BONNICI BROS. PROPERTIES LTD

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Bonnici Bros. Properties Ltd

General Information

for the year ended 31 December 2021

Registration

Bonnici Bros. Properties Ltd is registered in Malta as a limited liability company under the Companies Act (Cap. 386) with registration number C 74286.

Directors

Mr. Gilbert Bonnici
Mr. David Bonnici
Mr. Alexis Bonnici
Mr. Joseph Bonnici
Ms. Michaela Bonnici
Mr. Samuel Bonnici

Company secretary

Mr. Jozef Wallace Galea

Registered office

'Bonnici House',
Sardine Street, Burmarrad,
St. Paul's Bay SPB 6073
Malta

Auditors

Tri-Mer Audit Limited
International House
Mdina Road
Mriehel BKR 3000
Malta

Bonnici Bros. Properties Ltd

Directors' Report

for the year ended 31 December 2021

The Board presents its report and the audited financial statements of Bonnici Bros. Properties Ltd ("the Company") for the year ended 31 December 2021.

Principal Activities

The Company principally invests in immovable property to earn rental and other income therefrom in the short and the long term.

During the year, the Company pursued its property expansion programme and acquired additional immovable properties to enrich its existing property portfolio.

Performance Review

Revenue increased by 53% over the preceding year given that the Company recognised its first full year revenue on certain contracts that were entered into on 3 June 2020.

Administrative expenses also increased to €134,850 (2020: €2,942), which include staff costs of €90,045 following the recruitment of personnel during the year.

The Company recognised an increase in fair value of its investment properties of €428,288 (2020: €6,278,672).

These three components led to the recognition of a profit before taxation amounting to €669,409 (2020: €6,572,304). After deducting taxation thereon, the profit for the year amounted to €164,067 (2020: €4,999,877).

Principal Risks and Uncertainties

The successful management of risk is essential to enable the Company achieve its objectives. The ultimate responsibility for risk management rests with the Company's directors, who evaluate and formulate policies for identifying and managing such risks.

The Company principally faces the same risks and uncertainties that effect the local property market, given that the Company invests solely in this market. Over time, the Company recognised a cumulative net fair value gain of €7,371,541. Further increases in the value of existing properties are envisaged based on the projects undertaken to develop own lands.

Future Developments and Events Subsequent to the Reporting Date

After the reporting date, the Company acquired additional properties within its portfolio of immovable property with the aim of generating additional revenue streams when such property becomes available for use.

The board of directors is considering alternative sources of financing the Company's property expansion programme.

Reserves and Dividends

The result for the year is set out on page 5. The directors do not recommend the payment of a dividend. The balance of retained earnings amounting to €5,214,362 is being carried forward to the next financial period.

Bonnici Bros. Properties Ltd

Directors' Report (continued)
for the year ended 31 December 2021

Directors

The directors of the Company who held office during the year were:

Mr. Gilbert Bonnici

Mr. David Bonnici

Mr. Alexis Bonnici

Mr. Joseph Bonnici

Ms. Michaela Bonnici

Mr. Samuel Bonnici

Auditors

Tri-Mer Audit Limited, Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Company's Annual General Meeting.

Approved by the Board of Directors on 21 June 2022 and signed on its behalf by:

Mr. Gilbert Bonnici
Director

Mr. David Bonnici
Director

Registered Address:
'Bonnici House',
Sardine Street, Burmarrad,
St. Paul's Bay SPB 6073
Malta

Bonnici Bros. Properties Ltd

Directors' Responsibilities

for the year ended 31 December 2021

The directors are required by the Companies Act (Cap. 386) of the Laws of Malta to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year 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 directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bonnici Bros. Properties Ltd

Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	2021 €	2020 €
Revenue		**465,674**	304,343
Direct operating expenses		**(5,984)**	(8,084)
Net rental income		**459,690**	296,259
Administrative expenses		**(134,850)**	(2,942)
Finance costs	7	**(83,719)**	-
Other income	8	**428,288**	6,278,987
Profit before tax	9	**669,409**	6,572,304
Income tax expense	11	**(505,342)**	(1,572,427)
Profit for the year - total comprehensive income		**164,067**	4,999,877

The notes on pages 10 to 30 form an integral part of these financial statements.

Bonnici Bros. Properties Ltd

Statement of Financial Position

as at 31 December 2021

	Note	2021 €	2020 €
ASSETS			
Property and equipment	12	**2,194,557**	-
Investment property	13	**25,962,408**	21,627,386
Total non-current assets		**28,156,965**	21,627,386
Current assets			
Trade and other receivables	14	**184,095**	96,438
Contract assets	15	**-**	32,657
Cash and cash equivalents	16	**10,242**	43,568
Total current assets		**194,337**	172,663
TOTAL ASSETS		**28,351,302**	21,800,049

The notes on pages 10 to 30 form an integral part of these financial statements.

Bonnici Bros. Properties Ltd

Statement of Financial Position (continued)

as at 31 December 2021

	Note	2021 €	2020 €
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**1,200**	1,200
Capital contribution reserve	18	**10,835,535**	10,835,535
Retained earnings		**5,214,362**	5,050,295
Total equity		**16,051,097**	15,887,030
Non-current liabilities			
Borrowings	19	**1,201,030**	848,598
Other payables	20	**5,000**	5,000
Deferred tax liabilities	22	**2,548,200**	2,162,739
Total non-current liabilities		**3,754,230**	3,016,337
Current liabilities			
Borrowings	19	**145,902**	-
Trade and other payables	20	**8,165,304**	2,707,525
Contract liabilities	21	**114,888**	114,888
Current tax liabilities	11	**119,881**	74,269
Total current liabilities		**8,545,975**	2,896,682
Total liabilities		**12,300,205**	5,913,019
TOTAL EQUITY AND LIABILITIES		**28,351,302**	21,800,049

The notes on pages 10 to 30 form an integral part of these financial statements.

These financial statements on pages 5 to 30 were approved by the Board of Directors on 21 June 2022 and were signed on its behalf by:

Mr. Gilbert Bonnici
Director

Mr. David Bonnici
Director

Bonnici Bros. Properties Ltd

Statement of Changes in Equity

for the year ended 31 December 2021

	Note	Share capital €	Capital contribution reserve €	Retained earnings €	Total €
As at 01 January 2020		1,200	-	50,418	51,618
Total comprehensive income					
Profit for the year		-	-	4,999,877	4,999,877
Transactions with owners, recorded in equity					
Contributions by shareholders	18	-	4,998,800	-	4,998,800
Equity portion of financial liability	18	-	5,836,735	-	5,836,735
As at 31 December 2020		**1,200**	**10,835,535**	**5,050,295**	**15,887,030**

	Share capital €	Capital contribution reserve €	Retained earnings €	Total €
As at 01 January 2021	1,200	10,835,535	5,050,295	15,887,030
Total comprehensive income				
Profit for the year	-	-	164,067	164,067
As at 31 December 2021	**1,200**	**10,835,535**	**5,214,362**	**16,051,097**

The notes on pages 10 to 30 form an integral part of these financial statements.

Bonnici Bros. Properties Ltd

Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 €	2020 €
Cash flows from operating activities:			
Profit before tax		**669,409**	6,572,304
Adjustments for:			
Finance costs		**83,719**	-
Depreciation		**269**	-
Fair value movement on investment properties		**(428,288)**	(6,278,672)
Working capital changes:			
Increase in trade and other receivables		**(20,578)**	(96,621)
Decrease/(increase) in contract assets		**32,657**	(32,657)
Increase/(decrease) in trade and other payables		**65,887**	(309,593)
Increase in contract liabilities		**-**	114,888
Cash generated from/(absorbed by) operating activities		**403,075**	(30,351)
Taxation paid		**(74,269)**	(11,426)
Net cash from/(used in) operating activities		**328,806**	(41,777)
Cash flows from investing activities:			
Payments to acquire property and equipment		**(637,327)**	-
Payments to acquire investment property		**(174,835)**	-
Cash used in investing activities		**(812,162)**	-
Cash flows from financing activities:			
Net movement in bank borrowings		**469,454**	-
Bank interest paid		**(19,424)**	-
Net cash from financing activities	6	**450,030**	-
Net movement in cash and cash equivalents		**(33,326)**	(41,777)
Cash and cash equivalents at beginning of year		**43,568**	85,345
Cash and cash equivalents at end of year	16	**10,242**	43,568

The notes on pages 10 to 30 form an integral part of these financial statements.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements

for the year ended 31 December 2021

1 Basis of preparation

Basis of measurement and statement of compliance

The financial statements of Bonnici Bros. Properties Ltd ("the Company") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act (Cap. 386), enacted in Malta. The financial statements have been prepared on the historical cost basis, unless otherwise mentioned in the relevant accounting policies below. These financial statements present information about the Company as an individual undertaking.

Functional and presentation currency

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

2 Going concern

As at the reporting date the Company had a deficiency in working capital amounting to €8,351,638 (2020: €2,724,019), which include balances payable to related parties amounting to €7,179,525 (2020: €2,644,413). During the year ended 31 December 2021, the Company pursued its property expansion programme and started investing in the development of own land whilst acquiring additional land. These investments were primarily financed through bank borrowings and related party borrowings. As at the date of this report, €1,470,000 of the related party current liabilities existing as at the reporting date are in the process of being refinanced through bank borrowings, which repayment period exceed more than one year. The Company is in the process of refinancing the rest of this liability with a view to extend repayment over more than one year. This consideration is in line with the Company's business model which expects income to be generated from investment property over a long period of time

3 Adoption of new and revised standards

New or revised standards, interpretations and amendments adopted

The Company adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the EU, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Covid-19-Related Rent Concessions – amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

3 Adoption of new and revised standards (continued)

New or revised standards, interpretations and amendments adopted (continued)

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 37, IFRS 4 and IFRS 16

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

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

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

The following amendments are effective for the period beginning 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3;

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37; and

- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

3 Adoption of new and revised standards (continued)

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

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current);
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies);
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates); and
- IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction).

4 Significant accounting policies

Property and equipment

An item of property and equipment is initially measured at cost. Cost includes the purchase prices and other expenditures directly attributable to bringing the asset to the location and condition for its intended use. Subsequent expenditures relating to the asset is capitalised as additional cost when it result in an increase in the future economic benefits to be obtained from the asset, in excess of the originally assessed standard of performance, and will flow back to the Company. All other subsequent expenditures are recognised in profit or loss.

After initial recognition an item of property and equipment is carried at cost less accumulated depreciation and impairment losses, if any.

Quarries are acquired by the Company to be used for excavation and landfilling activities. Depreciation is recognised in profit or loss over the landfilling activity based on the estimated period to fill the quarries which is determined by the total volume available after the completion of the excavation period. Once the total volume of the quarries is landfilled, they will fetch a residual value based on the overall land area.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Quarries	Over the landfilling activity
Office equipment	25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions are recognised in profit or loss when the changes arise.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Property and equipment (continued)

On disposal of an item of property and equipment, the cost and related accumulated depreciation and impairment losses, if any, are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Investment property

Investment property is property (land and building) held to earn rentals or for capital appreciation or both, but not for sale in the ordinary course of business, or for use in the production or supply of goods or services or for administrative purposes. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the Company and the cost can be measured reliably. Investment property is initially measured at cost, comprising its purchase price and any directly attributable costs. After initial recognition, investment property is measured under the fair value model with any changes therein recognised in profit or loss.

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 profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment assessment, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Company basis, as a cash-generating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Company to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would had been determined, if no impairment loss had been recognised.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire.

Financial assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

The Company's financial assets are as follows:

Financial assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets under this classification include cash and cash equivalents and trade and other receivables.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

Financial liabilities

Financial liabilities are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss.

The Company's financial liabilities are mainly financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit or loss.

Financial liabilities under this category include borrowings and trade and other payables.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Contract assets

Contract assets are recognised when the Company has transferred goods or services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Contract liabilities

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

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of deposits at banks.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

Capital contributions

The equity portion of long-dated contractually interest-free loans advanced by the shareholder and advances made by the shareholders which are earmarked to support the issuance of additional shares by the Company in the future are recognised directly in equity.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements, if the possibility of an outflow of resources embodying economic benefits is remote.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a part event; it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Taxation

The tax expense for the period comprise current and deferred tax. Tax is recognised in the statement of comprehensive income, except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is also dealt with in other comprehensive income or in equity, as appropriate.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the end of the reporting period.

Deferred income tax

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

Deferred tax liabilities are recognised for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Revenue from contracts with customers

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the Company is expected to be entitled when performance obligation is satisfied in a manner that depicts the transfer of control over the goods or services promised to the customer. A performance obligation may be satisfied either at a point in time or over time.

The consideration relates to the transaction price allocated to each performance obligation as defined in the contract with the customer. The transaction price reflects discounts, rebates, refunds granted to customers and excludes sales taxes, if any.

Rental income

Rental income arising from operating lease on investment property is accounted for on a straight line basis over the lease term.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Financial risk management

The Company's main financial assets in the statement of financial position comprise cash and cash equivalents and trade and other receivables. At the year end, there were no off-balance sheet financial assets.

The Company's main financial liabilities in the statement of financial position consist of borrowings and trade and other payables. At the year end, there were no off-balance sheet financial liabilities.

The Company is exposed to market risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company is exposed to market to risk to the extent of fluctuations in the current market interest rates, effect the Company's interest bearing financial instruments. A 1% increase or decrease in current market interest rates at the reporting date would increase or decrease the Company's financial liabilities by €4,686 (2020: nil), assuming other market variable inputs remain constant.

The Company is not exposed to currency risk since its financial instruments are denominated in the Company's functional currency.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge its obligation to the Company.

Financial assets which potentially subject the Company to concentrations of credit risk consist of trade and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date in respect of the recognised financial assets is the carrying amount disclosed in the statement of financial position and notes to the financial statements.

The Company's risk is managed through assessing the credit quality of its customers by taking into account the financial position, past experience and other factors and incorporating forward looking information such as economic condition where the debtors operates and other macroeconomic factors affecting the ability of the customers to settle the receivables.

An impairment analysis is performed at each reporting date for these assets using the simplified approach to measure the allowance ECL on trade receivables. The Company determines the allowance for ECL by using a provision matrix as they possess shared credit risk characteristics, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Financial risk management (continued)

Credit risk (continued)

Cash in bank

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

Trade receivables

Carrying amounts for trade receivables are stated net of expected credit losses. In measuring the expected credit losses, the customers have been assessed on a collective basis as they possess shared credit risk characteristics. They have been based on the days past due.

Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. The Company raises funds mainly from its operations, related party borrowings and bank borrowings. Liquidity risk is managed by maintaining significant levels of liquid funds, and identifying and monitoring changes in funding required to meet business goals driven by management.

As at 31 December 2021	**Within 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
	€	**€**	**€**	**€**
Loans due to shareholders	-	-	-	6,685,333
Bank loan	161,640	161,640	174,917	-
Trade payables	30,686	-	-	-
Amounts owed to related companies	7,179,525	-	-	-
Other payables	6,238	-	5,000	-
	7,378,089	**161,640**	**179,917**	**6,685,333**

As at 31 December 2020	**Within 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
	€	**€**	**€**	**€**
Loans due to shareholders	-	-	-	6,685,333
Amounts owed to related companies	2,644,413	-	-	-
Indirect taxation	58,425	-	-	-
Other payables	2,537	-	5,000	-
	2,705,375	**-**	**5,000**	**6,685,333**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities as at the reporting date.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

4 Significant accounting policies (continued)

Financial risk management (continued)

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 19, and equity attributable to equity holders, comprising issued share capital (Note 17), capital contribution reserve (Note 18) and retained earnings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

5 Significant judgements and critical estimation uncertainties

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

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

5 Significant judgements and critical estimation uncertainties (continued)

In the opinion of the Company's directors, except for the matters disclosed below, 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 disclosure in terms of the requirements of IAS 1.

Fair value of investment property

Investment property is revalued annually to fair value by using valuations prepared by external independent architects. These valuations are based upon assumptions including future rental value, anticipated property costs, future development costs and an appropriate discount rate. Reference is also made to market evidence of transaction prices for similar properties. These estimates are subjective in nature and involve uncertainties, such as the issue of required property permits and matters of significant judgements and, therefore, cannot be determined with precision.

6 Reconciliation of liabilities arising from financing activities

	Balance as at 1 January 2021	**Principal cash flows**	**Interest**	**Balance as at 31 December 2021**
	€	**€**	**€**	**€**
Bank loan (Note 19)	-	450,030	18,603	468,633

7 Finance costs

	2021	2020
	€	**€**
Interest expense on shareholders' loan	**29,701**	-
Interest expense by related party	**35,415**	-
Interest expense on bank loan	**18,603**	-
	83,719	-

8 Other income

	2021	2020
	€	€
Fair value gain on investment property (Note 13)	**428,288**	6,278,672
Other income	-	315
	428,288	6,278,987

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

9 Profit before tax

The profit before tax is stated after charging:

	2021	2020
	€	€
Auditors' remuneration	**3,000**	1,750
Depreciation	**269**	-
Staff costs (Note 10)	**90,045**	-

10 Staff costs

Payroll costs for the year comprise the following:

	2021	2020
	€	€
Salaries and wages	**86,893**	-
Social security and maternity fund contributions	**3,152**	-
	90,045	-

The average number of persons employed by the Company during the year was 2 (2020: nil).

11 Taxation

Tax expense on profit on ordinary activities

	2021	2020
	€	€
Income tax expense		
Current tax expense	**119,881**	74,269
Deferred tax expense (Note 22)	**385,461**	1,498,158
	505,342	1,572,427

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

11 Taxation (continued)

Tax reconciliation

	2021	2020
	€	€
Profit before tax	**669,409**	6,572,304
Tax at 35%	**234,293**	2,300,306
Tax effect of:		
Expenses disallowed for tax purposes	**76,451**	1,030
Property related tax consequences	**235,561**	(699,377)
Income taxed at different rates	**(13,530)**	(13,530)
Additional deductions	**(27,433)**	(16,002)
	505,342	1,572,427

Current taxation

Provision for current tax has been made at the rate of 35% on the chargeable income for the year and 15% final tax on rental income earned from third parties.

Current tax liability is made up as follows:

	2021	2020
	€	€
As at 1 January	**74,269**	11,426
Current tax expense	**119,881**	74,269
	194,150	85,695
Payments:		
Settlement tax	**(74,269)**	(11,426)
As at 31 December	**119,881**	74,269

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

12 Property and equipment

	Quarries	Office equipment	Total
	€	€	€
Cost			
Additions	2,193,391	1,435	2,194,826
Balance at 31 December 2021	**2,193,391**	**1,435**	**2,194,826**
Accumulated depreciation			
Depreciation charge	-	(269)	(269)
Balance at 31 December 2021	-	**(269)**	**(269)**
Net Book Value			
At 31 December 2020	-	-	-
At 31 December 2021	**2,193,391**	**1,166**	**2,194,557**

No depreciation was recognised in profit or loss during the year on the Company's quarries given that the landfilling activity did not commence as at the reporting date.

The Company's quarries are secured against bank loan facilities granted to the Company (Note 19) and related parties (Note 25).

13 Investment property

	2021	2020
	€	€
Fair value		
As at 1 January	**21,627,386**	8,000,000
Additions	**3,906,734**	7,348,714
Fair value gain recognised in profit or loss	**428,288**	6,278,672
As at 31 December	**25,962,408**	21,627,386

The additions to investment properties during the year include construction work in progress on the development of one of the Company's own land amounting to €1,699,377 and the acquisition of an additional land at €2,207,357, including attributable costs, which is earmarked for development.

Investment property has been revalued following a valuation carried out close to the year-end by an independent architect based on an open market existing use methodology.

The carrying amount of investment property amounting to €25,962,408 (2020: €21,627,386) is secured against bank facilities granted to related parties (Note 25).

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

13 Investment property (continued)

Amounts recognised in profit or loss for investment properties

	2021	2020
	€	€
Rental income from operating leases	459,552	296,259
Direct operating expenses on property that generated rental income	(5,984)	(8,084)
Fair value gain on investment properties	428,288	6,278,672

Leasing arrangements

Certain investment properties are leased to tenants under operating leases with rentals receivable quarterly in advance.

Minimum lease payments on leases of investment properties are receivable as follows:

	2021	2020
	€	€
Within 1 year	395,158	459,552
Between 1 and 2 years	287,835	395,158
Between 2 and 3 years	293,247	287,835
Between 3 and 4 years	299,669	293,247
Between 4 and 5 years	304,256	299,669
Later than 5 years	2,149,808	2,454,064
	3,729,973	4,189,525

14 Trade and other receivables

	2021	2020
	€	€
Trade receivables	19,957	-
Amounts owed by related companies	90,087	90,088
Indirect taxation	53,077	-
Other receivables	2,240	4,550
Prepayments	18,734	1,800
	184,095	96,438

The amounts owed by related companies are unsecured, interest-free and payable on demand.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

15 Contract assets

	2021	2020
	€	€
Opening balance	32,657	-
Additions	-	32,657
Transfer to trade receivables	(32,657)	-
	-	32,657

16 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the amounts shown in the statement of financial position as follows:

	2021	2020
	€	€
Bank balances	10,242	43,568

17 Share capital

	2021	2020
	€	€
Authorised		
300 Ordinary 'A' shares of €1 each	300	300
300 Ordinary 'B' shares of €1 each	300	300
300 Ordinary 'C' shares of €1 each	300	300
300 Ordinary 'D' shares of €1 each	300	300
	1,200	1,200
Issued and fully paid up		
300 Ordinary 'A' shares of €1 each	300	300
300 Ordinary 'B' shares of €1 each	300	300
300 Ordinary 'C' shares of €1 each	300	300
300 Ordinary 'D' shares of €1 each	300	300
	1,200	1,200

The holders of the Ordinary 'B', 'C' and 'D' shares each have the right to appoint two directors to the board. The holders of the Ordinary 'A' shares do not have any right to appoint directors to the board.

The Ordinary 'A', 'B', 'C' and 'D' shares carry identical equal voting rights at general meetings of the Company, are equally entitled to any distribution of dividends, and all classes of shares rank simultaneously for any residual assets of the Company after the settlement of all liabilities in the event of the Company's winding up.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

18 Capital contribution reserve

The capital contribution reserve comprise the equity portion of an interest-free loan advanced by the corporate shareholders on 31 December 2020, worked out at a market rate of interest at the date of issuance of 3.5% per annum, out of which the corporate shareholders earmarked €4,998,000 to be used to subscribe to new shares to be issued by the Company in the foreseeable future. The liability component of this liability is disclosed in Note 19 to the financial statements.

19 Borrowings

	2021	2020
	€	€
Non-current borrowings		
Loans due to shareholders	**878,299**	848,598
Bank loan	**322,731**	-
	1,201,030	848,598
Current borrowings		
Bank loan	**145,902**	-

The loans due to shareholders are interest-free, unsecured and repayable by not later than 31 December 2080. The contractual value of these loans as at the reporting date was €6,685,333 (2020: €6,685,333).

The bank loan is secured by general hypothecs over the Company's assets, present and future, and special hypothecs over the Company's quarries (Note 12), bears interest at 3.65% per annum and is repayable in monthly installments of €13,470 inclusive of interest by 31 January 2025. Directly attributable costs amounting to €1,800 were incurred upon sanctioning of the loan. This amount is being amortised over the life of the loan at the effective interest rate. The unamortised portion of this cost at the reporting date is €821 (2020: nil).

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

20 Trade and other payables

	2021	2020
	€	€
Non-current liabilities		
Deposits	**5,000**	5,000

	2021	2020
	€	€
Current liabilities		
Trade payables	**30,686**	-
Other payables	**6,238**	2,537
Amounts owed to related companies	**7,179,525**	2,644,413
Indirect taxation	-	58,425
Accruals	**948,855**	2,150
	8,165,304	2,707,525

The amounts owed to related companies are unsecured, interest free and payable on demand. The related companies and the Company are related by virtue of common individual shareholders. During the year, the Company was charged interest amounting to €35,451, representing the cost of financing the additional land acquired by the Company during the year.

21 Contract liabilities

	2021	2020
	€	€
Opening balance	**114,888**	-
Invoices issued in advance	**114,888**	114,888
Transfer to revenue	**(114,888)**	-
	114,888	114,888

22 Deferred taxation

	2021	2020
	€	€
As at 1 January	**2,162,739**	664,581
Movement during the year, recognised in profit or loss (Note 11)	**385,461**	1,498,158
As at 31 December	**2,548,200**	2,162,739

The deferred tax liabilities represent the tax effect of temporary difference related to the fair value on the Company's investment property.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

23 Fair value measurement

The Company measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Valuation techniques based on observable input. either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial instruments

The carrying amounts of cash at bank, trade and other receivables (excluding prepayments), other financial assets at amortised costs, trade and other payables (excluding accruals), and other financial liabilities at amortised cost are carried at their present values using the effective interest method (where discounting is material) which is a reasonable approximation of their fair values as at the reporting date.

Investment property

The fair value of the investment property, appraised by an independent valuer, was determined based on level 3 inputs. These level 3 inputs include future rental value, anticipated property costs, future development costs and an appropriate discount rate.

24 Contingent liabilities

As at the reporting date, the Company was acting as a guarantor in favour of banks of related parties up to a limit of €46,445,000 (2020: €45,885,000) for the issuance of bank facilities granted to the related parties.

Bonnici Bros. Properties Ltd

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

25 Related party disclosures

As at the reporting date, the Company had transactions with related parties by virtue of common individual shareholders. The outstanding balances arising from transactions with related parties and the related terms and conditions are disclosed in Notes 14, 19 and 20 to these financial statements.

Related party transactions

	2021	2020
	€	€
Revenue		
Rental income	**391,902**	228,609
Direct operating expenses		
Water and electricity	**5,984**	8,084
Administrative expenses		
Recharge of expenses	**2,965**	-
Finance costs		
Interest expense on shareholders' loan	**29,701**	-
Interest expense by related party	**35,415**	-
Non-financial assets		
Purchase of property and equipment	**1,400,000**	-
Purchase of investment property	**1,572,240**	-

The carrying amounts of the Company's properties amounting to €26,496,437 (2020: €21,627,386) (Notes 12 and 13) are provided as security against bank facilities granted to related parties.

26 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

27 Statutory information

Bonnici Bros. Properties Ltd is jointly controlled by John Bonnici Limited, Mario Bonnici Limited, Emanuel Bonnici Limited and Benjamin Bonnici Limited.

The ownership of the Company's share capital and voting rights related to such holdings, are such that no particular individual or identifiable Company of individuals could exercise ultimate control over the Company.

TRI·MER
AUDIT LTD.

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Independent Auditors' Report

To the Shareholders of Bonnici Bros. Properties Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bonnici Bros. Properties Ltd set out on pages 5 to 30 which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 European Union and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Other Information

The directors are responsible for the other information. The other information comprises the general information, directors' report and the directors' responsibilities. 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.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Art. 177 of the 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 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 and other information. We have nothing to report in this regard.

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Independent Auditors' Report (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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Independent Auditors' Report (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

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

Ian Mercieca (Director) for and on behalf of

Tri-Mer Audit Limited
an independent member of BKR International
Registered Auditors

Mriehel, Malta

21 June 2022

Bonnici Bros. Properties Ltd

Schedules to the Financial Statements

for the year ended 31 December 2021

	2021	2020
	€	€
Revenue		
Rental income	**459,552**	296,259
Recharges of water and electricity	**6,122**	8,084
	465,674	304,343

Direct operating expenses		
Water and electricity	**5,984**	8,084

	2021	2020
	€	€
Administrative expenses		
Advertising	**2,397**	-
Auditors' remuneration	**3,000**	1,750
Bank charges	**1,322**	57
Registration fee	**99**	85
Professional fees	**34,636**	1,050
Depreciation on property and equipment	**269**	-
Insurance	**1,072**	-
IT expenses	**1,478**	-
Repairs and maintenance	**88**	-
Salaries and wages	**86,893**	-
Social security and maternity fund contributions	**3,152**	-
Telecommunications	**330**	-
Staff costs	**26**	-
General expenses	**88**	-
	134,850	2,942