

Burmarrad Commercials Property Limited

Annual Report

2022/2023

Company Registration Number: C 83190

Burmarrad Commercials Property Limited

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Burmarrad Commercials Property Limited

Director's Report

For the years ended 31 January 2022 and 31 January 2023

Director	Mr Mario Gauci
Registered address	Marjo Burmarrad Road, Burmarrad St. Paul's Bay SPB 9060 Malta

The director presents his report and the audited financial statements for the years ended 31 January 2022 and 31 January 2023. Prior year comparative was for the year ended 31 January 2021.

Principal activities

The company is principally engaged in holding and developing investment property.

Business review

The profit for the year ended 31 January 2023 amounted to €1,027,788. The Company sustained a loss of €5,509 during the year ended 31 January 2022 and a loss of €13,429 during the year ended 31 January 2021. The movement on the fair value of the Company's investment property for the year ended 31 January 2023 amounted to €648,757. During the same year, the Company committed to a plan to sell part of a complex of land situated in Burmarrad to a related company. Consequently, the deferred tax liability relating to the sale of land was reversed.

During the year ended 31 January 2022, the Company financed the acquisition of an investment property through a bank loan. In the following year, the property started being developed.

Dividends and reserves

The director does not recommend the payment of an ordinary dividend.

Events after the reporting period

The Company incorporated two subsidiaries following the reporting date.

One of the Company's properties was sold to a related company for the amount of €6,640,000 during March 2023.

Director

In accordance with the company's Articles of Association, the director, who held office throughout the period, remains in office.

Burmarrad Commercials Property Limited

Director's Report

For the years ended 31 January 2022 and 31 January 2023

Director's responsibilities

The Companies Act (Cap. 386) requires the director to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal controls as the director determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The director is 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

The auditors, BDO Malta, have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

This report was approved, authorised for issue, and signed by the director on 21 August 2023.



Mr Mario Gauci
Director

Burmarrad Commercials Property Limited

Statement of Financial Position

As at 31 January 2022 and 31 January 2023

		2023	2022	2021
		€	€	€
	Note			
Non-current assets				
Investment property	8	<u>2,100,000</u>	<u>8,069,742</u>	<u>7,679,654</u>
Current assets				
Trade and other receivables	9	-	283	89,683
Assets held for sale	10	<u>6,640,000</u>	<u>-</u>	<u>-</u>
		<u>6,640,000</u>	<u>283</u>	<u>89,683</u>
Total assets		<u>8,740,000</u>	<u>8,070,025</u>	<u>7,769,337</u>
EQUITY				
Capital and reserves				
Called up issued share capital	11	1,200	1,200	1,200
Fair value reserve		7,271,159	6,234,642	6,234,642
Retained earnings		<u>194,351</u>	<u>203,080</u>	<u>208,589</u>
Total equity		<u>7,466,710</u>	<u>6,438,922</u>	<u>6,444,431</u>
Non-current liabilities				
Bank borrowings	12	193,000	193,000	-
Long-term borrowings	12	140,234	140,234	140,234
Deferred tax liability	13	<u>168,000</u>	<u>555,760</u>	<u>555,760</u>
		<u>501,234</u>	<u>888,994</u>	<u>695,994</u>
Current liabilities				
Bank borrowings	12	2,450	293	-
Trade and other payables	14	769,606	741,816	615,733
Current tax liability		-	-	13,179
		<u>772,056</u>	<u>742,109</u>	<u>628,912</u>
Total equity and liabilities		<u>8,740,000</u>	<u>8,070,025</u>	<u>7,769,337</u>

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 3 to 20 were approved and authorised for issue on 21 August 2023.



Mario Gauci
Director

Burmarrad Commercials Property Limited

Statement of Comprehensive Income

For the Years Ended 31 January 2022 and 31 January 2023

		2023	2022	2021
		€	€	€
	Note			
Revenue		-	-	-
Movement in fair value of investment property		648,757	-	-
Administrative expenses	6	<u>(8,729)</u>	<u>(5,509)</u>	<u>(13,429)</u>
Profit/(loss) before tax		640,028	(5,509)	(13,429)
Income tax credit/(expense)	7	<u>387,760</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>1,027,788</u>	<u>(5,509)</u>	<u>(13,429)</u>

Burmarrad Commercials Property Limited

Statement of Changes in Equity

For the Years Ended 31 January 2022 and 31 January 2023

	Note	Called up issued share capital €	Fair value reserve €	Retained earnings €	Total €
At 1 February 2020		1,200	6,234,642	(11,820)	6,224,022
Burmarrad Tyre Services Limited earnings through amalgamation	18	-	-	233,838	233,838
Loss for the year		-	-	(13,429)	(13,429)
At 31 January 2021		1,200	6,234,642	208,589	6,444,431
At 1 February 2021		1,200	6,234,642	208,589	6,444,431
Loss for the year		-	-	(5,509)	(5,509)
At 31 January 2022		1,200	6,234,642	203,080	6,438,922
At 1 February 2022		1,200	6,234,642	203,080	6,438,922
Profit for the year		-	-	1,027,788	1,027,788
Transfer to fair value reserve		-	1,036,517	(1,036,517)	-
At 31 January 2023		1,200	7,271,159	194,351	7,466,710

The accompanying notes form an integral part of these financial statements.

Burmarrad Commercials Property Limited

Statement of Cash Flows

For the Years Ended 31 January 2022 and 31 January 2023

		2023	2022
		€	€
	Note		
Cash flows from operating activities			
Profit/(loss) for the year		1,027,788	(5,509)
Adjustments for:			
Movement in fair value of investment property	8	(648,757)	-
Income taxes	7	(387,760)	-
Changes in:			
Trade and other receivables	9	283	-
Trade and other payables	14	4,955	(7,578)
Cash used in operating activities		(3,491)	(13,087)
Income taxes paid		-	(13,179)
Net cash used in operating activities		(3,491)	(26,266)
Cash flows from investing activities			
Acquisition of investment property	8	(21,501)	(300,688)
Net cash used in investing activities		(21,501)	(300,688)
Cash flows from financing activities			
Proceeds from loans and borrowings	12/14	22,835	326,661
Net cash from financing activities		22,835	326,661
Net decrease in cash and cash equivalents		(2,157)	(293)
Cash and cash equivalents at beginning of year	12	(293)	-
Cash and cash equivalents at end of year	12	(2,450)	(293)

The cash flow statement for the year ended 31 January 2021 was not prepared as the Company did not have any cash and cash equivalents during that financial year.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

1 Reporting Company

Burmarrad Commercials Property Limited (the “Company”) is a limited liability company domiciled and incorporated in Malta. The Company’s registered office is at Marjo, Burmarrad Road, Burmarrad, St. Paul’s Bay, Malta. The Company is principally engaged in holding investment property.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU (“the applicable framework” or “IFRS”). All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the “Act”), to the extent that such provisions do not conflict with the applicable framework.

The director resolved to prepare the financial statements in accordance with IFRS in lieu of the Accounting Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of these regulations (“GAPSME”), which is the default accounting framework.

These are the Company’s first financial statements prepared under IFRS. The Company’s previous financial statements, for the years ended 31 January 2021 and 31 January 2022, were prepared in accordance with GAPSME. The date of transition to IFRS is the beginning of the earliest period for which the Company presents full comparative information in accordance with IFRS in these financial statements, hence 1 February 2020.

An explanation of how the transition to IFRS has affected the Company’s reported financial position and financial performance is provided in note 19.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for investment property which is measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Euro (€), which is the Company’s functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 *Presentation of Financial Statements* except as disclosed in note 2.5 to the financial statements.

2.5 Measurement of fair values

The Company's investment property is measured at fair value (refer to notes 8.3).

When measuring fair value, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure fair value might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit and loss.

3.2 Financial instruments

3.2.1 Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

3 Significant accounting policies (continued)

3.2 Financial instruments (continued)

3.2.1 Financial assets (continued)

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

The Company's non-derivative financial assets comprise trade and other receivables and cash and cash equivalents.

Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

3.2.1.1 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrawn bank balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Company in the management of short-term commitments.

3.2.2 Financial liabilities

The Company initially recognises financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.2.3 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

3 Significant accounting policies (continued)

3.3 Investment property

Investment property is property held either to earn income or for the capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Costs incurred that are directly attributable to bringing the asset to a condition to be used as specified by management are capitalised with investment property. Depreciation is calculated by using the straight line method, over estimated useful life of 100 years. Land and assets under construction are not depreciated.

3.4 Assets held for sale

Non-current assets comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

3.5 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.6 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

4 New standards and interpretations

4.1 Relevant standards and amendments issued by the IASB effective during the current year

There were no relevant standards and amendments issued by the IASB that are effective during the current year.

4.2 Relevant standards and amendments issued by the IASB but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 February 2023 and have not been applied in preparing these financial statements.

None of the new standards, amendments to standards and interpretations are expected to have a significant impact on the Company's financial statements.

5 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurements and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Investment property

The fair value of investment property was determined by 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 on an annual basis. The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.5).

6 Administration expenses

Administrative expenses include auditor's remuneration of €5,000 (2022: €2,000, 2021: €2,000).

7 Income tax credit/(expense)

The tax credit/(expense) for the year and the result of the accounting profit/(loss) multiplied by the tax rate applicable for the Company in Malta, its country of incorporation, are reconciled as follows:

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

7 Income tax credit/(expense) (continued)

	2023	2022	2021
	€	€	€
Profit/(loss) before income tax	<u>640,028</u>	<u>(5,509)</u>	<u>(13,429)</u>
Income tax using the Company's domestic tax rate of 35%	(224,010)	1,928	4,700
Difference in tax rates applied to fair value gains	614,825	-	-
Tax effect of expenses not allowed for tax purposes	<u>(3,055)</u>	<u>(1,928)</u>	<u>(4,700)</u>
Tax credit for the year	<u>387,760</u>	<u>-</u>	<u>-</u>

The movement in the fair value of the investment property of €648,757 was not subject to tax. The non-current asset held for sale that was sold after year end was not subject to tax as it was sold to a related party (Note 10). Consequently, the deferred tax liability associated with the sale of land as at 31 January 2023 was reduced by €387,760.

8 Investment property

8.1

	Investment property €	Investment property – qualifying assets €	Total €
Cost/revalued amount			
At 1 February 2020	6,947,000	-	6,947,000
Transferred upon amalgamation with Burmarrad Tyre Services Limited	700,500	-	700,500
Additions	<u>116,604</u>	<u>-</u>	<u>116,604</u>
At 31 January 2021	<u>7,764,104</u>	<u>-</u>	<u>7,764,104</u>
Accumulated depreciation			
At 1 February 2020	-	-	-
Transferred upon amalgamation with Burmarrad Tyre Services Limited	<u>84,450</u>	<u>-</u>	<u>84,450</u>
At 31 January 2021	<u>84,450</u>	<u>-</u>	<u>84,450</u>
Carrying amount			
At 31 January 2021	<u>7,679,654</u>	<u>-</u>	<u>7,679,654</u>
At 31 January 2020	<u>6,947,000</u>	<u>-</u>	<u>6,947,000</u>

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

8 Investment property (continued)

	Note	Investment property €	Investment property – qualifying assets €	Total €
Cost/revalued amount				
At 1 February 2021		7,764,104	-	7,764,104
Additions		2,364	-	2,364
Additions of qualifying assets		-	380,387	380,387
Capitalised borrowing cost on qualifying assets		-	7,337	7,337
At 31 January 2022		7,766,468	387,724	8,154,192
Accumulated depreciation				
At 1 February 2021		84,450	-	84,450
At 31 January 2022		84,450	-	84,450
Carrying amount				
At 31 January 2022		7,682,018	387,724	8,069,742
At 31 January 2021		7,679,654	-	7,679,654
		Investment property €	Investment property – qualifying assets €	Total €
Cost/revalued amount				
At 1 February 2022		7,766,468	387,724	8,154,192
Additions		885	-	885
Additions of qualifying assets		-	17,215	17,215
Capitalised borrowing cost on qualifying assets		-	3,401	3,401
Reclassification to asset held for sale		(6,640,000)	-	(6,640,000)
Movement in fair value		567,097	81,660	648,757
At 31 January 2023		1,694,450	490,000	2,184,450
Accumulated depreciation				
At 1 February 2022		84,450	-	84,450
At 31 January 2023		84,450	-	84,450
Carrying amount				
At 31 January 2023		1,610,000	490,000	2,100,000
At 31 January 2022		7,682,018	387,724	8,069,742

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

8 Investment property (continued)

8.2 At 31 January 2023, investment property amounting to €490,000 (2022: €387,724) was subject to a special hypothec to secure banking facilities availed by the Company.

8.3 The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. There were no transfers between fair value hierarchy levels during the year. The valuation technique used was the market comparison technique, with the price ranging from €2,000 to €2,800 per square metre applied to the majority of the investment property plot areas being a significant unobservable input. A higher (lower) price per square metre would result in a higher (lower) fair value estimate. The valuation was carried out on the basis of its highest and best use.

The following table shows the closing balance for Level 3 fair value relating to the Company's land.

	€
Balance at 31 January 2021	<u>7,679,654</u>
Balance at 31 January 2022	<u>8,069,742</u>
Balance at 31 January 2023	<u>8,740,000</u>

8.4 The carrying amount of the investment property, had it been stated at cost, amounts to €1,212,826 (2022: €1,191,325).

9 Trade and other receivables

		2023	2022	2021
	Note	€	€	€
Payments on account for the acquisition of investment property – qualifying asset	8	-	-	88,200
Indirect taxation		-	283	283
Other receivables		-	-	1,200
		<u>-</u>	<u>283</u>	<u>89,683</u>

10 Asset held for sale and subsequent events

10.1 During the year ended 31 January 2023, management committed to a plan to sell part of a complex of land situated in Burmarrad to a related company. Accordingly, part of the investment property is presented as an asset held for sale. The sale of land was finalised during March 2023.

10.2 The Company incorporated two subsidiaries following the reporting date.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

11 Equity

Share capital

	2023	2022	2021
	€	€	€
On issue at 1 February and 31 January - 100% paid up	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>

At 31 January 2023, the authorised share capital comprised 1,200 ordinary shares of €1 each.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12 Borrowings

12.1

	2023	2022	2021
	€	€	€
Falling due within one year:			
Overdrawn bank balance	<u>2,450</u>	<u>293</u>	<u>-</u>
Short-term borrowings	<u>2,450</u>	<u>293</u>	<u>-</u>
Falling due in between two and five years:			
Bank loans	<u>193,000</u>	<u>193,000</u>	<u>-</u>
Shareholders' loan	<u>140,234</u>	<u>140,234</u>	<u>140,234</u>
	<u>333,234</u>	<u>333,234</u>	<u>140,234</u>
Falling due after more than five years:			
Bank loans	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>333,234</u>	<u>333,234</u>	<u>140,234</u>

12.2 The bank loan is secured by a first general hypothec over the Company's assets, by a special hypothec and special privilege over property in Burmarrad and by a pledge taken over an insurance policy covering the property being hypothecated. The bank loan is repayable within a period of 3.5 years from its first drawdown and bears interest at 1.35% over the bank's base rate. The Company has also another facility not yet drawn as at year end of EUR322,800.

12.3 The shareholder's loan is unsecured, interest free and has no fixed date of repayment.

12.4 The overdrawn bank balance bears interest at 9.25% per annum.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

13 Deferred tax liability

Deferred tax liability is attributable to the following:

	2023	2022	2021
	€	€	€
Investment property	<u>168,000</u>	<u>555,760</u>	<u>555,760</u>

14 Trade and other payables

	2023	2022	2021
	€	€	€
Amounts due to related companies	759,576	735,916	605,454
Accruals	<u>10,030</u>	<u>5,900</u>	<u>10,279</u>
	<u>769,606</u>	<u>741,816</u>	<u>615,733</u>

The amounts due to the related companies are unsecured, interest free and have no fixed date of repayment.

15 Contingent liabilities

As at year end, the Company had bank guarantees in favor of Burmarrad Commercials Limited amounting to EUR8,344,100 (2022: EUR7,665,612, 2021: EUR7,671,438)

16 Financial instruments

16.1 Overview

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

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above 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 director has overall responsibility for the establishment and oversight of the Company's risk management framework.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

16 Financial instruments (continued)

16.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

16.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, 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.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Contractual cash flows				
	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 2 years	Between 2 and 5 years
As at 31 January 2023					
Bank borrowings	193,000	213,265	6,755	6,755	199,755
Long-term borrowings	140,234	140,234	-	-	140,234
Trade and other payables	769,606	769,606	769,606	-	-
Total non-derivatives	1,102,840	1,123,105	776,361	6,755	339,989
As at 31 January 2022					
Bank borrowings	193,000	220,020	6,755	6,755	206,510
Long-term borrowings	140,234	140,234	-	-	140,234
Trade and other payables	741,816	741,816	741,816	-	-
Total non-derivatives	1,075,050	1,102,070	748,571	6,755	346,744

16.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is not exposed to currency risk as its transactions are carried out in Euro, the functional currency.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

16 Financial instruments (continued)

16.4 Market risk (continued)

16.4.1 Interest rate risk

The Company has variable and fixed interest-bearing financial liabilities. The Company does not enter into financial instruments to hedge against this interest rate risk.

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	2023	2022	2021
	€	€	€
Fixed instruments			
Overdrawn balances	<u>2,450</u>	<u>293</u>	<u>-</u>
Variable rate instruments			
Bank loans	<u>193,000</u>	<u>193,000</u>	<u>-</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets and liabilities at fair value through profit and loss and does not enter into hedging instruments to hedge against this risk. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The director does not deem the effect of variable rate instruments and variances in interest rates to have a significant effect on the Company's cash flow and profit or loss.

16.5 Capital management

The director's policy is to maintain a strong capital base to sustain future development of the business.

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

The Company is not subject to externally imposed capital requirements.

16.6 Fair values

At the reporting date, the carrying amounts of financial assets and financial liabilities approximated their fair values.

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

17 Related parties

17.1 Parent company

The parent company is Burmarrad Group Limited, a company registered in Malta, with its registered address at Marjo, Burmarrad Road, Burmarrad, St. Paul's Bay, SPB 9060. Consolidated financial statements are prepared by Burmarrad Group Limited.

17.2 Other related party transactions

Transactions with related companies during the year were as follows:

	2023	2022	2021
	€	€	€
Costs paid by related parties	23,660	130,462	-
Acquisition of property	-	-	116,604

18 Merger

By virtue of a deed of merger dated 9 February 2021, it was resolved that the Company be merged with Burmarrad Tyre Services Limited, in terms of the provisions of Chapter I, Title II, Part VIII of the Maltese Companies Act, 1995, whereby, through a merger by acquisition, the company, as the acquiring company, acquired the assets rights, liabilities and obligations of Burmarrad Tyre Services Limited. The merger between the Company and Burmarrad Tyre Services Limited became effective on 13 May 2021, with an accounting reference date being 1 February 2020.

The transactions of the Company and Burmarrad Tyre Services Limited were treated, for accounting purposes, as being those of the company, on 1 February 2020.

The assets, liabilities and reserves which were taken over by the Company were as follows.

	€
Assets	
Investment property	616,050
Receivables and other current assets	128,931

	744,981

Liabilities	
Payables and other current liabilities	159,943

Reserves	
Retained earnings	233,838

Burmarrad Commercials Property Limited

Notes to the Financial Statements

For the Years Ended 31 January 2022 and 31 January 2023

19 First-time adoption of IFRS

As explained in Note 2, the Company first time adopted IFRS in these financial statements. The date of transition to IFRS is 1 February 2020.

The accounting policies applied by the Company upon transition to IFRS had the following effect on the Company's reported position and financial performance for the year ended 31 January 2021.

	As restated under IFRS	As previously reported under GAPSME	Change
	2021	2021	2021
	€	€	€
Statement of Financial Position			
<i>Non-current assets</i>			
Investment property	7,679,654	7,671,438	(8,216)
<i>Equity</i>			
Fair value reserve	6,234,642	-	6,234,642
Retained earnings	208,589	6,435,015	(6,226,426)
Statement of Comprehensive Income			
Administrative expenses	(13,429)	(21,645)	(8,216)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Burmarrad Commercials Property Limited

Report on the Audit of the Financial Statements

We have audited the financial statements of Burmarrad Commercials Property Limited («the Company»), set out on pages 1 to 20, which comprise the statement of financial position as at 31st January 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 and other explanatory information.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st January 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

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

Emphasis of Matter – First-time Adoption of IFRS

We draw attention to Note 19 to the financial statements, which explains that the Company has adopted IFRS for the first time and has used IFRS 1, 'First-time Adoption of International Financial Reporting Standards'. As part of this adoption, the Company has applied certain optional exemptions and certain mandatory exceptions as disclosed from Note 2 to the financial statements which describes the Company's change in accounting policies resulting from the transition from the Generally Accepted Principles for Small and Medium-sized Entities (GAPSME) to International Financial Reporting Standards (IFRS). Management has appropriately disclosed the significant effects of the transition on the financial statements and the comparative information. We have evaluated the reasonableness of the Company's new accounting policies and their impact on the financial statements.

Our opinion is not modified in respect of this matter.

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 auditor's 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 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Burmarrad Commercials Property Limited
(continued)

Other Information (continued)

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

Responsibilities of the Directors

As explained more fully in the Statements of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Burmarrad Commercials Property Limited
(continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

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

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



Andrew Zarb Cousin
BDO Malta
Certified Public Accountants
Registered Audit Firm

Triq it-Torri
Msida MSD 1824
Malta

Date: 21st August 2023