

Best Deal Developments Limited
Report and Financial Statements
for the year ended 31 December 2023

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The directors present their report and the audited financial statements for the year ended 31 December 2023.

Principal Activity

The company is mainly engaged in property development for resale.

Performance Review

During 2023, the company was engaged in three developments: Mellieha, Zabbar and Pembroke. As at the end of the financial year, the projects of Pembroke and Mellieha were 100% completed with respect to both construction and finishes. The project of Zabbar was in its final stages of finishes and will be completed in 2024. During 2023, the company sold units from all the three developments as well as invoiced clients for finishing works with respect to Mellieha and Zabbar.

The profit on the company's activities for the year after taxation amounted to € 1,059,402 (2022: €2,718,238).

Results and Dividends

The results for the year are set out in the statement of comprehensive income on page 3.

The directors do not recommend the payment of a dividend and propose to transfer the retained profit amounting to €6,085,249 (2022: €5,025,847) to reserves.

Events after the end of the reporting period

There were no particular important events affecting the company which occurred since the end of the accounting year.

Future Developments

The company is projecting to sell the remaining apartments and garages by the end of 2025 and there are no plans to take on new developments.

Financial risk management

The company is exposed to credit, interest rate, liquidity and capital risk management. An explanation of these risks and how the Group manages these risks is found in Note 14 to these financial statements.

Directors

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

Christopher Attard
Erskine Vella
Robert Buttigieg
Pierre Bartolo

Directors' Responsibilities

The Maltese Companies Act (Cap. 386), enacted in Malta, requires the directors to prepare financial statements for each financial year 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 year. In preparing these the directors are responsible for:

- adopting the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- accounting for income and charges relating to the accounting period on the accruals basis;
- valuing separately the components of asset and liability items; and
- reporting 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 Maltese Companies Act (Cap.386). They 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.

Auditors

RSM Malta, have intimated their willingness to continue in office. A proposal to reappoint the above as auditors of the company will be put to General Meeting.

This report was approved by the Board of Directors on 26 April 2024 and were signed on its behalf by:



Christopher Attard
Director



Pierre Bartolo
Director

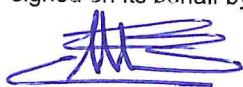
**Statement of Comprehensive Income
for the year ended 31 December 2023**

	Notes	2023 €	2022 €
Revenue		14,299,335	13,691,672
Cost of sales		(12,106,044)	(10,037,471)
Gross profit		<u>2,193,291</u>	<u>3,654,201</u>
Administrative expenses		(250,491)	(317,851)
Profit before taxation		<u>1,942,800</u>	<u>3,336,350</u>
Income tax expense	5	(883,398)	(618,112)
Profit for the year	4	<u>1,059,402</u>	<u>2,718,238</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,059,402</u></u>	<u><u>2,718,238</u></u>

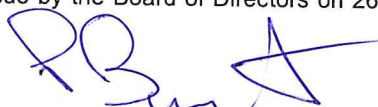
The notes on pages 7 to 19 form an integral part of these financial statements.

	Notes	2023 €	2022 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	254	507
Deferred tax assets	5	-	23,534
		<u>254</u>	<u>24,041</u>
Current Assets			
Inventories	7	8,985,491	16,537,182
Trade and other receivables	8	3,323,999	1,715,430
Cash and cash equivalents	12	850,803	1,126,581
		<u>13,160,293</u>	<u>19,379,193</u>
Total Assets		<u>13,160,547</u>	<u>19,403,234</u>
EQUITY			
Capital and Reserves			
Share capital	9	50,000	50,000
Other equity		200,000	200,000
Retained earnings		6,085,249	5,025,847
Total Equity		<u>6,335,249</u>	<u>5,275,847</u>
LIABILITIES			
Non-Current Liabilities			
Long-term borrowings	11	-	10,079,581
		<u>-</u>	<u>10,079,581</u>
Current Liabilities			
Trade and other payables	10	1,527,058	4,047,806
Short-term borrowings	11	5,298,240	-
		<u>6,825,298</u>	<u>4,047,806</u>
Total Liabilities		<u>6,825,298</u>	<u>14,127,387</u>
Total Equity and Liabilities		<u>13,160,547</u>	<u>19,403,234</u>

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2024 and were signed on its behalf by:



Christopher Attard
Director



Pierre Bartolo
Director

The notes on pages 7 to 19 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2023

	Share Capital	Retained Earnings	Other Equity	Total Equity
	€	€	€	€
At 1 January 2022	50,000	2,307,609	200,000	2,557,609
Total Comprehensive income				
Profit for the year	-	2,718,238	-	2,718,238
At 31 December 2022	<u>50,000</u>	<u>5,025,847</u>	<u>200,000</u>	<u>5,275,847</u>
At 1 January 2023	50,000	5,025,847	200,000	5,275,847
Total Comprehensive income				
Profit for the year	-	1,059,402	-	1,059,402
At 31 December 2023	<u>50,000</u>	<u>6,085,249</u>	<u>200,000</u>	<u>6,335,249</u>

Statement of Cash Flows
for the year ended 31 December 2023

	2023		2022	
	€	€	€	€
Profit before taxation	1,942,800		3,336,350	
Reconciliation to cash generated from operations:				
Depreciation	253		253	
Income tax paid	(859,864)		(639,708)	
Interest paid	589,506		848,865	
Operating profit before working capital changes	1,672,695		3,545,760	
Decrease in inventories	7,551,691		3,336,142	
Increase in trade receivables	(925,708)		(299,435)	
Increase in other receivables	(682,861)		(305,339)	
Increase in trade payables	110,344		51,996	
(Decrease) / increase in other payables	(2,631,092)		544,619	
Cash generated from operating activities		5,095,069		6,873,743
Cash from financing activities				
New long term related party borrowings	730,519		-	
Repayment of short term related party borrowings	(6,101,366)		(5,904,402)	
Cash used in financing activities		(5,370,847)		(5,904,402)
Net (decrease)/increase in cash and cash equivalents in the year		(275,778)		969,341
Cash and equivalents at beginning of year		1,126,581		157,240
Cash and equivalents at end of year (Note 12)		850,803		1,126,581

1. General Information

Best Deal Developments Limited ("the company") is a limited liability company incorporated and domiciled in Malta. The registered office of the company is 63 JL Building, Luqa Road, Paola PLA9045. The company status is that of a private company. These financial statements were approved for issue by the Board of Directors on 26 April 2024.

The company forms part of a Group of companies, the parent company being Best Deal Properties Holding plc. The company's principal activity is property development for resale.

The company has no individual who owns or controls, through direct or indirect ownership of shares, voting rights or ownership interests more than twenty-five per cent (25%), and no individual ultimately controls the company via other means. The executive directors through their position of senior managing officials within the company are considered as the ultimate controlling parties.

2. Material Accounting Policies

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

Basis of measurement and statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and comply with the requirements of the Maltese Companies Act (Cap. 386), enacted in Malta.

These financial statements have been prepared under the historical cost basis and are presented in Euro (€) which is the company's functional currency.

The preparation of financial statements in conformity with the IFRS Accounting Standards as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

New or revised standards, interpretations and amendments adopted

The Group adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the EU. The adoption of these new or revised standards, interpretations and amendments did not have a material impact on these financial statements.

Amendments to IAS 1 Presentation of financial statements

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.

2. Material Accounting Policies (continued)

Amendments to IAS 8 Accounting Policies, changes in Accounting Estimates & Errors

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 Income Taxes

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Furthermore, another amendment issued on 23 May 2023 provides a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

New or revised standards, interpretations and amendments issued but not yet effective

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial period. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured. The company recognises revenue as follows:

Property related income

Property sales are recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale.

Amounts received in respect of sales that have not yet been recognised in the financial statements due to the fact that the significant risks and rewards of ownership still rest with the company, are treated as payments received in advance and are reported with current liabilities.

Finance income

Finance income comprises interest income recognised on financial assets. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

Inventories and work in progress

Inventories and work in progress represents the properties held for construction and sale. The cost of the work in progress includes the purchase of the land on which the development for sale will be constructed including all related direct purchase costs such as duty and professional fees. Cost also includes the development costs such as demolition, excavation and construction together with all the directly attributable costs to finish the property and bringing it to the condition necessary for it to be sold. The cost of the inventories and work in progress also include the borrowing costs that are directly attributable to the acquisition, construction and finishing of the development for resale.

The developed property held for resale is included in the financial statements at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Material Accounting Policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology depends on the credit risk of the counterparty whereby for accounts where the credit risk is low and there is no significant increase in credit risk since initial recognition, the company recognises expected credit losses that are possible within the next 12 months, while expected credit losses expected over the remaining life of the exposure are recognised when there is a significant increase in credit risk since initial recognition.

The company's main financial assets that are subject to expected credit loss assessment comprise of cash and cash equivalents, trade and other receivables, and amounts owed by related and group companies.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

Trade and other payables

Trade payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. These are initially recognised at fair value. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

2. Material Accounting Policies (continued)

Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has satisfied its performance obligation in a contract with customer.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. When it relates to items recognised directly to equity, income tax is recognised as part of the other comprehensive income and in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Borrowing costs

Borrowing costs incurred in the construction of a qualifying asset, are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are recognised in the Statement of Comprehensive Income as incurred.

Capital Disclosures

The company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

2. Material Accounting Policies (continued)

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity (as shown in the statement of financial position). The company maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements in relation to the development projects as well as to enable the honouring of all other liabilities.

3. Significant judgements and critical estimation uncertainties

The preparation of financial statements in conformity with IFRS Accounting Standards as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The directors have considered the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the company's 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 disclosure in terms of the requirements of IAS 1.

4. Profit for the year

	2023	2022
	€	€
Profit for the year is stated after charging:		
Depreciation of tangible assets	253	253
Auditors' remuneration	4,555	4,337
	<u>4,808</u>	<u>4,590</u>

5. Taxation

- a) Taxation is provided for at the rate of 35% on company profits, except for sales of property which are taxed at 5% - 8% as a final withholding tax.

	2023	2022
	€	€
Current year taxation		
Income tax on the taxable income for the year	859,864	639,708
Deferred taxation		
Transfer from / (to) deferred taxation account	23,534	(21,596)
	<u>883,398</u>	<u>618,112</u>

b) The accounting profit and the tax expense for the year are reconciled as follows:

	2023	2022
	€	€
Profit on ordinary activities before taxation	1,942,800	3,336,350
Tax on accounting profit at 35%	679,980	1,167,723
Tax effect on:		
Expenses and costs disallowed for tax purposes	269,532	167,502
Different tax rate on proceeds from sales of properties	(275,398)	(717,113)
Other non-temporary differences	209,284	-
Tax expense for the year	883,398	618,112

c) The asset for deferred tax is analysed as follows:

	2023	2022
	€	€
Unabsorbed tax losses and capital allowances	-	23,534
Deferred tax asset	-	23,534

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority.

Provision was made for deferred tax for all temporary differences on the basis of the liability method using a principal tax rate at 35% (2022 - 35%).

6. Property, plant and equipment

	Plant, machinery & equipment	Total
	€	€
Cost		
At 1 January 2022		
At 31 December 2022	1,266	1,266
Depreciation		
At 1 January 2022	506	506
Charge for the year	253	253
At 31 December 2022	759	759
Net book values		
At 31 December 2022	507	507
Cost		
At 1 January 2023		
At 31 December 2023	1,266	1,266
Depreciation		
At 1 January 2023	759	759
Charge for the year	253	253
At 31 December 2023	1,012	1,012
Net book values		
At 31 December 2023	254	254

7. Inventories

	2023	2022
	€	€
Property held for resale and work in progress	8,985,491	16,537,182

8. Trade & other receivables

	2023	2022
	€	€
Trade receivables	1,967,546	1,041,838
Amounts owed by group companies	<i>Note</i> 672,829	287,380
Other receivables	683,624	386,212
	<u>3,323,999</u>	<u>1,715,430</u>

Amounts owed by group companies

These amounts are unsecured, interest free and are repayable on demand.

9. Share capital

	2023	2022
	€	€
Authorised		
50,000 Ordinary shares of € 1 each	<u>50,000</u>	<u>50,000</u>
Issued		
50,000 Ordinary shares of € 1 each 100% paid up	<u>50,000</u>	<u>50,000</u>

The share capital of the Company consists only of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meetings.

10. Trade & other payables

	2023	2022
	€	€
Trade payables	358,515	248,171
Other taxes and social security costs	134,268	8,934
Client deposits	179,443	404,242
Accruals	515,332	2,185,878
Amounts owed to other group companies	<i>Note</i> 339,500	1,200,581
	<u>1,527,058</u>	<u>4,047,806</u>

Amounts owed to other group companies

These amounts are unsecured, interest free and repayable on demand.

11. Borrowings

	2023	2022
	€	€
Non-current		
Loan from parent company	<i>Note</i> -	10,079,581
	<u> </u>	<u> </u>
Current		
Loan from parent company	<i>Note</i> 5,298,240	-
	<u> </u>	<u> </u>

Below is an analysis of the movement:

	2023	2022
	€	€
Proceeds from loan from parent company	18,097,528	17,283,291
Capitalised interest payable	4,189,636	3,683,848
Repayments	(16,988,924)	(10,887,558)
Net debt at end of year	<u> </u> 5,298,240	<u> </u> 10,079,581

Loan from parent company

These amounts are unsecured, bear interest of 7% per annum and are repayable by 31 December 2024.

12. Notes to the Statement of Cash Flow*Cash & cash equivalents*

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

	2023	2022
	€	€
Bank deposits	812,645	1,105,629
Cash in hand	38,158	20,952
	<u>850,803</u>	<u>1,126,581</u>

Liabilities arising from financing activities

	2023	2022
	€	€
Related party borrowings within 1 year		
Opening net debt	1,200,581	1,054,581
Increase in borrowings	730,519	146,000
Transfer from borrowings due after 1 year	10,079,581	
Capitalised interest payable	589,506	-
Repayments	(6,962,447)	-
Net debt at end of year	<u>5,637,740</u>	<u>1,200,581</u>
Related party borrowings due after 1 year		
Opening net debt	10,079,581	15,135,118
Capitalised interest payable	-	848,865
Transfer to borrowings within 1 year	(10,079,581)	-
Repayments	-	(5,904,402)
Net debt at end of period	<u>-</u>	<u>10,079,581</u>

13. Related party transactions

Transactions with related parties:

	2023	2022
	€	€
Administration fees charged by Best Deal Properties Limited	200,000	11,856
Direct development costs charged by Best Deal Properties Ltd	234,485	384,884
Sales commissions to individual estate agents related to the Group	18,619	130,160
Loan interest payable to parent company	505,788	848,865

Loans to related parties		
	2023	2022
	€	€
Loans to group companies :		
Opening balance	287,380	5,000
Loans advanced during the year	385,449	282,380
Closing balance	<u>672,829</u>	<u>287,380</u>
Loans from related parties		
	2023	2022
	€	€
Loans from parent company :		
Opening balance	10,079,581	15,135,118
Loans advanced during the year	814,237	-
Loans repayments made	(6,101,366)	(5,904,402)
Interest charged	505,788	848,865
Closing balance	<u>5,298,240</u>	<u>10,079,581</u>
Loans from other group companies:		
Opening balance	1,200,581	1,054,581
Loans advanced during the year	-	146,000
Loans repayments made	(861,081)	-
Closing balance	<u>339,500</u>	<u>1,200,581</u>
Total loans from related parties :		
Opening balance	11,280,162	16,189,699
Loans advanced during the year	814,237	146,000
Loans repayments made	(6,962,447)	(5,904,402)
Interest charged	505,788	848,865
Closing balance	<u>5,637,740</u>	<u>11,280,162</u>

14. Financial Risk Management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

This note presents information about the company's exposure to each of the aforementioned risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has responsibility to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk arises mainly from cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets held by the company is equivalent to their carrying amount as disclosed in the respective notes to the financial statements.

The credit risk relating to cash at bank is considered to be low in view of management's policy of placing it with reputable financial institutions.

The credit risk relating to trade receivables is limited since the company's operations are carried out in Malta with all revenues originating from clients based in Malta. The company considers that it is not exposed to major concentrations of credit risks in the event of non-performance of a single customer. Credit risk relating to amounts due from group companies is also limited as there are no indications that the group companies are unable to meet their obligations.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting year, as summarised below:

	Note	2023	2022
		€	€
<i>Financial assets at amortised cost</i>			
Trade receivables	8	1,967,546	1,041,838
Amounts owed by group companies	8	672,829	287,380
Cash and cash equivalents	12	850,803	1,126,581
		<u>3,491,178</u>	<u>2,455,799</u>

Interest rate risk

The company's borrowings with its parent company are subject to a fixed interest rate and therefore the interest risk exposure is minimal.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

	Interest rate	Within 12 months €	Between 1 - 5 years €	After 5 years €	Total €
<i>31 December 2023</i>					
Loan from parent company	7%	5,298,240	-	-	5,298,240
Related party borrowings	-	339,500	-	-	339,500
Trade and other payables	-	1,187,558	-	-	1,187,558
		<u>6,825,298</u>	<u>-</u>	<u>-</u>	<u>6,825,298</u>

	Interest rate	Within 12 months €	Between 1 - 5 years €	After 5 years €	Total €
<i>31 December 2022</i>					
Loan from parent company	7%	-	10,079,581	-	10,079,581
Related party borrowings	-	1,200,581	-	-	1,200,581
Trade and other payables	-	2,847,225	-	-	2,847,225
		<u>4,047,806</u>	<u>10,079,581</u>	<u>-</u>	<u>14,127,387</u>

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors' monitors the return on capital, but also the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the company's approach to capital management during the year.

15. Fair values estimation

The nominal values less estimated credit adjustments of other receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

16. Comparative Figures

Certain amounts have been re-classified to conform with the current year's presentation.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Best Deal Developments Limited

Report on the Audit of the Financial Statements

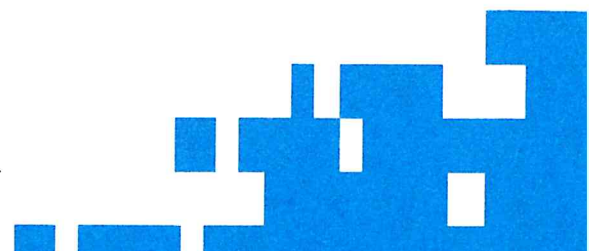
Opinion

We have audited the accompanying financial statements of Best Deal Developments Limited ("the Company"), set out on pages 3 - 19, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Maltese 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 Company in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT – continued

To the Shareholder of Best Deal Developments Limited

Report on the Audit of the Financial Statements – continued

Other Information

The directors are responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Under Article 179(3) of the Maltese Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

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

- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386);
- the information given in the directors' report for the financial period on which the financial statements had been prepared is consistent with those in the financial statements; and
- in light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 have no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT – continued

To the Shareholder of Best Deal Developments Limited

Report on the Audit of the Financial Statements – continued

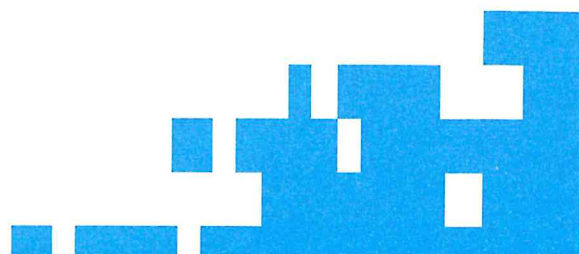
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

To the Shareholder of Best Deal Developments Limited

Report on Other Legal and Regulatory Requirements

Pursuant to Articles 179(10) and 179(11) of the Maltese Companies Act (Cap. 386), we are required to report to you if in our opinion:

- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches we have not visited; or
- the financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We have nothing to report in respect of these responsibilities.

A handwritten signature in blue ink, appearing to be "Conrad Borg".

*This copy of the audit report has been signed by
Conrad Borg (Principal)
for and on behalf of*

RSM Malta
Registered Auditors

26 April 2024

