

JUEL HOLDINGS LIMITED

FINANCIAL STATEMENTS

31st DECEMBER 2023

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31st DECEMBER 2023

The directors present their report and the audited financial statements of Juel Holdings Limited for the year ended 31st December 2023.

Principal Activities

The statement of profit or loss and other comprehensive income for the year is set out on page 7.

The principal activity of the Company is the holding of property for short-term and long-term rental. The directors do not envisage any changes to the Company's principal activities in the foreseeable future.

Review of business

During the current year, the Company made a profit before taxation of €338,461 (2022 – €21,185). This year's profit mainly emanates from the gain on revaluation of the investment property. The Company generated revenue from accomodation of €696,257 (2022 - €603,587) and incurred administration expenses of €260,642 (2022 - €275,584).

Results and dividends

The results for the year are shown in the statement of profit or loss and other comprehensive income on page 7.

The Directors do not recommend the payment of a final dividend.

Directors

The Directors of the Company as at 31st December 2023 who held office throughout the year were:-

Adrian Muscat

George Muscat - appointed on 28th March 2023 and deceased on 22nd September 2023

Edward Camilleri Ellul Bonici - appointed on 22nd September 2023

In accordance with the Company's memorandum and articles of association all the Directors remain in office.

DIRECTORS' REPORT - CONTINUED

Auditor

The auditor, TACS Malta Limited has expressed its willingness to continue in office and a resolution proposing its reappointment will be put before the members at the next annual general meeting.

Approved by the Board of Directors and signed on its behalf by:


Adrian Muscat
Director


Edward Camilleri Ellul Bonici
Director

Avian Hill,
Triq L-Ispanjulett, C/W Triq Il-Gallina,
Kappara, San Gwann
Malta

Date : 29 April 2024

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

Statement of the Directors' Responsibilities

The directors are required by the Maltese Companies Act 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial period and of its income statement for that period. In preparing the financial statements, the directors are required to:-

- ensure that the financial statements have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU;
- make judgments and estimates that are reasonable and prudent;
- ensure that applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 1995. They are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are properly safeguarded and that fraud and other irregularities will be prevented or detected.

Approved by the Board of Directors and signed on its behalf by:


Adrian Muscat
Director


Edward Camilleri Ellul Bonici
Director

Date : 29 April 2024

Independent auditor's report

To the Shareholders of Juel Holdings Limited.

Report on the Audit of the Financial Statements for the year ended 31st December 2023.

Opinion

I have audited the financial statements of Juel Holdings Limited, set out on pages 7 to 28 which comprise the statement of financial position as at 31st December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Juel Holdings Limited as at 31st December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU 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.

Information other than the Financial Statements and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of the Directors' Responsibilities.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

With respect to the Directors' Report, I also considered whether the Directors' Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' Report, in my opinion, based on the work undertaken in the course of the audit:

The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Directors' Report.

Independent auditor's report

To the Shareholders of Juel Holdings Limited.

Responsibilities of the Directors

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the EU, 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.

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 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

Independent auditor's report

To the Shareholders of Juel Holdings Limited.

Report on Other Legal and Regulatory Requirements

I am also responsible under the Companies Act (Cap. 386), I have responsibilities to report to you if, in my opinion:

- 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.
- The information given in the Report of the Directors is not consistent with the financial statements.

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



This copy of the audit report has been signed by
Pamela Fenech (Director) for and on behalf of

TACS Malta Limited

Certified Public Accountant and Registered Auditor

1, Tal-Providenza Mansions

Main Street

Balzan

Malta

Date: 29 April 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st DECEMBER 2023

	Notes	2023	2022
		€	€
Revenue	3	696,257	686,087
Cost of sales		(393,925)	(387,347)
Gross profit		302,332	298,740
Administrative expenses		(260,642)	(275,584)
Operating profit		41,690	23,156
Finance costs	6	(3,229)	(1,971)
Fair value on investment property		300,000	-
Profit before taxation	4	338,461	21,185
Tax expense	7	(37,530)	(1,333)
Profit for the year		300,931	19,852
 Total Comprehensive income		 300,931	 19,852
 Earnings per share		 250.78	 16.54

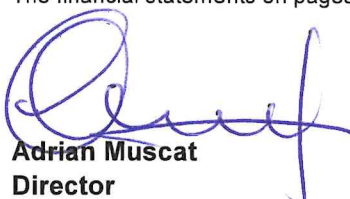
The notes on pages 11 to 28 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION - 31st DECEMBER 2023

	Notes	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	8	199,936	232,419
Investment property	9	3,300,000	3,000,000
Deferred income tax	16	2,309	2,347
		3,502,245	3,234,766
Current assets			
Inventory - Development project	10	78,653	78,653
Trade and other receivables	11	253,484	1,007,789
Cash and cash equivalents	12	39,583	174,712
		371,720	1,261,154
Total Assets		3,873,965	4,495,920
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	1,200	1,200
Retained earnings		2,182,396	1,881,465
Total equity		2,183,596	1,882,665
Non-current liabilities			
Deferred tax liability	16	264,000	240,000
Total non-current liabilities		264,000	240,000
Current liabilities			
Trade and other payables	15	186,550	178,156
Other financial liabilities	15	1,227,462	2,195,099
Taxation due		12,357	-
Total current liabilities		1,426,369	2,373,255
Total liabilities		1,690,369	2,613,255
Total equity and liabilities		3,873,965	4,495,920

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were approved by the board of directors and were signed on its behalf by:


Adrian Muscat
Director


Edward Camilleri Ellul Bonici
Director

Date : 29 April 2024

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2023**

	Share Capital €	Retained Earnings €	Total €
Balance at 1st January 2022	1,200	1,861,613	1,862,813
Comprehensive income			
Profit for the year	-	19,852	19,852
Balance at 31st December 2022	1,200	1,881,465	1,882,665
Balance at 1st January 2023	1,200	1,881,465	1,882,665
Comprehensive income			
Profit for the year	-	300,931	300,931
Balance at 31st December 2023	1,200	2,182,396	2,183,596

The notes on pages 11 to 28 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2023

	2023	2022
	€	€
Cash flows from operating activities		
Net profit before taxation	338,461	21,185
Adjustments for:		
Depreciation	34,199	33,824
Finance costs	3,229	1,971
Gain on revaluation of investment property	(300,000)	-
	75,889	56,980
Operating profit before working capital changes		
Trade and other receivables	6,701	(225,440)
Inventory	-	51,134
Trade and other payables	8,394	(65,619)
	90,984	(182,945)
Cash generated from / (used in) operations		
Finance costs	(3,229)	(1,971)
Income tax paid	(1,135)	(5,065)
	86,620	(189,981)
<i>Net cash from / (used in) operating activities</i>		
Cash flows used in investing activities		
Payments for fixed assets	(1,716)	(15,351)
	(1,716)	(15,351)
<i>Net cash used in investing activities</i>		
Cash flows from financing activities		
Director's loans	747,604	33,607
Related parties	(967,637)	20,404
	(220,033)	54,011
<i>Net cash (used in) / from financing activities</i>		
Movement in cash and cash equivalents	(135,129)	(151,321)
Cash and cash equivalents at beginning of the year	174,712	326,033
	39,583	174,712

The notes on pages 11 to 28 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) with the requirements of the Maltese Companies Act, 1995. The financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company'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.

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period on 1st January 2023.

The Company adopted Disclosures of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement) from 1st January 2023.

The amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entry specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material Accounting Policies in certain instances in line with the amendments.

Other than the above, the adoption of these revisions to the requirements of the IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

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

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

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The Company does not expect that new standards, interpretations and amendments will have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.2 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.

1.3 Revenue and cost recognition

Revenue from hospitality relates to revenue from accommodation. Revenue from each operation is recognised over time since the customer benefits as the Company is performing: the amount allocated to the performance obligation is recognised over the customer's stay at the respective hotel.

Sales of property are recognised when the significant risks and rewards of ownership of the property being sold 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 on account and presented within trade and other payable.

Other operating income consisting of the following is recognised on an accruals basis:

Interest

Costs are recognised when the related goods and services are sold, consumed or allocated, or when their future useful lives cannot be determined.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.4 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.5 Other financial liabilities

Other financial liabilities are recognized initially at fair value of proceeds received, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings, unless the interest on such borrowings is capitalised in accordance with the company's accounting policy on borrowing costs.

1.6 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and subsequently stated at cost less depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided for on the straight line method in order to write off cost over the expected useful economic lives of the assets as follows:

	Years
Computers & Equipment	4
Motor Vehicles	5
Furniture & Fittings	10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.7 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the statement of profit or loss and other comprehensive income.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss and other comprehensive income. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

1.8 Leases

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

i. As a lessee

The Company leases out property from related parties. The Company has classified this lease as an operating lease, because it does not transfer substantially all of the risks regards incidental to the ownership of the asset.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

The Company leases out its investment property. The lease is classified as an operating lease from a lessor perspective.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.9 Inventory - Development project

This development is intended in the main for resale purposes, and is accordingly classified in the financial statements as Inventory. Any elements of a project which are identified for business operation or long-term investment properties are transferred at their carrying amount to Property, plant and equipment or investment properties when such identification is made and the cost thereof can reliably be segregated.

The development is carried at the lower of cost and net realisable value. Cost comprises the purchase cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during its subsequent development, including:

- (i) The cost incurred on development works, including demolition, site clearance, excavation, construction, etc., together with the costs of ancillary activities such as site security.
- (ii) The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.
- (iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

The purchase cost of acquiring the land represents the cash equivalent of the contracted price. This was determined at date of purchase by discounting to present value the future cash outflows comprising the purchase consideration.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.10 Financial assets

i. Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in the statement of profit or loss and other comprehensive income.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction which either:
 - substantially all of the risks and rewards of ownership of the financial assets are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.10 Financial assets (continued)

iii. Derecognition (continued)

Financial liabilities

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

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

iv. Offsetting

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

v. Impairment

Simplified approach model

For trade and other receivables, the Company applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1.11 Cash and cash equivalents

Cash and cash equivalents as shown in the cashflow statement comprises of cash in hand and cash at bank.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

1 Summary of material accounting policies

1.12 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

1.13 Trade and other receivables

Trade receivables are amounts due from customers for units sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the nominal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within selling and other direct expenses.

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against selling and other direct expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management

2.1 Financial risk factors

The Company's activities are potentially exposed to a variety of risks: market risk, economic risk, counter-party risk, credit risk and liquidity risk. Where possible, the board provides principles for overall risk management, as well as policies to mitigate these risks in the most prudent way.

(i) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's financial obligations and to safeguard the Company's ability to continue as a going concern, in particular to complete the Company's projects in a timely manner.

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern; to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure consists of items presented within equity in the statement of financial position. The Company monitors the level of debt against total capital on an ongoing basis.

(iii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss.

The Company manages its credit risk exposure in relation to receivables from fellow companies in an active manner, at arm's length. The Board retains direct responsibility for affecting and monitoring the investments made by the fellow companies. The Board considers these receivables to be fully performing and recoverable.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.1 Financial risk factors - continued

(iv) Risks relating to aversion to travel due to the war in Ukraine

In response to the invasion of Ukraine by Russia, several industries implemented boycotts, bans and other forms of retaliation against Russia. With regards to the travel industry, a reduction in tourist arrivals (irrespective of nationality) may stem from a greater aversion to travel in times of political unrest and threats of conflict and war in other countries. Travellers may be reluctant to leave their home countries due to the uncertainty of the international situation and or may postpone any travel arrangements to a future date amid the ongoing crisis. Other events which could bring about a reduction in travel include actual or threatened acts of terrorism and civil unrest.

The availability of flights at affordable rates may influence one's decision to travel to Malta over other destinations, specifically destinations which offer a similar experience. As a result of the invasion of Ukraine by Russia and the retaliatory efforts of other countries, the price of oil and gas soared and in turn fuel prices experienced an all-time high, potentially implying a greater cost for airlines. Increased costs for airlines may be subsequently borne by consumers through an increase in flight prices, rendering air travel more costly for interested travellers and thus serving as a deterrent for travel in general.

The exact duration and effects of the war in Ukraine and the financial and economic effects it will have on international travel and the local hospitality and tourism industry are inherently difficult to predict with any degree of accuracy. Consequently, the Company's business, operations, and financial performance remain susceptible to the risk of an increased aversion or appetite to travel directly or indirectly related to the effects of the war in Ukraine.

(v) Risks relating to the loss of senior management and other key personnel

The Company believes that its growth is partially attributable to the efforts and abilities of its executive director, Adrian Muscat, and other key personnel, including members of senior management, sales, investment, and project management personnel and upon its ability to attract, develop and retain such key personnel to manage and grow the business.

If one or more of the members of this team were unable or unwilling to continue in their present position, particularly if such members are lost to competitors of the Company, the Company might not be able to replace them within the short term, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

(vi) Risks relating to changes in consumer preferences and demand

The Company's success in the rental and hospitality sectors is dependent on its ability to offer products and services that have a strong consumer appeal. Such sectors are susceptible to fluctuations in consumer trends because of changes in taste, consumer habits, general economic conditions, social trends, consumer attitude, consumer satisfaction and any other similar factors which are linked to consumer demand. The property market, for letting purposes, is subject to changing preferences in the style and location of immovable properties. In the case of the hospitality sector, consumer preferences are largely determined by brand image and reputation. Brand images are key to the business of the Company and thus the inability to maintain a positive brand image could have a material adverse effect on the Company's revenue and results of operations. It cannot be predicted whether advertising, marketing and promotional programs will have the desired impact on its products' and services' branding and on consumer preferences.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.1 Financial risk factors - continued

(vi) Risks relating to changes in consumer preferences and demand - continued

The Company's success in such sectors is dependent on its ability to swiftly anticipate, capitalise and adapt to changes in consumer attitude and preferences. Should the Company fail to do so, it may experience a reduction in revenue which could have a material adverse effect on its operational results and financial condition.

(vii) Risks relating to the Company's insurance policies

No assurance can be given that the Company's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. In addition, changes in legislation or judicial interpretation, or the issuance or alteration of directives, orders, or other measures (whether interim or otherwise), by the relevant authorities may impact the ability to recoup losses under insurance coverage held by the Company. Furthermore, the actions, or inactions of employees or other officials of the Company, or of contractors, sub-contractors, outsourcing parties, or other third parties engaged by the Company from time to time, may affect the ability of the Company to successfully make a claim under its insurance policies.

(viii) Risks specific to the property sector

The Company is heavily invested in the property acquisition, development, and management markets, which are constantly evolving market segments characterised by specific risks and uncertainties. The Company is thus intrinsically susceptible to the risks associated with activities in these market segments. The occurrence of any of the factors referred to below could negatively affect the Issuer's financial condition and results.

(ix) Risks specific to the hospitality and tourism industry

The Company's activities in the hospitality and tourism industries comprise the operation of its rental activities under the brand "StayMela". The hospitality and tourism industries are susceptible to several factors which may impact the operations and revenue of owners and operators alike. Such factors include as follows:

- changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages;
- any cutbacks and stoppages on Malta-bound air or sea travel routes, or increases in taxes, surcharges and other expenses associated therewith, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities;
- changes in laws and regulations, including those concerning the management and operation of hotels and other hospitality outlets, employment, catering and entertainment establishments, health and safety, alcohol licensing, environmental concerns, fiscal policies and zoning and development, and the related costs of compliance.
- the maintenance of licences and other authorisations, as may be required from time to time, to operate and manage hospitality establishments;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures, or other travel restrictions), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

2 Financial risk management - continued

2.1 Financial risk factors - continued

(ix) Risks specific to the hospitality and tourism industry - continued

- increased competition from providers of alternative accommodation, including web-based booking channels that allow private accommodation to be made available by private individuals or via online peer-to-peer platforms, and other hospitality models such as bed and breakfasts (B&Bs), room-sharing and flexi-renting, and short-term lets of private property which may be offered at competitive rates.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Hotel and, or the reservation of the residential units available for rent under the "StayMela" brand. In turn, this may cause a reduction in the income generated from the group's hospitality division which would have a material adverse effect on the Company's business, financial condition, and results of operations and, in turn, on its ability to meet its obligations on time and in full.

(x) Risks relating to the failure to implement environmental, social and governance considerations in the Company's business model

There is a growing expectation for companies to implement sustainability risks and consider sustainability factors in their day-to-day management and their decision-making process. With an increased emphasis on environmental, social and governance ("ESG") considerations at global level, the implementation of sustainable factors in the Issuer's business model is likely to become under increased scrutiny by investors, regulators, and the public at large.

The Company's business entails three main sectors of operation: property development, rental of property and hospitality. ESG considerations for the purposes of the Company's business may include, but are not limited to, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof.

In particular, risks relating to the impact of climate change, through physical and transitional channels, including but not limited to, physical risks related to severe weather events, the rise in sea level, and other natural disasters; and transition risks attributable to regulatory, technological, and market or pricing changes, could have economic, operational and financial impacts on the group, and accordingly the failure by the Company to manage these risks over the short, medium, and long term could have a material adverse effect on the Company's business operations, financial performance and prospects.

From a governance perspective, risks may arise relating to lack of skillful management or good governance within the Company and the inadequacy of proper control. Said risks cover a wide spectrum of areas including financial crime, regulatory compliance, fraud, systems, and processes which would in turn affect income and capital. Failure to manage these risks may result in negative impacts on the Company's business and reputation.

Should the Company fail to operate its business in each sector in a sustainable manner, the failure to implement sustainable factors in the Company's business operations may also have a material adverse effect on the Company's reputation and public image in each sector as well as its relationship with clients, suppliers, business partners (including the Franchisor) and other stakeholders. This in turn, may have a material adverse impact on the Company's business activities, revenues, financial condition, and operations.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

3 Revenue

The Company generated revenue primarily from accomodation services. The Company is currently undergoing restructuring and consequently it will only be providing accomodation in the coming years. Consequently, there will be no operating segment disclosures.

	2023	2022
	€	€
Sale of property held for Development and resale	-	82,500
Revenue from accomodation	696,257	603,587
	696,257	686,087

4 Profit before tax

The profit for the year is stated after charging :

	2023	2022
	€	€
Employment costs - Note 5	243,836	220,320
Depreciation - Note 8	34,199	33,824
Audit fees	2,650	1,600

5 Employees

	2023	2022
	€	€
Employment costs comprise:		
Wages and salaries	243,836	220,320
	243,836	220,320

The average weekly number of persons employed by the Company during the year was:

	6	5
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6 Finance costs

	2023	2022
	€	€
Interest and bank charges	3,229	1,971
	3,229	1,971

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

7 Tax expense

The Company's income tax charge for the year has been arrived at as follows:

	2023	2022
	€	€
Current income tax		
Income tax on the taxable profits for the year at 35%	13,492	-
Income tax subject to 5% final tax on sales of immovable property	-	3,930
Deferred taxation	24,038	(2,597)
Tax charge	37,530	1,333

The accounting profits and the tax charge for the year are reconciled as shown hereunder:

	2023	2022
	€	€
Net profit for the year	338,461	21,185
Income tax thereon at 35% (statutory local income tax rate)	118,461	7,415
Tax effect of:		
Capital allowances not reflected by way of depreciation	69	-
Deferred tax not accounted for in the previous year	-	(397)
Difference arising on deferred tax on gain of revaluation of property	(81,000)	-
Difference arising on income subject to 5% withholding tax on sales	-	(5,685)
	37,530	1,333

8 Property, plant and equipment

	Computers & Equipment	Motor Vehicles	Furniture & Fittings	Total
	€	€	€	€
Cost				
At 1st January 2023	11,309	19,600	270,769	301,678
Additions during the year	1,354	-	362	1,716
At 31st December 2023	12,663	19,600	271,131	303,394
Depreciation				
At 1st January 2023	4,039	11,760	53,460	69,259
Charge for the year	3,166	3,920	27,113	34,199
At 31st December 2023	7,205	15,680	80,573	103,458
At 31st December 2023	5,458	3,920	190,558	199,936
At 31st December 2022	7,270	7,840	217,309	232,419

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

9 Investment property

9.1 Recognition of carrying amount

	2023	2022
	€	€
Cost/Revaluation		
At 1st January	3,000,000	3,000,000
Revaluation	300,000	-
At 31st December	3,300,000	3,000,000

9.2 Amounts recognised in profit or loss

Rental income from the investment property during the year was €108,000 (2022 - €87,674) and was included with revenue, refer to note 3.

9.3 Measurement of fair value

Fair value hierarchy

The value of investment property is reviewed by the Directors of each company after seeking the professional advice of external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The independent valuers provide the fair value of the Company's investment property portfolio every year.

The independent valuers estimate the market value of the investment property held by the Company as at 31st December 2023 at €3,300,000. The increase in fair value amounting to €300,000 was accounted for through profit and loss.

The valuation of the Investment properties was carried out by using the comparative method and was then cross checked by applying the investment method. By referring to the databases of reputable local real estate agencies, the market values of these properties were checked for comparisons to be drawn. The values were then capitalised at the rate of 5% which is deemed to be the average percentage return on investment for similar properties in Malta.

10 Inventory - Development project

	2023	2022
	€	€
Property cost of land and development costs	78,653	78,653
	78,653	78,653

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

11 Trade and other receivables

	2023	2022
	€	€
Trade debtors	75	1,850
Other debtors	1,800	40,800
Prepayments	1,521	4,733
Due from director	-	747,604
Due from group companies	250,088	212,802
	253,484	1,007,789

All balances receivable from director and group companies are unsecured, interest free and have no fixed date for repayment.

12 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	2023	2022
	€	€
Cash in hand	13,474	10,052
Cash at bank	26,109	164,660
	39,583	174,712

13 Share capital

	2023	2022
	€	€
Authorised		
1,200 Ordinary shares of €1 each	1,200	1,200
	1,200	1,200
Issued and fully paid up		
1,200 Ordinary shares of €1 each	1,200	1,200
	1,200	1,200

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

14 Earnings per share

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

	2023	2022
	€	€
Profit for the year	300,931	19,852
Weighted average share in issue	1,200	1,200
Earnings per share	250.78	16.54

The Company has not issued any dilutive instruments in the past, and therefore the basic and diluted earnings per share are equal.

15 Creditors

	2023	2022
	€	€
Trade and other payables		
Trade creditors	4,407	24,984
Other creditors	27,977	27,698
Advanced deposits	122,400	122,400
Other taxation	14,766	1,389
Accruals	17,000	1,685
	186,550	178,156
Other financial liabilities		
Due to directors	15,286	-
Due to corporate shareholder	760,176	-
Due to group companies	452,000	2,195,099
	1,227,462	2,195,099
Total trade and other creditors	1,414,012	2,373,255

The balances due to directors, corporate shareholder and group companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2023

16 Deferred taxation

The liability for deferred taxation is analysed as follows:

	2023	2022
	€	€
Excess of depreciation over capital allowances	69	-
Unabsorbed capital allowances and tax losses carried forward	(2,378)	(2,347)
Gain on revaluation of investment property	264,000	240,000
	261,691	237,653

17 Transactions with related parties

Companies forming part of JUEL Group are considered by the directors to be part of the group of companies. Companies having the same shareholders and directors are considered by the directors to be 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 :

	2023	2022
	€	€
Trade and other receivables		
Due from director	-	747,604
Due from group companies	250,088	212,802
	250,088	960,406
Other financial liabilities		
Due to directors	15,286	-
Due to corporate shareholder	760,176	-
Due to group companies	452,000	2,195,099
	1,227,462	2,195,099
Rent paid		
Rents paid to related parties	149,500	144,800
	149,500	144,800

18 Contingent liability

The Company has a joint and several guarantee to the Security Trustee of Juel Group plc.