,381**
Depreciation			
At 1st January 2020	-	-	-
Charge for the year	-	-	-
At 31st December 2020	-	-	-
Net book amount:			
At 31st December 2020	**70,878**	**9,503**	**80,381**
At 31st December 2019	70,878	9,503	80,381

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

5 Investment property

	2020	2019
	€	€
Cost		
At 1st January	2,174,724	2,174,724
At 31st December	2,174,724	2,174,724

6 Trade and other receivables

	2020	2019
	€	€
Trade debtors	84,997	-
Prepayments	16,579	-
Due from related parties	203	793
	101,779	793

All balances receivable from related parties are unsecured, interest free and have no fixed date for repayment.

7 Borrowings

7.1 *Non-current liabilities*

Borrowings included under current liabilities on the balance sheet comprise the following amounts:

	2020	2019
	€	€
Long term - falling due after one year		
Bank loans	1,459,330	1,443,200
Total long term borrowings	1,459,330	1,443,200

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

7 Borrowings

7.2 *Current liabilities*

Borrowings included under current liabilities on the balance sheet comprise the following amounts:

	2020	2019
	€	€
Short term - falling due within one year		
Bank loans	-	81,800
Total short term borrowings	-	81,800

The Company has a loan facility of €1,459,300 which bears at an interest of 4.50%. The repayments are €39,050 per quarter inclusive of interests. The loans are secured by general hypothecs over the company's assets.

8 Trade and other payables

	2020	2019
	€	€
Other creditors	12,106	-
Accruals	40,306	40,308
	30,976	40,308
Other financial liabilities		
Shareholders' current accounts	432,683	434,930
	432,683	434,930
Non-current liabilities		
Shareholders' / Directors' loans	300,000	300,000
	300,000	300,000
Total trade and other creditors	763,659	775,238

The balances owed to shareholders, directors and related parties are unsecured, interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2020

9 Transactions with related parties

9.1 *Transactions with related parties*

During the course of the year the company entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were :

	Transaction value for the year ended 31st December		Balance outstanding as at 31st December	
	2020	2019	2020	2019
	€	€	€	€
Current Liabilities				
Due to Related parties	(2,247)	(76,151)	432,683	434,930
Current Assets				
Due from Related parties	(590)	793	203	793
Non-current liabilities				
Shareholders loan	-	-	300,000	300,000

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cliventi (II) Limited. Report on the Audit of the Financial Statements.

Opinion

I have audited the financial statements of CLIVENTI (II) LIMITED, (the Company) set out on pages 3 to 14, which comprise the balance sheet as at 31st December 2020, the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Company as at 31st December 2020, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations(GAPSME) and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

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

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

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

INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of Cliventi (II) Limited. Report on the Audit of the Financial Statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 then Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Report on other legal and regulatory requirements

Under the Companies Act (Chap. 386), I am also obliged to report to you if, in my opinion:

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

I have nothing to report to you in respect of the responsibilities listed here above.

Pamela Fenech CPA FIA Dip Tax MEnt (Melit)
Certified Public Accountant

1, Tal-Providenza Mansions
Main Street
Balzan
Malta
Date : 17 September 2021

TRADING INCOME AND EXPENSES
FOR THE YEAR ENDED 31st DECEMBER 2020

	2020	2019
	€	€
Sales		
Rendering of services	357,250	-
Cost of sales		
Cost of sales	357,250	-
Gross profit	-	-
Administration expenses		
Insurance	-	1,065
Professional fees	3,488	300
Audit fees	1,500	1,500
Company registration fee	780	920
Bank Charges	2,384	2,505
General and administrative expenses	-	100
	8,152	6,390
OPERATING LOSS FOR THE YEAR	(8,152)	(6,390)
OTHER INCOME / EXPENSES		
Rental income		
Rental income	145,273	60,530
	145,273	60,530
Interest and other similar charges		
Bank Loan Interest	68,102	69,369
	68,102	69,369
Investment income		
Interest from Maltese banks	18	18
	18	18
PROFIT / (LOSS) FOR THE YEAR	69,037	(15,211)