

**BONNICI BROS. PROPERTIES LTD**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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# BONNICI BROS. PROPERTIES LTD

## General Information

### 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

### Auditors

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

## **BONNICI BROS. PROPERTIES LTD**

### **Directors' Responsibilities for the year ended 31 December 2019**

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 judgments 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****Income Statement****for the year ended 31 December 2019**

|                                   |             | 2019                 | 2018                  |
|-----------------------------------|-------------|----------------------|-----------------------|
|                                   |             | €                    | €                     |
|                                   | <b>Note</b> |                      |                       |
| Revenue                           |             | <b>76,174</b>        | -                     |
| Administrative expenses           |             | <b>(44,807)</b>      | (7,613)               |
| <b>Profit/(loss) before tax</b>   | <b>3</b>    | <b>31,367</b>        | (7,613)               |
| Income tax expense                |             | <b>(11,426)</b>      | -                     |
| <b>Profit/(loss) for the year</b> |             | <b><u>19,941</u></b> | <b><u>(7,613)</u></b> |

# BONNICI BROS. PROPERTIES LTD


## Balance Sheet

as at 31 December 2019

|  | Note | 2019<br>€               | 2018<br>€               |
|--|------|-------------------------|-------------------------|
| <b>ASSETS</b>                          |      |                         |                         |
| <b>Non-current assets</b>              |      |                         |                         |
| Investment property                    | 4    | <u>7,958,929</u>        | <u>8,000,000</u>        |
| <b>Current assets</b>                  |      |                         |                         |
| Bank balance                           |      | <u>85,345</u>           | <u>26,633</u>           |
| <b>Total assets</b>                    |      | <u><u>8,044,274</u></u> | <u><u>8,026,633</u></u> |
| <b>EQUITY AND LIABILITIES</b>          |      |                         |                         |
| <b>Equity</b>                          |      |                         |                         |
| Share capital                          |      | 1,200                   | 1,200                   |
| Retained earnings/(accumulated losses) |      | <u>9,347</u>            | <u>(10,594)</u>         |
|  |      | <u>10,547</u>           | <u>(9,394)</u>          |
| <b>Non-current liabilities</b>         |      |                         |                         |
| Borrowings                             | 5    | 7,346,681               | 7,346,681               |
| Other payables                         | 6    | 5,000                   | 5,000                   |
| Deferred tax                           |      | <u>664,581</u>          | <u>664,581</u>          |
|  |      | <u>8,016,262</u>        | <u>8,016,262</u>        |
| <b>Current liabilities</b>             |      |                         |                         |
| Trade and other payables               | 6    | 6,039                   | 19,765                  |
| Current tax payable                    |      | <u>11,426</u>           | <u>-</u>                |
|  |      | <u>17,465</u>           | <u>19,765</u>           |
| <b>Total equity and liabilities</b>    |      | <u><u>8,044,274</u></u> | <u><u>8,026,633</u></u> |

The financial statements set out on pages 3 to 9 were approved and authorised for issue by the Board on 30 June 2020 and signed on its behalf by:

  
Mr. Gilbert Bonnici  
Director

  
Mr. David Bonnici  
Director

# BONNICI BROS. PROPERTIES LTD

## Notes to the Financial Statements for the year ended 31 December 2019

### 1 Basis of preparation

#### Statement of compliance

The financial statements of Bonnici Bros. Properties Ltd ("the Company") have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME).

#### Basis of measurement

The financial statements have been prepared on the historical cost basis except for properties held under IAS 40 which are stated at their revalued amounts.

#### Functional and presentation currency

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

### 2 Significant accounting policies

#### Investment property

Investment property is property 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 may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the fair value model, that is at fair value less any accumulated depreciation, with any changes in fair value recognised in a separate component of equity under the heading of revaluation reserve. Investment property is carried under the fair value model.

Depreciation is calculated to write down the carrying amount of the building using the straight-line method over its expected useful life of 50 years, and is charged to profit or loss. Land is not depreciated.

#### Financial assets, financial liabilities and equity

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

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

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

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

# BONNICI BROS. PROPERTIES LTD

## Notes to the Financial Statements (continued) for the year ended 31 December 2019

### 2 Significant accounting policies (continued)

#### **Financial assets, financial liabilities and equity (continued)**

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

#### ***Trade and other payables***

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

#### ***Share capital issued by the Company***

Ordinary shares issued by the Company are classified as equity.

#### **Impairment of assets**

The Company's investment property are tested for impairment.

#### ***Investment property***

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

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

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

#### **Cash and cash equivalents**

Cash comprises demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

# BONNICI BROS. PROPERTIES LTD

## Notes to the Financial Statements (continued)

### for the year ended 31 December 2019

#### 2 Significant accounting policies (continued)

##### **Income taxes**

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

##### ***Current taxation***

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

##### ***Deferred taxation***

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to the investment in subsidiary to the extent that the Company is able to control the timing of the reversal of temporary differences and it is probable that those temporary differences will not reverse in the foreseeable future. Deferred tax assets for carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

##### **Provisions**

A provision is recognised when, as a result of a past event, the Company has a present obligation that can be estimated reliably and it is probable that the Company will be required to transfer economic benefits in settlement. Provisions are recognised as a liability in the balance sheet and as an expense in profit or loss or, when the provision relates to an item of property, plant and equipment, it is included as part of the cost of the underlying assets.

##### **Revenue**

##### ***Rendering of services***

Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the balance sheet date.

##### ***Rental income***

Rental income from investment property is recognised in profit or loss 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 2019

#### 3 Profit/(loss) before tax

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

|                        | 2019         | 2018       |
|------------------------|--------------|------------|
|                        | €            | €          |
| Auditors' remuneration | <u>1,750</u> | <u>650</u> |

#### 4 Investment property

|   | €                       |
|---|-------------------------|
| <b>Valuation</b>                          |                         |
| As at 01 January and 31 December 2019     | <u>8,000,000</u>        |
| <b>Depreciation and impairment losses</b> |                         |
| Depreciation                              | <u>(41,071)</u>         |
| As at 31 December 2019                    | <u>(41,071)</u>         |
| <b>Carrying amount</b>                    |                         |
| As at 01 January 2019                     | <u><u>8,000,000</u></u> |
| As at 31 December 2019                    | <u><u>7,958,929</u></u> |

Land has been revalued by an independent valuer in 31 December 2018 on an open market existing use basis.

The movement in deferred tax liability arising on the revaluation has been computed on the basis of a tax rate of 10% on the property sales value and has been recognised directly to equity.

The carrying amount of investment property that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation and accumulated impairment losses is €7,289,419 (2018: €7,335,419).

#### Revaluation reserve

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | €                | €                |
| Revaluation of investment property            | 664,581          | 664,581          |
| Deferred taxation attributable to revaluation | <u>(664,581)</u> | <u>(664,581)</u> |
|   | <u><u>-</u></u>  | <u><u>-</u></u>  |

Deferred tax liability recognised pertaining to the revalued property was only up to the extent of revaluation reserve recognised in equity.

## BONNICI BROS. PROPERTIES LTD

### Notes to the Financial Statements (continued)

#### for the year ended 31 December 2019

#### 5 Borrowings

|                                 | 2019             | 2018             |
|---------------------------------|------------------|------------------|
|                                 | €                | €                |
| <b>Non-current borrowings</b>   |                  |                  |
| Amounts owed to related company | <u>7,346,681</u> | <u>7,346,681</u> |

The amounts owed to related company are interest free, unsecured and have no fixed repayment date. The related company and the Company are related by virtue of having common control.

#### 6 Trade and other payables

|                                | 2019         | 2018         |
|--------------------------------|--------------|--------------|
|                                | €            | €            |
| <b>Non-current liabilities</b> |              |              |
| Deposits                       | <u>5,000</u> | <u>5,000</u> |

|                                | 2019                | 2018                 |
|--------------------------------|---------------------|----------------------|
|                                | €                   | €                    |
| <b>Current liabilities</b>     |                     |                      |
| Trade payables                 | -                   | 1,180                |
| Amounts due to related company | 183                 | -                    |
| Amounts received in advance    | -                   | 15,862               |
| Indirect taxation              | 3,706               | 1,723                |
| Accruals                       | <u>2,150</u>        | <u>1,000</u>         |
|                                | <u><u>6,039</u></u> | <u><u>19,765</u></u> |

The amounts due to related company are interest free, unsecured and payable on demand. The related company and the Company are related by virtue of having common control.

#### 7 Related party disclosures

##### Related party relationships

As at balance sheet date, the Company had related party transactions with its related company. These balances are shown separately in notes 5 and 6 to the financial statements.

##### Transactions with related parties

|                                     | Transaction value  |                  | Balance          |                  |
|-------------------------------------|--------------------|------------------|------------------|------------------|
|                                     | for the year ended |                  | outstanding      |                  |
|                                     | 2019               | 2018             | 2019             | 2018             |
|                                     | €                  | €                | €                | €                |
| <b>Financing transactions</b>       |                    |                  |                  |                  |
| Amounts advanced from related party | <u>183</u>         | <u>7,345,419</u> | <u>7,346,864</u> | <u>7,346,681</u> |

# **BONNICI BROS. PROPERTIES LTD**

## **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 3 - 9 which comprise the balance sheet as at 31 December 2019, the income statement 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 balance sheet of the Company as at 31 December 2019, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

#### **Basis for Opinion**

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors**

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

## **BONNICI BROS. PROPERTIES LTD**

### **Independent Auditors' Report (continued)**

#### **Report on the Audit of the Financial Statements (continued)**

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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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.

## BONNICI BROS. PROPERTIES LTD


### Independent Auditors' Report (continued)

#### 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**  
Certified Public Accountants

Mriehel, Malta

30 June 2020

**The Schedules and Appendices on the pages that follow do not form part of the financial statements**

# BONNICI BROS. PROPERTIES LTD

## Schedule

for the year ended 31 December 2019

|                                | 2019          | 2018         |
|--------------------------------|---------------|--------------|
|                                | €             | €            |
| <b>Administrative expenses</b> |               |              |
| Bank charges                   | 28            | 27           |
| Professional fees              | 1,873         | 6,851        |
| Registration fee               | 85            | 85           |
| Auditors' remuneration         | 1,750         | 650          |
| Depreciation:                  |               |              |
| Investment property            | 41,071        | -            |
|                                | <u>44,807</u> | <u>7,613</u> |

