CONSOLIDATED HOLDINGS LIMITED

Annual Report and
Consolidated Financial Statements
31 December 2015

Company Registration Number: C 1192

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2015.

Principal activities

The group's principal activity is the operation of a hotel and the holding of investments.

The company's principal activities, which are unchanged since last year, are that of holding investments in various subsidiary undertakings.

Review of the business

The group's level of business remains at sustained levels and its financial position is satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future and that operating results will improve accordingly.

Results and dividends

The consolidated financial results are set out on page 7. No dividends have been proposed or paid this year.

Directors

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

Maurice F. Mizzi
Brian R. Mizzi
Angele Calleja - resigned on 1 January 2015
Veronique Mizzi - appointed on 1 January 2015

On 1 January 2016, Veronique Mizzi resigned from office and Angele Calleja was appointed as director in her stead.

The company's Articles of Association do not require any directors to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business as a going concern.

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Consolidated Holdings Limited for the year ended 31 December 2015 are included in the Annual Report and Consolidated Financial Statements 2015, which is published in hard-copy printed form and made available on the Mizzi Organisation website (www.mizziorganisation.com). The directors of the entities constituting the Mizzi Organisation are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Organisation's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Maurice F. Mizzi	Brian R. Mizzi
Director	Director

Registered office
Mizzi Organisation Corporate Office
Testaferrata Street
Ta' Xbiex
Malta

5 May 2016

Independent auditor's report

To the Shareholders of Consolidated Holdings Limited

Report on the Financial Statements for the year ended 31 December 2015

We have audited the consolidated and the stand-alone parent company financial statements of Consolidated Holdings Limited (together the "financial statements") on pages 5 to 61 which comprise the consolidated and parent company statements of financial position as at 31 December 2015, the consolidated and parent company statements of income, comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
As explained more comprehensively in the Statement of directors' responsibilities for the financial statements on pages 1 and 2, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements

- give a true and fair view of the financial position of the group and the parent company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Independent auditor's report - continued

To the Shareholders of Consolidated Holdings Limited

Report on Other Legal and Regulatory Requirements for the year ended 31 December 2015

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- 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 not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

PricewaterhouseCoopers

78 Mill Street
Qormi
Malta

F Axisa

Fabio Axisa
Partner

5 May 2016

Statements of financial position

		Group			Company	
	Notes	**At 31 December 2015 €**	At 31 December 2014 €	At 1 January 2014 €	**At 31 December 2015 €**	At 31 December 2014 €
ASSETS						
Non-current assets						
Property, plant and equipment	4	**12,800,794**	12,900,000	9,761,559	**-**	-
Investments in subsidiaries	5	**-**	-	-	**4,914,978**	6,221,616
Investments in associate	6	**19,765,228**	20,862,975	20,362,237	**1,482,751**	1,482,751
Available-for-sale financial assets	7	**12,057**	12,057	12,057	**12,057**	12,057
Total non-current assets		**32,578,079**	33,775,032	30,135,853	**6,409,786**	7,716,424
Current assets						
Inventories	8	**95,744**	157,740	105,528	**-**	-
Trade and other receivables	9	**1,457,690**	4,296,794	4,349,567	**95,677**	3,921,716
Loans and advances	10	**5,241,090**	5,241,090	5,241,090	**5,241,090**	5,241,090
Current tax assets		**4,453**	4,628	8,041	**4,453**	4,628
Cash and cash equivalents	11	**142,627**	148,538	440,645	**107,775**	125,061
Total current assets		**6,941,604**	9,848,790	10,144,871	**5,448,995**	9,292,495
Total assets		**39,519,683**	43,623,822	40,280,724	**11,858,781**	17,008,919

Statements of financial position - continued

		Group			Company	
	Notes	**At 31 December 2015 €**	At 31 December 2014 €	At 1 January 2014 €	**At 31 December 2015 €**	At 31 December 2014 €
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	12	**746,797**	746,797	746,797	**746,797**	746,797
Revaluation reserves	13	**14,782,298**	15,482,284	12,385,586	**-**	-
Other reserves	14	**1,339,408**	1,340,509	1,342,735	**113,592**	113,592
Retained earnings		**15,244,213**	13,105,345	12,486,960	**9,866,784**	7,800,036
Total equity		**32,112,716**	30,674,935	26,962,078	**10,727,173**	8,660,425
Non-current liabilities						
Borrowings	15	**-**	2,562,313	2,562,313	**-**	2,562,313
Deferred tax liabilities	16	**1,010,359**	1,131,568	670,464	**-**	-
Total non-current liabilities		**1,010,359**	3,693,881	3,232,777	**-**	2,562,313
Current liabilities						
Trade and other payables	17	**4,910,633**	8,044,332	9,044,333	**31,608**	5,186,181
Borrowings	15	**1,485,975**	1,210,674	1,041,536	**1,100,000**	600,000
Total current liabilities		**6,396,608**	9,255,006	10,085,869	**1,131,608**	5,786,181
Total liabilities		**7,406,967**	12,948,887	13,318,646	**1,131,608**	8,348,494
Total equity and liabilities		**39,519,683**	43,623,822	40,280,724	**11,858,781**	17,008,919

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

The financial statements on pages 5 to 61 were authorised for issue by the Board on 5 May 2016 and were signed on its behalf by:

Maurice F. Mizzi
Director

Brian R. Mizzi
Director

Income statements

		Year ended 31 December			
	Notes	**2015**	2014	**2015**	2014
		Group		**Company**	
		€	€	**€**	€
Revenue	18	**4,082,330**	3,585,038	**-**	-
Cost of sales		**(2,759,426)**	(2,424,279)	**-**	-
Gross profit		**1,322,904**	1,160,759	**-**	-
Administrative expenses		**(834,981)**	(722,122)	**(6,860)**	(7,379)
Other operating income		**40,307**	7,966	**-**	-
Operating profit/(loss)		**528,230**	446,603	**(6,860)**	(7,379)
Investment and other related income	21	**1,387**	1,387	**2,652,383**	641,817
Finance income	22	**430,314**	483,795	**430,314**	483,795
Finance costs	23	**(554,495)**	(641,891)	**(429,742)**	(482,073)
Share of profit of associate	6	**648,654**	414,747	**-**	-
Profit before tax		**1,054,090**	704,641	**2,646,095**	636,160
Tax expense	24	**(140,122)**	(69,636)	**(579,347)**	(225,446)
Profit for the year		**913,968**	635,005	**2,066,748**	410,714
Earnings per share	26	**2.85**	1.98		

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

Statements of comprehensive income

	Notes	**2015** Group **€**	2014 Group €	**2015** Company **€**	2014 Company €
		Year ended 31 December			
Profit for the year		**913,968**	635,005	**2,066,748**	410,714
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Revaluation surplus on land and buildings arising during the year, net of deferred tax	13	**-**	2,973,710	**-**	-
Movement in deferred tax liability on revalued land and buildings of subsidiary determined on the basis applicable to property disposals	13	**260,690**	10,149	**-**	-
Share of other comprehensive income of associate:					
Share of revaluation surplus arising during the year on land and buildings of an associate, net of deferred tax	13	**-**	241,219	**-**	-
Share of movement in deferred tax liability on revalued land and buildings of an associate determined on the basis applicable to property disposals	13	**264,224**	-	**-**	-
Redemption of ground rents capitalised in associate	14	**(1,101)**	(2,226)	**-**	-
Other comprehensive income for the year, net of tax		**523,813**	3,222,852	**-**	-
Total comprehensive income for the year		**1,437,781**	3,857,857	**2,066,748**	410,714

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group

	Notes	Share capital €	Revaluation reserves €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2014		746,797	12,385,586	1,342,735	12,486,960	26,962,078
Comprehensive income						
Profit for the year		-	-	-	635,005	635,005
Other comprehensive income:						
Revaluation surplus on land and buildings arising during the year, net of deferred tax	13	-	2,973,710	-	-	2,973,710
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	13	-	10,149	-	-	10,149
Depreciation transfer, net of deferred tax	13	-	(12,800)	-	12,800	-
Share of other comprehensive income of associate:						
Share of revaluation surplus arising during the year on land and buildings of an associate, net of deferred tax	13	-	241,219	-	-	241,219
Share of transfer upon realisation through asset use in respect of revalued land and buildings of an associate	13	-	(115,580)	-	115,580	-
Redemption of ground rents capitalised in associate	14	-	-	(2,226)	-	(2,226)
Total other comprehensive income		-	3,096,698	(2,226)	128,380	3,222,852
Total comprehensive income		-	3,096,698	(2,226)	763,385	3,857,857
Transactions with owners						
Dividends relating to 2014	27	-	-	-	(145,000)	(145,000)
Balance at 31 December 2014		**746,797**	**15,482,284**	**1,340,509**	**13,105,345**	**30,674,935**

Statements of changes in equity - continued

Group - continued

	Notes	**Share capital** €	**Revaluation reserves** €	**Other reserves** €	**Retained earnings** €	**Total** €
Balance at 1 January 2015		746,797	15,482,284	1,340,509	13,105,345	30,674,935
Comprehensive income						
Profit for the year		-	-	-	913,968	913,968
Other comprehensive income:						
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	13	-	260,690	-	-	260,690
Depreciation transfer, net of deferred tax	13	-	(12,800)	-	12,800	-
Share of other comprehensive income of associate:						
Share of transfer upon realisation through asset disposal by an associate	13	-	(1,095,790)	-	1,095,790	-
Share of movement in deferred tax liability on revalued land and buildings of an associate determined on the basis applicable to property disposals	13	-	264,224	-	-	264,224
Share of transfer upon realisation through asset use in respect of revalued land and buildings of an associate	13	-	(116,310)	-	116,310	-
Redemption of ground rents capitalised in associate	14	-	-	(1,101)	-	(1,101)
Total other comprehensive income		-	(699,986)	(1,101)	1,224,900	523,813
Total comprehensive income		-	(699,986)	(1,101)	2,138,868	1,437,781
Transactions with owners						
Dividends relating to 2015	29	-	-	-	-	-
Balance at 31 December 2015		**746,797**	**14,782,298**	**1,339,408**	**15,244,213**	**32,112,716**

Statements of changes in equity - continued

Company

	Note	**Share capital** €	**Other reserve** €	**Retained earnings** €	**Total** €
Balance at 1 January 2014		746,797	113,592	7,534,322	8,394,711
Comprehensive income					
Profit for the year					
- total comprehensive income		-	-	410,714	410,714
Transactions with owners					
Dividends relating to 2014	27	-	-	(145,000)	(145,000)
Balance at 31 December 2014		746,797	113,592	7,800,036	8,660,425
Comprehensive income					
Profit for the year					
- total comprehensive income		-	-	2,066,748	2,066,748
Balance at 31 December 2015		**746,797**	**113,592**	**9,866,784**	**10,727,173**

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

Statements of cash flows

	Notes	Year ended 31 December 2015 Group €	2014 Group €	2015 Company €	2014 Company €
Cash flows from operating activities					
Cash generated from/(used in) operations	28	**(30,947)**	(231,140)	**(832,779)**	(536,038)
Dividends received		**1,387**	154,389	**374,614**	641,817
Interest received		**430,314**	483,795	**430,314**	483,795
Interest paid		**(554,495)**	(641,891)	**(429,741)**	(482,073)
Tax paid		**(466)**	(476)	**(59,694)**	(222,033)
Net cash generated from/(used in) operating activities		**(154,207)**	(235,323)	**(517,286)**	(114,532)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(127,005)**	(80,922)	**-**	-
Cash flows from financing activities					
Proceeds from borrowings from associate	16	**500,000**	-	**500,000**	-
Dividends paid	27	**-**	(145,000)	**-**	(145,000)
Net cash generated from /(used in) financing activities		**500,000**	(145,000)	**500,000**	(145,000)
Net movements in cash and cash equivalents		**218,788**	(461,245)	**(17,286)**	(259,532)
Cash and cash equivalents at beginning of year		**(462,136)**	(891)	**125,061**	384,593
Cash and cash equivalents at end of year	11	**(243,348)**	(462,136)	**107,775**	125,061

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

The consolidated financial statements include the financial statements of Consolidated Holdings Limited and its subsidiaries. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings category of property, plant and equipment, investment property and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the group's accounting policies (see Note 3 – Critical accounting estimates and judgements).

Corporate restructuring of Mizzi Organisation

The Mizzi Organisation is structured as a conglomerate of companies which are principally subsidiaries of one of three holding companies, being Consolidated Holdings Limited, Kastell Limited and Mizzi Holdings Limited. The shares of these holding companies are held directly by a member of the Mizzi family and shareholder companies owned by members of the Mizzi family. The Organisation's corporate structure does not reflect a single ultimate holding company. The Organisation also comprises The General Soft Drinks Company Limited, GSD Marketing Limited, Mizzi Organisation Limited, the latter's subsidiary Mizzi Motors Limited and Mizzi Capital Projects Limited. The shares of these entities are with the exception of Mizzi Motors Limited, also held directly by a member of the Mizzi family and shareholder companies owed by members of the Mizzi family.

During the current financial year, the corporate structure of the Mizzi Organisation was re-organised and the following transactions have been effected:

1. The shares in two subsidiaries of Consolidated Holdings Limited, being Industrial Motors Limited and United Acceptances Finance Limited, have been transferred by Consolidated Holdings Limited to Mizzi Holdings Limited for a cash consideration of €1,306,638;
2. The shares in Kastell Limited have been transferred by the shareholder companies owned by members of the Mizzi family to Mizzi Holdings Limited for a cash consideration of €4,653; and
3. The shares in Mizzi Organisation Limited including its subsidiary and Mizzi Capital Projects Limited, have been transferred by shareholder companies owned by members of the Mizzi family to Mizzi Holdings Limited for a cash consideration of €13,976.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Corporate restructuring of Mizzi Organisation - continued

Subsequent to the restructuring process, the corporate structure of the Organisation comprised two holding companies, being Consolidated Holdings Limited and Mizzi Holdings Limited, together with The General Soft Drinks Company Limited and GSD Marketing Limited as stand-alone entities. Mizzi Holdings Limited is the principal holding company, which now holds the shares of the majority of the operational companies within the Organisation, as this constitutes one of the key objectives of the restructuring entailing the establishment of a principal holding company. Post restructuring, Consolidated Holdings Limited holds the shares of one subsidiary, The Waterfront Hotel Limited.

All the entities constituting the Mizzi Organisation are ultimately fully owned and controlled by the same members of the Mizzi family. Accordingly, the transactions referred to above involve entities under common control, whereby the involved entities are controlled by the same parties before and after the transaction, and that control is not transitory. The key feature of a transaction among entities under common control is that there is no change in the ultimate control of the entities involved as a result of the transaction. Control is exercised by a group of individuals that are all part of the same close family group when they have the collective power to govern the financial and operating policies of the respective entities which are involved in the transactions.

For the purposes of preparing these consolidated financial statements, Consolidated Holdings Limited has applied the predecessor method of accounting to reflect the transactions referred to above involving entities under common control, comprising the transfer of the shares in two former subsidiaries, United Acceptances Finance Limited and Industrial Motors Limited, to Mizzi Holdings Limited. Accordingly, Consolidated Holdings Limited:

a) recorded the disposal transactions as if they had already taken place at the beginning of the earliest period presented within the financial statements, i.e. 1 January 2014;
b) eliminated the assets and liabilities attributable to the entities disposed of using predecessor book values derived from the financial statements of the entities disposed of with the elimination being already reflected at the beginning of the earliest period presented;
c) eliminated the financial results registered by the entities disposed of during the years ended 31 December 2015 and 2014; and
d) reflected the difference between the consideration and the aggregate book value of the assets and liabilities attributable to the entities disposed of as adjustments to equity.

Accordingly, the comparative consolidated financial information of Consolidated Holdings Limited has been restated such that the group is composed of Consolidated Holdings Limited and its sole subsidiary, The Waterfront Hotel Limited, throughout the financial years presented taking cognisance of the fact that the transfer of Consolidated Holdings Limited’s two former subsidiaries has already been reflected as at 1 January 2014. The restated consolidated statement of financial position as at 1 January 2014 has also been presented.

1. **Summary of significant accounting policies** - continued

1.1 **Basis of preparation** - continued

Corporate restructuring of Mizzi Organisation - continued

The impacts of the application of the predecessor accounting treatment described above on the consolidated financial position of Consolidated Holdings Limited are reflected in the table below:

	31 December 2014 €	1 January 2014 €
Property, plant and equipment	128,070	85,280
Investment property	6,482,862	6,655,029
Available-for-sales financial assets	1,164	1,164
Inventories	1,674,010	1,095,443
Trade and other receivables: non-current amounts	6,109,065	5,631,442
Trade and other receivables: current amounts	16,093,350	17,368,882
Current tax assets	12,286	46,680
Cash and cash equivalents	1,126,607	1,097,264
Trade and other payables: non-current amounts	(2,419,272)	(1,726,018)
Trade and other payables: current amounts	(4,321,139)	(4,861,363)
Bank borrowings	(2,103,925)	(2,298,491)
Deferred tax liabilities	(777,944)	(798,604)
	22,005,134	22,296,708
Loans and advances to fellow group undertaking introduced on consolidated statement of financial position	(5,241,090)	(5,020,719)
Net assets	16,764,044	17,275,989
Represented by elimination of:		
Retained earnings	(10,356,230)	(10,703,835)
Revaluation reserves	(1,587,165)	(1,587,165)
Fair value gains and other reserves	(4,820,649)	(4,984,989)
	(16,767,044)	(17,275,989)

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Corporate restructuring of Mizzi Organisation - continued

The effects of the application of the predecessor accounting treatment highlighted above on the consolidated financial results for the year ended 31 December 2014 are reflected in the table below:

	31 December 2014 €
Revenue	8,345,605
Cost of sales	(6,698,604)
Gross profit	1,647,001
Selling and other direct expenses	(580,994)
Administrative expenses	(945,770)
Net losses from changes in fair value of investment property	(185,000)
Other operating income	11,884
Operating profit	(52,879)
Finance income	428,352
Finance costs	(429,028)
Profit before tax	(53,555)
Taxation	25,405
Profit for the year	(28,150)
Interest income from former group undertaking introduced on consolidated income statement	(483,795)
	(511,945)

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2015

In 2015, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 January 2015. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the group's accounting policies impacting the group's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2015. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application, except for IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers'.

IFRS 9, 'Financial instruments', addresses the classification and measurement of financial assets, and replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through Other Comprehensive Income ('OCI') and fair value through profit or loss. Classification under IFRS 9 is driven by the reporting entity's business model for managing the financial assets and the contractual characteristics of the financial assets. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9, 'Financial instruments', also addresses the classification and measurement of financial liabilities, and retains the majority of the requirements in IAS 39 in relation to financial liabilities. Subject to the endorsement process by the EU, the standard is effective for accounting periods beginning on or after 1 January 2018, although early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, subject to endorsement by the EU. The Group is assessing the impact of IFRS 15.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

In the company's separate financial statements, investments in associates are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of associates are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.3 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the company's functional currency and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings	2
Furniture, fittings and equipment	10 – 33⅓
Operational equipment	15 – 33⅓
Motor vehicles	25

Freehold land is not depreciated as it is deemed to have an indefinite life.

No depreciation is charged on linen, crockery, cutlery, glassware, uniforms and hotel loose tools. Normal replacements are charged to profit or loss.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment - continued

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.5 Intangible assets - Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'Investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

1.6 Financial assets

Classification
The group classifies its financial assets (other than investments in associates and, only in the company's case, investments in subsidiaries) in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise loans and advances, amounts receivable from trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.7, 1.9 and 1.10).

1. Summary of significant accounting policies - continued

1.6 Financial assets - continued

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

Recognition and measurement

The group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the group. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the asset and other changes in the carrying amount of the asset. The translation differences on monetary assets are recognised in profit or loss; translation differences on non-monetary assets are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary assets classified as available-for-sale are recognised in other comprehensive income in equity.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques, in most cases by reference to the net asset backing of the investee.

When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss within ‘Investment and other related income’. Dividends on available-for-sale equity instruments are recognised in profit or loss within ‘Investment and other related income’ when the group’s right to receive payment is established.

1. Summary of significant accounting policies - continued

1.6 Financial assets - continued

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The group first assesses whether objective evidence of impairment exists. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade, and other receivables is described in Notes 1.9.

(b) Assets classified as available-for-sale

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

1.7 Loans and advances

Under the requirements of IAS 39, the group's loans and advances, consisting in the main of advances to related parties and, only in the company's case, to a subsidiary, are classified as loans and receivables, unless the group has the intention of trading the asset immediately or in the short-term, in which case the loans and advances are categorised as instruments held-for-trading.

All loans and advances are recognised when cash is advanced to the borrowers. Loans and advances are initially recognised at the fair value of cash consideration given or proceeds advanced, plus transaction costs. These financial assets are subsequently carried at amortised cost using the effective interest method. The group assesses at the end of each reporting period whether there is objective evidence that loans and advances are impaired.

1. **Summary of significant accounting policies** - continued

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.9 Trade and other receivables

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

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. The bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.12 Financial liabilities

The group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1. Summary of significant accounting policies - continued

1.13 Trade and other payables

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

1.14 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.15 Offsetting financial instruments

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.

1.16 Current and deferred tax

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

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

The principal temporary differences arise from the fair valuation of land and buildings category of property, plant and equipment, depreciation on property, plant and equipment and provisions for impairment of trade and other receivables. Deferred tax on the fair valuation of property, plant and equipment is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation on the asset and the equivalent depreciation based on the historical cost of the asset is realised through profit or loss.

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

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

1. Summary of significant accounting policies - continued

1.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Sales are recognised upon delivery of products or performance of services, net of sales taxes, returns, rebates and discounts. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(a) Sales of goods
Sales of goods are recognised when the group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

(b) Sales of services
Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

Operating lease rental income – refer to accounting policy 1.18 for 'Operating leases'.

(c) Interest income
Interest income is recognised in profit or loss for all interest-bearing instruments as it accrues, using the effective interest method.

(d) Dividend income
Dividend income is recognised when the right to receive payment is established.

Other operating income is recognised on an accrual basis unless collectibility is in doubt.

1.18 Operating leases

(a) A group undertaking is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(b) A group undertaking is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy 1.4. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

1. Summary of significant accounting policies - continued

1.19 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

1.20 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

2. Financial risk management

2.1 Financial risk factors

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management, covering risk exposures for all group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The company's board of directors provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency. The group's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro. Accordingly, the group is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

2. Financial risk management - continued

(ii) Cash flow and fair value interest rate risk

The group's and the company's significant instruments which are subject to fixed interest rates comprise loans and advances to a related party (Note 10), together with borrowings from an associate and another related party (Note 16). With respect to these instruments, the group and the company are potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

The group's interest rate risk principally arises from bank borrowings (Note 16), and balances with related parties (Note 31), subject to floating interest rates, which expose the group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial and accordingly the level of interest rate risk is contained. The group's operating cash flows are substantially independent of changes in market interest rates.

(iii) Price risk

The group is not significantly exposed to equity price risk in view of the fact that the available-for-sale investments held by the group are not material.

(b) Credit risk

Credit risk arises mainly from cash and cash equivalents, advances to related parties and credit exposures to customers, including outstanding debtors and committed transactions. The group's exposures to credit risk at the end of the reporting period are analysed as follows:

	Group			**Company**	
	At 31 December 2015	At 31 December 2014	At 1 January 2014	**At 31 December 2015**	At 31 December 2014
	€	€	€	**€**	€
Loans and receivables category:					
Trade and other receivables (Note 9)	**1,457,690**	4,296,794	4,349,567	**95,677**	3,921,716
Loans and advances (Note 10)	**5,241,090**	5,241,090	5,241,090	**5,241,090**	5,241,090
Cash and cash equivalents (Note 11)	**142,627**	148,538	440,645	**107,775**	125,061
	6,841,407	9,686,422	10,031,302	**5,444,542**	9,287,867

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The group does not hold any significant collateral as security in this respect.

2. Financial risk management - continued

Group undertakings bank only with local financial institutions with high quality standing or rating.

The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected with customers having an appropriate credit history. The group monitors the performance of its trade and other receivables on a regular basis to identify incurred collection losses, which are inherent in the group's debtors, taking into account historical experience in collection of accounts receivable.

In view of nature of the group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the group's trade and other receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to contractual debts, these exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the group and are deemed by management to have positive credit standing, usually taking cognisance of the performance history without defaults.

The group manages credit limits and exposures actively in a practicable manner such that there are no significant past due amounts receivable from customers at the end of the reporting period. The group's trade and other receivables, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

The group's and company's loans referred to in the table above consist of advances to related parties forming part of Mizzi Organisation (see Note 31). The group's and company's receivables include significant amounts due from related parties forming part of the Mizzi Organisation (see Note 9) arising from property and financing transactions that have taken place in prior years. The Organisation's treasury monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The group and the company take cognisance of the related party relationship with these entities and management do not expect any losses from non-performance or default.

As at 31 December 2015, trade receivables of €23,840 (2014: €17,300, 2013: €30,654) were impaired and the amount of the provisions in this respect are equivalent to the amounts disclosed. The individually impaired receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. The group does not hold any significant collateral as security in respect of the impaired assets. The movements in the group's provisions for impairment of trade receivables are disclosed in Note 19 and are included in Administrative expenses in profit or loss. At the end of the reporting periods, the group had no significant past due but not impaired receivables.

2. Financial risk management - continued

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise borrowings (Note 16) and trade and other payables (Note 15). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of Mizzi Organisation within certain parameters. The group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the group's committed bank borrowing facilities and other intra-Organisation financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the group as significant taking into account the liquidity management process referred to above.

The tables below analyse the group's and the company's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	€	€	€	€	€
Group					
At 31 December 2015					
Bank borrowings	**385,975**	**-**	**-**	**-**	**385,975**
Loans from associate	**1,100,000**	**-**	**-**	**-**	**1,100,000**
Trade and other payables	**4,910,633**	**-**	**-**	**-**	**4,910,633**
At 31 December 2014					
Bank borrowings	610,674	-	-	-	610,674
Loans from related party	178,080	178,080	3,081,426	-	3,437,588
Loans from associate	600,000	-	-	-	600,000
Trade and other payables	8,044,337	-	-	-	8,044,337
At 31 December 2013					
Bank borrowings	441,536	-	-	-	441,536
Loans from related party	178,080	178,080	534,728	2,725,268	3,616,156
Loans from associate	600,000	-	-	-	600,000
Trade and other payables	9,044,333	-	-	-	9,044,333

2. Financial risk management - continued

(c) Liquidity risk - continued

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Total €
Company				
At 31 December 2015				
Trade and other payables	**31,608**	**-**	**-**	**31,608**
At 31 December 2014				
Loans from related party	178,080	178,080	3,081,426	3,437,588
Trade and other payables	5,186,181	-	-	5,186,181

2.2 Capital risk management

The group's capital is managed at the level of Mizzi Organisation by reference to the aggregate level of equity and borrowings or debt as disclosed in the respective consolidated financial statements of Consolidated Holdings Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, together with the financial statements of GSD Marketing Limited (formerly Falcon Wines & Spirits Limited). The capital of the entities forming part of the Mizzi Organisation, which have been mentioned above, is managed on an aggregate basis by the Organisation as if they were organised as one entity. The Organisation's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may issue new shares or adjust the amount of dividends paid to shareholders.

The Organisation also monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the respective consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt. The aggregated figures in respect of the Organisation's equity and borrowings are reflected below:

	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €
Total borrowings	**60,395,442**	58,088,835	61,481,366
Less: cash and cash equivalents	**(9,357,331)**	(6,570,602)	(4,990,456)
Net debt	**51,038,111**	51,518,233	56,490,910
Total equity	**124,448,369**	116,297,805	104,033,820
Total capital	**175,486,480**	167,816,038	160,524,730
Net debt/total capital	**29%**	31%	35%

2. Financial risk management - continued

2.2 Capital risk management

The Organisation manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital of Consolidated Holdings Limited, as reflected in the consolidated statement of financial position, is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2015, 2014 and 2013 the carrying amounts of cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of advances to related parties and other balances with related parties which are repayable on demand is equivalent to their carrying amount.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The fair value of the group's non-current fixed interest related party borrowings at the end of the reporting periods is not significantly different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as level 2 within the fair value measurement hierarchy required by IFRS 7, 'Financial Instruments: Disclosure'.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

As referred to in Note 4 to the financial statements, the group's land and buildings category of property, plant and equipment are fair valued on the basis of professional advice.

4. Property, plant and equipment

Group

	Land and buildings €	Furniture, fittings and equipment €	Operational equipment €	Motor vehicles €	Total €
At 1 January 2013					
Cost or valuation	11,019,979	2,075,773	1,413,993	76,106	14,585,851
Accumulated depreciation	(1,546,113)	(1,946,601)	(1,168,062)	(65,493)	(4,726,269)
Net book amount	9,473,866	129,172	245,931	10,613	9,859,582
Year ended 31 December 2013					
Opening net book amount	9,473,866	129,172	245,931	10,613	9,859,582
Additions	95,526	26,279	26,046	8,002	155,853
Disposals	-	-	(17,338)	(38,467)	(55,805)
Depreciation charge	(143,111)	(45,572)	(34,674)	(11,410)	(234,767)
Depreciation released on disposals	-	-	-	36,696	36,696
Closing net book amount	9,426,281	109,879	219,965	5,434	9,761,559
At 31 December 2013					
Cost or valuation	11,115,505	2,102,052	1,422,701	45,641	14,685,899
Accumulated depreciation	(1,689,224)	(1,992,173)	(1,202,736)	(40,207)	(4,924,340)
Net book amount	9,426,281	109,879	219,965	5,434	9,761,559

4. Property, plant and equipment - continued

Group

	Land and buildings €	Furniture, fittings and equipment €	Operational equipment €	Motor vehicles €	Total €
Year ended 31 December 2014					
Opening net book amount	9,426,281	109,879	219,965	5,434	9,761,559
Additions	1,101	21,192	58,629	-	80,922
Revaluation surplus arising during the year (Note 13)	3,379,216	-	-	-	3,379,216
Disposals	-	-	(101,072)	-	(101,072)
Depreciation charge	(143,134)	(41,246)	(30,811)	(5,434)	(220,625)
Closing net book amount	12,663,464	89,825	146,711	-	12,900,000
At 31 December 2014					
Cost or valuation	14,495,822	2,123,244	1,380,258	45,641	18,044,965
Accumulated depreciation	(1,832,358)	(2,033,419)	(1,233,547)	(45,641)	(5,144,965)
Net book amount	12,663,464	89,825	146,711	-	12,900,000
Year ended 31 December 2015					
Opening net book amount	12,663,464	89,825	146,711	-	12,900,000
Additions	-	24,381	102,624	-	127,005
Disposals	-	-	(5,184)	-	(5,184)
Depreciation charge	(143,133)	(33,126)	(44,768)	-	(221,027)
Closing net book amount	**12,520,331**	**81,080**	**199,383**	**-**	**12,800,794**
At 31 December 2015					
Cost or valuation	14,495,822	2,147,625	1,477,698	45,641	18,166,786
Accumulated depreciation	(1,975,491)	(2,066,545)	(1,278,315)	(45,641)	(5,365,992)
Net book amount	**12,520,331**	**81,080**	**199,383**	**-**	**12,800,794**

4. Property, plant and equipment - continued

Fair valuation of property

The group's land and buildings, within property, plant and equipment were last revalued on 31 December 2014 by independent professionally qualified valuers. The book value of the property had been adjusted to the revaluation and the resultant surplus, net of applicable deferred income taxes, had been credited to the revaluation reserve in shareholders' equity (Note 13).

The directors have reviewed the carrying amount of the property as at 31 December 2015, on the basis of assessments carried out by the independent professionally qualified valuers. No adjustments to the carrying amounts as at 31 December 2015 were deemed necessary.

Valuations were made on the basis of open market value taking cognisance of the specific location of the property, the size of the site together with its development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

The group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The group's land and buildings, consists of operational property that is owned and managed by a group undertaking. The recurring property fair value measurements at the end of each financial period presented use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial years, is reflected in the table above.

V*aluation processes*

The valuation of the property is performed regularly on the basis of valuation reports prepared by third party qualified valuers. These reports are based on both:

- information provided by the group which is derived from the group undertaking's financial systems and is subject to the entity's overall control environment; and

- assumptions and valuation models used by the valuers; with assumptions being typically market related and based on professional judgement and market observation.

4. Property, plant and equipment - continued

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by designated officers within the Mizzi Organisation. This includes a review of fair value movements over the period. When the designated officers consider that the valuation report is appropriate, the valuation report is recommended to the group undertaking's Board of directors. The Board then considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the designated officers assess whether any significant changes or developments have been experienced since the last external valuation. This analysis is usually supported by an assessment performed by the third party property valuers. The officers report to the Board on the outcome of this assessment.

Valuation techniques

The external valuations of the Level 3 property are performed using a milti-criteria approach, utilizing the valuation technique considered by the external valuer to be the most appropriate for the respective property. At 31 December 2015 and 2014, the valuation assessments were performed using a discounted cash flow approach. At 31 December 2013, the valuation was performed using an adjusted sales comparison approach. The valuation technique applied has been modified to attain a more representative measurement of fair value. Throughout this process, the highest and best use of the property has been revised taking cognisance of the outcome of the valuation method applied.

In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals, in the local market, the valuations have been performed using unobservable inputs. The significant inputs to the approaches used are generally those described below:

- Adjusted sales comparison approach: a sales price per square metre related to transactions in comparable properties located in proximity to the group's property, with significant adjustments for differences in the size, age, exact location and condition of the property. The term airspace is a conceptual unit representing a packet of three-dimensional accessible, usable and developable space. The concept of sales price factor per airspace or square metre is the value expected to be fetched on the open market and represents the present value of the property after deduction of all development, refurbishment and related costs.

- Discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

4. Property, plant and equipment - continued

Earnings before interest, tax, depreciation and amortisation (EBITDA)	based on projected income streams less operating expenditure necessary to operate the hotel, but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of the company's EBITDA levels, mainly determined by projected growth in income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

Information about fair value measurements using significant unobservable inputs (Level 3), as at 31 December 2015 and 2014

Description by class based on highest and best use	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs (weighted average)**
Current use as commercial premises (hotel operations)	DCF approach	EBITDA	€3,900,000
		Growth rate	2% per annum
		Discount rate	7.45% (post-tax)
		Perpetuity yield	6%
		Estimated capital expenditure	€7,900,000

4. Property, plant and equipment - continued

Information about fair value measurements using significant unobservable inputs (Level 3), as at 31 December 2013

Description by class based on highest and best use	Valuation technique	Significant unobservable input	Range of unobservable inputs (weighted average)
Redevelopment into residential units	Adjusted sales comparison approach	Sales price per square metre	€880 – €1,950 (€1,200)

With respect to the adjusted sales comparison approach, the higher the sales price per square metre, or the sales price factor per airspace/square metre, the higher the resultant fair valuation. In relation to the DCF approach, an increase in the projected levels of EBITDA and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value.

At 31 December 2015 and 2014, the directors considered the current use of the property to be equivalent to the highest and best use. At 31 December 2013, the highest and best use of the property, differed from current use taking cognisance of the potential for redevelopment.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €
Cost	**8,734,433**	8,734,433	8,733,332
Accumulated depreciation	**(1,916,631)**	(1,793,181)	(1,669,740)
Net book amount	**6,817,802**	6,941,252	7,063,592

Bank borrowings in the name of group undertakings and related parties forming part of Mizzi Organisation are secured on the group's land and buildings (see Notes 18 and 32[a]).

5. Investments in subsidiaries

Company

	2015	2014
	€	€
Year ended 31 December		
Opening cost and carrying amount	**6,221,616**	6,221,616
Disposals	**(1,306,638)**	-
Closing cost and carrying amount	**4,914,978**	6,221,616

During the current financial year, the company transferred its shareholding in Industrial Motors Limited and United Acceptances Finance Limited to Mizzi Holdings Limited, a related party forming part of Mizzi Organisation, in the context of the reorganisation of the corporate structure of the Mizzi Organisation (refer to Note 1.1).

The subsidiaries at the end of the financial reporting periods, whose results and financial position affected the figures of the group, are shown below:

	Registered office	Class of shares held	Percentage of shares held	
			2015 %	2014 %
The Waterfront Hotel Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**100**	100
		5% Non-cumulative redeemable preference shares	**100**	100
United Acceptances Finance Limited	Mizzi Organisation Corporate Office Testaferrata Street Ta' Xbiex Malta	Ordinary shares	**-**	**100**
Industrial Motors Limited	Industrial House National Road Blata l-Bajda Malta	Ordinary shares	**-**	**100**

All shareholdings, are held directly by Consolidated Holdings Limited.

6. Investments in associate

Group

	2015	2014	2013
	€	€	€
Year ended 31 December			
Opening carrying amount	**20,862,975**	20,362,237	14,677,977
Share of profit	**648,654**	414,747	479,547
Share of revaluation surplus on land and buildings (Note 13)	**-**	241,219	5,359,317
Share of movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	**264,224**	-	-
Redemption of capitalised ground rents (Note 14)	**(1,101)**	(2,226)	(1,604)
Dividends received	**(2,009,524)**	(153,002)	(153,000)
Closing carrying amount	**19,765,228**	20,862,975	20,362,237

	2015	2014	2013
	€	€	€
At 31 December			
Cost	**1,482,751**	1,482,751	1,482,751
Share of profits and reserves	**18,282,477**	19,380,224	18,879,486
Carrying amount	**19,765,228**	20,862,975	20,362,237

The group's share of profit of the associate, disclosed in the tables above and in profit or loss, is after tax and non-controlling interests in the associate.

The associate at 31 December 2015, 2014 and 2013, whose results and financial position affected the figures of the group, is shown below:

	Registered office	**Class of shares held**	**Percentage of shares held**
			%
Mizzi Associated Enterprises Limited	30 Archbishop Street Valletta Malta	Ordinary shares	51

6. Investments in associate - continued

The shareholding has remained unchanged from 2013.

The proportion of voting power held in Mizzi Associated Enterprises Limited is 50% (2014: 50%). The shareholding in Mizzi Associated Enterprises Limited is held directly by Consolidated Holdings Limited (51%) and Alf. Mizzi & Sons Limited (49%). Neither of these shareholders is in a position to exercise a dominant influence on the company as they are only entitled under the company's Memorandum and Articles of Association to elect two directors each, while the fifth independent director is appointed unanimously.

Mizzi Associated Enterprises Limited's principal activity is the ownership and operation of hotels, and the development of property for trading and rental purposes. These operations are considered a strategic partnership for the group providing economies of scale and depth within the specific business sectors. The associate's principal places of business are based in Malta.

The investment in this associate, which is an unlisted private company, is measured using the equity method in accordance with the group's accounting policy. Summarised financial information for Mizzi Associated Enterprises is set out below:

Summarised balance sheet

	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €
ASSETS			
Non-current assets	**37,425,722**	40,726,759	40,337,297
Current assets			
Cash and cash equivalents	**841,010**	1,676,595	779,812
Other current assets	**5,570,751**	4,880,435	5,366,808
Total current assets	**6,411,761**	6,557,030	6,146,620
Total assets	**43,837,483**	47,283,789	46,483,917

6. **Investments in associate** - continued

Summarised balance sheet - continued

	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €
LIABILITIES			
Non-current liabilities			
Trade and other payables	**58,160**	63,447	68,735
Other financial liabilities	**-**	-	250,000
Other liabilities	**3,742,400**	4,344,316	4,414,361
Total non-current liabilities	**3,800,560**	4,407,763	4,733,096
Current liabilities			
Trade and other payables	**1,037,121**	1,380,386	1,311,489
Other financial liabilities	**65,085**	315,085	315,085
Other liabilities	**149,426**	243,597	169,132
Total current liabilities	**1,251,632**	1,939,068	1,795,706
Total liabilities	**5,052,192**	6,346,831	6,528,802
Net assets	**38,785,291**	40,936,958	39,955,115

The group's 51% share of the net assets reflected above is in substance equivalent to the group's carrying amount of its investment in the associate.

6. **Investments in associate** - continued

Summarised statement of comprehensive income

	Year ended 31 December		
	2015	2014	2013
	€	€	€
Revenue	**7,199,766**	6,500,769	6,309,622
Depreciation	**(557,269)**	(822,413)	(698,592)
Interest income	**52,135**	74,353	58,787
Interest expense	**(37,676)**	(33,490)	(30,245)
Profit before tax	**1,569,755**	1,121,012	1,180,759
Tax expense	**(297,884)**	(307,783)	(240,471)
Profit for the year	**1,271,871**	813,229	940,288
Other comprehensive income	**515,930**	468,614	10,505,319
Total comprehensive income	**1,787,801**	1,281,843	11,445,607
Dividends received from associate	**2,603,228**	230,683	229,442

There are no significant contingent liabilities relating to the group's interest in the associate.

Company

	€
Years ended 31 December 2015 and 2014	
Opening and closing cost and carrying amount	**1,482,751**

7. Available-for-sale financial assets

Group

	2015	2014	2013
	€	€	€
Year ended 31 December			
Opening and closing net book amount	**12,057**	12,057	12,057
At 31 December			
Cost	**93,809**	93,809	93,809
Provisions for impairment	**(81,752)**	(81,752)	(81,752)
Net book amount	**12,057**	12,057	12,057

The group's available-for-sale investments, consisting primarily of unquoted equity instruments, are fair valued annually. Fair value is mainly estimated by reference to the net asset backing of the investee. The fair value of the group's available-for-sale investments at the end of the reporting period was deemed by the directors to approximate their carrying amount.

Company

	2015	2014
	€	€
Year ended 31 December		
Opening and closing net book amount	**12,057**	12,057

	2015	2014
	€	€
At 31 December		
Cost	**93,809**	93,809
Provisions for impairment	**(81,752)**	(81,752)
Net book amount	**12,057**	12,057

8. Inventories

	Group		
	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €
Food and beverages	**87,976**	149,048	98,688
Others	**7,768**	8,692	6,840
	95,744	157,740	105,528

The cost of inventories recognised as expense is appropriately disclosed in Note 19 to the financial statements.

9. Trade and other receivables

	Group			Company	
	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €	**At 31 December 2015 €**	At 31 December 2014 €
Current					
Trade receivables	**826,220**	428,554	652,093	**-**	-
Amounts owed by subsidiary	**-**	-	-	**-**	3,732,918
Amounts owed by related parties forming part of Mizzi Organisation	**527,521**	3,788,450	3,611,767	**95,677**	188,798
Amounts owed by other related parties	**26,784**	32,261	13,427	**-**	-
Prepayments and accrued income	**77,165**	47,529	72,280	**-**	-
	1,457,690	4,296,794	4,349,567	**95,677**	3,921,716

Receivables above are disclosed net of provisions for impairment as follows:

	Group			Company	
	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €	**At 31 December 2015 €**	At 31 December 2014 €
Trade receivables	**23,840**	17,300	30,654	**-**	-

During the current financial year, amounts owed by subsidiary amounting to €3,732,918 as at 31 December 2014 were assigned to another related party forming part of the Mizzi Organisation with the resulting impact that the receivable of the subsidiary from the same related party was offset (Note 17).

10. Loans and advances

Group and company

The group's and the company's advances relate to loans granted to a related party forming part of Mizzi Organisation, which is repayable on demand, unsecured and subject to a fixed interest rate of 7.2% per annum.

11. Cash and cash equivalents

For the purposes of the statements of cash flows, the year-end cash and cash equivalents comprise the following:

	Group			Company	
	At 31 December 2015 €	At 31 December 2014 €	At 1 January 2014 €	**At 31 December 2015 €**	At 31 December 2014 €
Cash at bank and in hand	**142,627**	148,538	440,645	**107,775**	125,061
Bank overdrafts (Note 16)	**(385,975)**	(610,674)	(441,536)	**-**	-
	(243,348)	(462,136)	(891)	**107,775**	125,061

12. Share capital

	Company	
	2015 €	2014 €
Authorised		
500,000 (2014: 500,000) ordinary shares of €2.329373 each	**1,164,687**	1,164,687
Issued and fully paid		
320,600 (2014: 320,600) ordinary shares of €2.329373 each	**746,797**	746,797

13. Revaluation reserves

Group

	2015 €	2014 €	2013 €
Surplus arising on fair valuation of:			
Land and buildings of subsidiaries	**4,721,722**	4,473,832	1,502,773
Land and buildings of associate	**10,060,576**	11,008,452	10,882,813
	14,782,298	15,482,284	12,385,586

13. **Revaluation reserves** - continued

The movements in each category are analysed as follows:

	2015	2014	2013
	€	€	€
Land and buildings of subsidiaries			
At beginning of year	**4,473,832**	1,502,773	1,516,755
Revaluation surplus arising during the year	**-**	3,379,216	-
Deferred income taxes on revaluation surplus arising during the year (Note 17)	**-**	(405,506)	-
Transfer upon realisation through asset use	**(19,693)**	(19,693)	(19,693)
Movement in deferred tax liability determined on the basis applicable to property disposals (Note 17)	**260,690**	10,149	(1,182)
Deferred income taxes on realisation through asset use (Note 17)	**6,893**	6,893	6,893
At end of year	**4,721,722**	4,473,832	1,502,773

	2015	2014	2013
	€	€	€
Land and buildings of associate			
At beginning of year	**11,008,452**	10,882,813	5,598,222
Share of revaluation surplus arising during the year, net of deferred tax	**-**	241,219	5,359,317
Share of movement in deferred tax liability on revalued land and buildings of an associate determined on the basis applicable to property disposals	**264,224**	-	-
Share of transfer upon realisation through asset disposal, net of deferred tax	**(1,095,790)**	-	-
Transfer upon realisation through asset use – share of depreciation transfer, net of deferred tax	**(116,310)**	(115,580)	(74,726)
At end of year	**10,060,576**	11,008,452	10,882,813

The tax impact relating to components of other comprehensive income is presented in the above tables.

The revaluation reserves are non-distributable.

14. Other reserves

The movements in each category are analysed as follows:

Group

	2015	2014	2013
	€	€	€
Share of associate's incentives and benefits reserve	**1,034,694**	1,034,694	1,034,694
Capital reserves	**113,592**	113,592	113,592
Share of associate's capital reserve	**191,122**	192,223	194,449
	1,339,408	1,340,509	1,342,735

	2015	2014	2013
	€	€	€
Share of associate's incentives and benefit reserve			
At beginning and end of year	**1,034,694**	1,034,694	1,034,694

	2015	2014	2013
	€	€	€
Capital reserves			
At beginning and end of year	**113,592**	113,592	113,592

	2015	2014	2013
	€	€	€
Share of associate's capital reserve			
At beginning of year	**192,223**	194,449	196,053
Redemption of capitalised ground rents (Note 6)	**(1,101)**	(2,226)	(1,604)
At end of year	**191,122**	192,223	194,449

The capital reserves are not considered by the directors to be available for distribution.

Company

	2015	2014
	€	€
Capital reserve		
At beginning and end of year	**113,592**	113,592

15. Borrowings

	Group			Company	
	2015	2014	2013	**2015**	2014
	€	€		**€**	€
Current					
Bank overdrafts	**385,975**	610,674	441,536	**-**	-
Loans from associate	**1,100,000**	600,000	600,000	**1,100,000**	600,000
	1,485,975	1,210,674	1,041,536	**1,100,000**	600,000
Non-current					
Loans from related party forming part of Mizzi Organisation	**-**	2,562,313	2,562,313	**-**	2,562,313
Total borrowings	**1,485,975**	3,772,987	3,603,849	**1,100,000**	3,162,313

Group

The group's banking facilities as at 31 December 2015 amounted to €4,025,530 (2014: €925,530). These facilities are mainly secured by:

(a) guarantees by related parties forming part of Mizzi Organisation for amounts ranging from €6,056,000 to €24,483,000 (2014: €6,056,000 to €24,483,000; 2013: €6,056,000 to €24,483,000);
(b) guarantees by the parent company and a related party forming part of Mizzi Organisation for the amount of €8,572,000 (2014: €8,572,000, 2013: €8,572,000), by another two related parties for €652,000 (2014: €652,000; 2013: €652,000) and for €26,404,000 (2014: €26,404,000; 2013: €26,404,000);
(c) general hypothecary guarantee by a group undertaking for the amount of €652,000 (2014: €652,000; 2013: €652,000) over assets; supported by a special hypothec given for the same amount over property; and
(d) general hypothecary guarantee by two related parties forming part of Mizzi Organisation for the amount of €652,000 (2014: €652,000, 2013: €652,000) and €24,482,000 (2014: €24,482,000; 2013: €24,482,000) over assets.

The facilities are also secured by other guarantees by related parties forming part of Mizzi Organisation, supported by general hypothecs over assets and by special hypothecs over property.

15. Borrowings - continued

The group's bank borrowings are entirely, subject to variable rates of interest linked to euribor. The weighted average effective interest rates for bank borrowings at the end of the reporting period are as follows:

	2015	2014	2013
	%	%	%
Bank overdrafts	**2.5%**	4.8%	5%

The loans from an associate are repayable on demand, unsecured and subject to a fixed interest rate of 4% (2014: 4%; 2013: 4%).

The non-current loans from related party consisted of advances from Mizzi Organisation Finance p.l.c., a company forming part of Mizzi Organisation, out of the proceeds of the bonds issued by the same company. The proceeds of the bond issue had been advanced to Consolidated Holdings Limited and other companies within the Mizzi Organisation for the principal purposes of re-financing existing banking facilities of the respective company or of an operating subsidiary of that company, and for the general corporate funding purposes of the companies mentioned above or of operating subsidiaries of these companies. During the current year, the liability of Consolidated Holdings Limited in this respect has been taken over by Mizzi Holdings Limited (the issuer's parent company). These advances were subject to interest at the fixed rate of 6.95% per annum with interest payable six monthly in arrears on 31 May and 30 November of each year. The advances are repayable in full on 30 November 2019. Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, the guarantors in respect of the bond issue, have jointly and severally between themselves and with the respective borrower irrevocably undertaken under each loan agreement with the issuer to repay all interest and principal amounts that will become due and payable by the borrower to Mizzi Organisation Finance p.l.c. pursuant to these advances.

Company

The company's banking facilities as at 31 December 2015 amounted to €23,000 (2014: €23,000). These facilities are mainly secured by guarantees by group undertakings and related parties forming part of Mizzi Organisation, which are supported by general hypothecs over assets and special hypothecs over properties. These facilities are subject to variable rates of interest limited to Euribor. The weighted average effective interest rate as at 31 December 2015 was 2.5% (2014: 4.6%).

16. Deferred taxation

Group

Deferred income taxes are calculated on all temporary differences under the liability method and are 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 by the end of the reporting period. The principal tax rate used is 35% (2014: 35%, 2013: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property i.e. tax effect of 12% (2014: 10%) of the transfer value.

The movement on the deferred tax account is as follows:

	2015	2014	2013
	€	€	€
At beginning of year	**1,131,568**	670,464	671,496
Movement in deferred tax liability determined on the basis applicable to property disposals:			
Property, plant and equipment – recognised in other comprehensive income (Note 13)	**(260,690)**	(10,149)	1,182
Deferred income taxes on revaluation surplus on property, plant and equipment arising during the year (Note 13)	**-**	405,506	-
Realisation through asset use (Note 24)	**(6,893)**	(6,893)	(6,893)
Deferred income taxes on temporary differences arising on depreciation of property, plant and equipment (Note 24)	**887**	(25,798)	4,679
Deferred income taxes attributable to unabsorbed capital allowances (Note 24)	**145,487**	98,438	-
At end of year	**1,010,359**	1,131,568	670,464

All the amounts disclosed in the table above, which have been referenced to Note 24, are recognised in profit or loss. The other amounts referenced to Note 13, have been recognised directly in equity in other comprehensive income.

16. **Deferred taxation** - continued

The balance at 31 December represents:

	2015	2014	2013
	€	€	€
Temporary differences arising on fair valuation of property	**972,508**	1,240,091	851,627
Deferred taxation arising on transfer of property from group undertakings	**279,525**	279,525	279,525
Temporary differences arising on depreciation of property, plant and equipment	**186,658**	185,771	211,569
Deferred taxation attributable to unabsorbed capital allowances	**(428,332)**	(573,819)	(672,257)
	1,010,359	1,131,568	670,464

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months.

Following changes to the taxation rules on capital gains arising on transfer of immovable property as announced by the Minister for Finance during the Budget Speech for the financial year 2015, and in respect of which Bill entitled ‘An Act to implement Budget measures for the financial year 2015 and other administrative measures’ came into effect on 30 April 2015, the final tax on transfers of immovable property acquired after 1 January 2004 was reduced to 8% of the transfer value while the rate in respect of transfers of property acquired before 1 January 2004 was reduced to 10%. The net impact of the application of the changed tax regime on the deferred tax liability attributable to fair valuation of the group’s property was a decrease amounting to €253,269, which was recognised in other comprehensive income.

At 31 December 2015, 2014 and 2013, the group had the following unutilised tax credits and temporary differences:

	Unrecognised			**Recognised**		
	2015	2014	2013	**2015**	2014	2013
	€	€	€	**€**	€	€
Unutilised tax credits arising from: Unabsorbed capital allowances	**200,741**	200,741	300,758	**1,223,805**	1,639,482	1,920,734
Provisions for impairment of trade and other receivables	**23,840**	17,300	30,654		-	
Provisions for impairment of available-for-sale financial assets	**81,752**	81,752	81,752		-	
Taxable temporary differences arising on depreciation of property, plant and equipment	**-**	-	-	**(533,309)**	- (530,775)	(604,483)

The unrecognised deferred tax assets at the end of the reporting periods have not been reflected in these financial statements due to the uncertainty of the realisation of the tax benefits. Whereas tax losses have no expiry date, unabsorbed capital allowances are forfeited upon cessation of the trade.

16. Deferred taxation - continued

Company

At 31 December 2015, the company had unutilised tax credits arising from unabsorbed capital allowances amounting to €200,741 (2014: €200,741). At the end of the reporting period, the company also had deductible temporary differences arising on provisions for impairment of available-for-sale financial assets, amounting to €81,752 (2014: €81,752). The related deferred tax assets have not been recognised in these financial statements due to the uncertainty of the realisation of the tax benefits. Unabsorbed capital allowances are forfeited upon cessation of the trade.

17. Trade and other payables

	Group			**Company**	
	At 31 December 2015	At 31 December 2014	At 1 January 2014	**At 31 December 2015**	At 31 December 2014
	€	€	€	**€**	€
Current					
Trade payables	**298,859**	128,699	656,460	**-**	-
Amounts owed to related parties forming part of Mizzi Organisation	**4,327,183**	7,657,769	7,981,524	**-**	5,150,720
Indirect taxation	**4,459**	4,017	21,704	**-**	-
Accruals and deferred income	**280,132**	253,847	384,645	**31,608**	35,461
	4,910,633	8,044,332	9,044,333	**31,608**	5,186,181

During the current year, amounts owed by the company to related party forming part of Mizzi Organisation amounting to €5,150,720 as at 31 December 2014 was offset as a result of the assignment of balances referred to in Note 9 and as a result of dividends receivable from an associate which were also assigned to this related party.

18. Revenue

The group's revenue, which is entirely derived from the local market, is analysed as follows:

	Group	
	2015	2014
	€	€
Hotel operations	**4,082,330**	3,585,038

19. Expenses by nature

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Employee benefit expense (Note 20)	**1,726,857**	1,378,054	**-**	-
Hotel food and beverage costs	**440,805**	445,306	**-**	-
Hotel operating supplies, services and related expenses	**1,013,026**	866,502	**-**	-
Management fees and similar service charges	**127,881**	84,176	**-**	-
Depreciation of property, plant and equipment (Note 4)	**221,027**	220,625	**-**	-
Operating lease rentals payable and similar charges:				-
- Motor vehicles	**10,800**	9,450	**-**	-
Other expenses	**54,011**	142,288	**6,860**	7,379
Total cost of sales; selling and other direct expenses; and administrative expenses	**3,594,407**	3,146,401	**6,860**	7,379

Operating profit/(loss) is stated after (crediting)/charging the following:

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Movement in provision for impairment of trade receivables (included in 'Administrative expenses')	**6,540**	(13,354)	**-**	-
Property operating lease rental income (included in 'Other operating income')	**-**	(1,333)	**-**	-

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2015 and 2014 relate to the following:

	Group	
	2015	2014
	€	€
Annual statutory audit	**8,150**	8,150
Tax advisory and compliance services	**314**	314
Other non-audit services	**4,139**	7,244
	12,603	15,708

The auditor's remuneration for the company attributable to the year ended 31 December 2015 amounted to €3,650 (2014: €3,650).

20. Employee benefit expense

	Group	
	2015	2014
	€	€
Wages and salaries	**1,632,417**	1,282,557
Social security costs	**94,440**	95,497
	1,726,857	1,378,054

Average number of persons employed during the year:

	Group	
	2015	2014
Direct	**66**	66
Administration	**13**	13
	79	79

21. Investment and other related income

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Gross dividends receivable from investments in subsidiaries	**-**	-	**373,227**	438,461
Gross dividends receivable from investments in associate	**-**	-	**2,277,769**	201,969
Other gross dividends receivable	**1,387**	1,387	**1,387**	1,387
	1,387	1,387	**2,652,383**	641,817

22. Finance income

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Interest receivable from related parties forming part of Mizzi Organisation	**430,314**	483,795	**430,314**	483,795

23. Finance costs

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Interest payable to related parties forming part of Mizzi Organisation	**521,720**	596,504	**429,638**	481,990
Bank interest and charges	**32,775**	45,387	**104**	83
	554,495	641,891	**429,742**	482,073

24. Tax expense

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Current taxation:				
Current tax expense	**641**	3,889	**579,347**	225,446
Deferred taxation (Note 17)	**139,481**	65,747	**-**	-
	140,122	69,636	**579,347**	225,446

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Profit before tax	**1,054,090**	704,641	**2,646,095**	636,160
Tax on profit at 35%	**368,931**	246,624	**926,134**	222,656
Tax effect of:				
Movement in temporary differences arising on property, plant and equipment and provisions for impairment of trade and other receivables	**140,740**	95,161	**-**	-
Expenses not deductible for tax purposes	**3,023**	6,044	**2,356**	2,790
Dividend income not taxed at 35%	**-**	-	**(349,143)**	-
Share of result of associate	**(227,029)**	(145,161)	**-**	-
Utilisation of unabsorbed tax losses and capital allowances brought forward from previous years	**(145,543)**	(133,032)	**-**	-
Tax charge in the accounts	**140,122**	69,636	**579,347**	225,446

The tax impact relating to components of other comprehensive income is presented in the tables within Note 13 to the financial statements.

25. Directors' emoluments

	Group	
	2015	2014
	€	€
Salaries and other emoluments	**65,090**	37,219

26. Earnings per share

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

	Group	
	2015	2014
Net profit attributable to the owners of the company	**€913,968**	€635,005
Weighted average number of ordinary shares in issue	**320,600**	320,600
Earnings per share	**€2.85**	€1.98

27. Dividends

	Company	
	2015	2014
	€	€
Final dividends paid on ordinary shares:		
Gross	**-**	218,080
Tax at source	**-**	(73,080)
Net	**-**	145,000
Dividends per share	**-**	0.45

28. Cash used in operations

Reconciliation of operating profit/(loss) to cash used in operations:

	Group		Company	
	2015	2014	**2015**	2014
	€	€	**€**	€
Operating profit/(loss)	**528,230**	446,603	**(6,860)**	(7,379)
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	**221,027**	220,625	**-**	-
Disposals of property, plant and equipment	**5,184**	101,072	**-**	-
Movement in provisions for impairment of trade and other receivables	**6,540**	(13,354)	**-**	-
Changes in working capital:				
Inventories	**61,996**	(52,212)	**-**	-
Trade and other receivables	**(900,354)**	66,127	**93,121**	(483,258)
Trade and other payables	**46,430**	(1,000,001)	**(919,040)**	(45,401)
Cash used in operations	**(30,947)**	(231,140)	**(832,779)**	(536,038)

29. Commitments

Capital commitments

Commitments for capital expenditure not provided for in these financial statements are as follows:

	2015	2014	2013
	€	€	€
Authorised but not contracted for	**7,800,000**	-	-

Operating lease commitments – where a group undertaking is the lessee

A group undertaking has a motor vehicle property leasing arrangement with a related party, which is a company forming part of the Mizzi Organisation, whereby operating lease rentals amounting to €10,800 (2014: €10,800, 2013: €9,450) are payable annually for the right to use assets owned by the related party in the course of the respective company's operations.

30. Contingencies

(a) The company, together with certain other subsidiaries and related parties forming part of Mizzi Organisation, is jointly and severally liable in respect of guarantees given to secure the banking facilities of group undertakings and related parties forming part of Mizzi Organisation up to a limit of €74,511,00 (2014: €74,011,000) together with interest and charges thereon. These guarantees are supported by general hypothecary guarantees for the amount of €55,382,000 (2014: €26,382,000) over the company's assets.

As at 31 December 2015, the company's subsidiary, together with related parties forming part of Mizzi Organisation, are jointly and severally liable in respect of guarantees given to secure the banking facilities of group undertakings and related parties forming part of Mizzi Organisation up to limits of €33,160,000 (2014: €33,160,000), together with interest and charges thereon. These guarantees are supported by general hypothecary guarantees over assets by the undertaking for the amount €25,482,000 (2014: €25,482,000), and special hypothecary guarantees over property by the undertaking for the amount of €54,484,000 (2014: €25,484,000).

(b) The company, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited are, jointly and severally with Mizzi Organisation Finance p.l.c. (a related party forming part of the Mizzi Organisation) and between themselves, guaranteeing the repayment of the nominal value of the bonds issued by the latter related party, for subscription by the general public, on the redemption date and the interest amounts payable in respect of the bonds on each interest payment date. The nominal value of bonds outstanding at 31 December 2015 and 2014 amounts to €30,000,000. These bonds are due for redemption on 30 November 2019 but are redeemable in whole or in part at the issuer's sole discretion on any date falling between 30 November 2016 and 30 November 2019. The bonds are subject to interest at the rate of 6.2% payable six monthly in arrears on 31 May and 30 November in each year. The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the issuer under the terms and conditions of the bond issue.

Bond issue proceeds had been advanced to Consolidated Holdings Limited, Kastell Limited and Mizzi Holdings Limited. During the current year the liabilities of Consolidated Holdings Limited and Kastell Limited were taken over by Mizzi Holdings Limited. All the terms and conditions of these advances are disclosed in Note 18 to the financial statements. Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, the guarantors in respect of the bond issue, have jointly and severally, between themselves and with the respective borrower, undertaken under each loan agreement to repay all interest and principal amounts that will become due and payable by the borrower pursuant to the advances from Mizzi Organisation Finance p.l.c.

(c) The company has undertaken to provide financial support to a subsidiary so as to enable the entity to meet its liabilities as they fall due. The subsidiary's profit for the year ended 31 December 2015 amounted to €270,856 (2014: €228,417), but as at 31 December 2015 its current liabilities exceeded its current assets by €3,287,269 (2014: €3,796,812).

31. Related party transactions

Consolidated Holdings Limited and its subsidiary form part of the Mizzi Organisation. The Mizzi Organisation is not a legal entity and does not constitute a group of companies within the meaning of the Companies Act, Cap. 386 of the laws of Malta. The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, together with all their respective subsidiaries. The Mizzi Organisation also includes GSD Marketing Limited (formerly Falcon Wines & Spirits Limited, which is an integral component of the Organisation's beverage business activity. Indeed, the related operations of the Organisation and the activities of this entity are managed on a collective basis.

The entities constituting the Mizzi Organisation are ultimately fully owned by Daragon Limited, Demoncada Holdings Limited, Demoncada Limited, Maurice Mizzi Investments Limited and Maurice Mizzi. Members of the Mizzi family in turn ultimately own and control the above mentioned companies.

Accordingly, the members of the Mizzi family, the shareholder companies mentioned above, all entities owned or controlled by the members of the Mizzi family and the shareholder companies, the associates of entities comprising the Organisation and the Organisation entities' key management personnel are the principal related parties of the entities forming part of the Mizzi Organisation.

Trading transactions with these related parties would typically include interest charges, management fees, service charges and other such items which are normally encountered in a group context.

Group

In the ordinary course of their operations, group undertakings also sell services to companies forming part of the Organisation for trading purposes and also purchase goods and services from these companies.

In the opinion of the directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the group. The aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

31. Related party transactions - continued

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties forming part of Mizzi Organisation, have a material effect on the operating results and financial position of the group:

	2015	2014
	€	€
Purchases of goods and services		
Purchases of goods held for resale and services - Related parties forming part of Mizzi Organisation	**197,181**	58,186
Purchase of property, plant and equipment	**144,607**	23,583
Management fees payable	**61,830**	115,156
	403,618	196,925

The transactions disclosed above were carried out on commercial terms. Year-end balances with related parties, arising principally from the transactions referred to previously, are disclosed in Notes 9, 10 and 15 to these financial statements.

The group's expenditure reflected in profit or loss comprises amounts recharged from related parties forming part of Mizzi Organisation of €113,218 (2014: €192,568).

Key management personnel comprise the directors of the company and of the other group undertaking. Key management personnel compensation, consisting of directors' remuneration as disclosed in Note 25, has been recharged by a related party forming part of Mizzi Organisation.

Amounts owed to related parties as at 31 December 2015 of €2,423,546 (2014: €6,279,588; 2013: €6,384,505) are subject to interest at 7.2% (2014: 7.2%). Interest receivable from related parties and interest payable to related parties are disclosed in Notes 24 and 25 respectively.

Company

The company's expenditure reflected in profit or loss comprises amounts recharged from a related party forming part of Mizzi Organisation of €6,906 (2014: €5,691).

Amounts owed to related parties as at 31 December 2015 of €1,210,961 (2014: €4,972,734) are subject to interest at 7.2% (2014: 7.2%). Interest receivable from related parties and interest payable to related parties are disclosed in Notes 24 and 25 respectively.

32. Statutory information

Consolidated Holdings Limited is a limited liability company and is incorporated in Malta.