Company Registration No.: C 35806

Sudvel Limited

Annual Report and Financial Statements
for the year ended
31 December 2020

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Sudvel Limited
Directors' Report
for the year ended 31 December 2020

The Board of Directors is hereby presenting its annual report together with the audited financial statements of the Company for the year ended 31 December 2020.

Directors
The Directors of the Company since the beginning of the year up to the date of this report were:

Mr. Martin Vella
Mr. Mark Vella

Principal activity
The Company is principally engaged in renting out of property, carrying the business of finance and holding of immovable property. The Company also acts as a guarantor to the Bond Issue by Hal Mann Vella Group plc.

Review of business
During the year ended 31 December 2020, the Company generated a profit before tax of €1,382,717 (2019: €1,052,329).
Given the Company's financing structure and the positive net assets position attained by the Company by the end of the current financial year, the Directors consider the Company's state of affairs as at the close of the financial year to be satisfactory.

Results
The results for the year are set out in the statement of comprehensive income on page 7.

Future Developments
The Directors expect to attain and enhance the company's present level of revenue and continue to register positive results in the coming years.

Dividend
The Board of Directors does not propose a payment of a dividend.

Financial Reporting Framework
The Directors have prepared the Company's financial statements for the year ended 31 December 2020 in accordance with the International Financial Reporting Standards as adopted by the European Union, and the requirements of the Companies Act, Cap 386 of the Laws of Malta.

Auditors
A resolution to re-appoint HLB CA Falzon as auditors of the Company will be proposed at the forthcoming annual general meeting. HLB CA Falzon have expressed their willingness to continue in office.

By order of the Board:

Mr. Martin Vella - Director	Mr. Mark Vella - Director

Registered Office
Hal Mann Vella, The Factory,
Mosta Road, Lija LJA 9016

27 April 2021

Sudvel Limited

Statement of Directors' Responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors of Sudvel Limited to prepare annual financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the year in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union.

In preparing such financial statements, the Directors are required to:
- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgments and estimates that are reasonable and prudent; and
- account for income and charges relating to the accounting year on the accruals basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Companies Act, Cap. 386 of the Laws of Malta.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HLB CA FALZON
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report
to the members of Sudvel Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sudvel Limited ('the Company'), set out on pages 7 to 37, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act, Cap 386, Laws of Malta.

Basis for Opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises of the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover this information, including the Directors' Report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

HLB CA FALZON
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report
to the members of Sudvel Limited

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

- the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements ; and
- the Directors' Report has been prepared in accordance with the Companies Act (Cap.386)

In addition, in light of the knowledge and understanding of the Company and its environment, obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report.

Based on the work we have performed, we have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance
The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative to do so. Misstatements can arise from fraud or error and are considered material if, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these.

Independent Auditors' Report
to the members of Sudvel Limited

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern. In particular it is difficult to evaluate all of the potential implications that COVID-19 will have on the Company's trade, customers and suppliers, and the disruption to their business and the overall economy.

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

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

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

HLB CA FALZON
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report
to the members of Sudvel Limited

Report on other legal and regulatory requirements
Under the Companies Act, Cap 386 of the Laws of Malta, we are required to report to you if, in our opinion :

- we have not obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit ;

- proper books of account have been kept by the Company so far as appears from our examination thereof ;

- the Company's financial statements are not in agreement with the books of account ;
- if 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.

This copy of the audit report has been signed by:

Jozef Wallace Galea (Partner)
for and on behalf of HLB CA Falzon
Registered Auditors

27 April 2021

Sudvel Limited

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	Current	2019
		€	€
Rental income	5	1,687,653	1,690,478
Gross profit		1,687,653	1,690,478
Administrative expenses	6	(232,632)	(178,561)
Other income from construction works	7	24,223	87,723
Operating profit		1,479,244	1,599,640
Fair value change in investment property	7	399,163	-
Finance costs	8	(495,690)	(547,311)
Profit before tax		1,382,717	1,052,329
Income tax expense	10	(410,520)	(392,301)
Profit for the year		972,197	660,028
Other comprehensive income		-	-
Total comprehensive income for the year		972,197	660,028

The notes on pages 11 to 37 form part of these financial statements

Sudvel Limited

Statement of Financial Position
as at 31 December 2020

	Note	Current €	2019 €
ASSETS			
Non-current assets			
Investment property	12	27,814,555	26,739,598
Deferred tax assets	16	368,617	368,617
Total non-current assets		28,183,172	27,108,215
Current assets			
Property for resale	13	55,616	55,616
Trade and other receivables	14	716,395	559,667
Cash and cash equivalents	19	771,902	188,531
Total current assets		1,543,913	803,814
Total assets		29,727,085	27,912,029
EQUITY AND LIABILITIES			
Equity			
Issued capital	17	500,000	500,000
Other reserve	18	7,572,675	7,205,804
Retained earnings		7,404,785	6,799,459
Total equity and reserves		15,477,460	14,505,263
Non-current liabilities			
Borrowings	12	9,632,680	7,964,332
Deferred tax liability	16	2,305,768	2,273,476
Total non-current liabilities		11,938,448	10,237,808
Current liabilities			
Current borrowings	12	525,190	520,260
Trade and other payables	15	1,383,828	2,624,767
Taxation due	10	402,159	23,931
Total current liabilities		2,311,177	3,168,958
Total liabilities		14,249,625	13,406,766
Total equity and liabilities		29,727,085	27,912,029

The notes on pages 11 to 37 form part of these financial statements

The financial statements on pages 7 to 37 were authorised for issue by the Board and were signed on its behalf by:

Mr. Martin Vella - Director

Mr. Mark Vella - Director

27 April 2021

Sudvel Limited

Statement of Changes in Equity
for the year ended 31 December 2020

	Issued capital €	Other reserve €	Retained earnings €	Total €
Balance as at 1 January 2019	500,000	7,205,804	6,139,431	13,845,235
Profit for the year	-	-	660,028	660,028
Balance as at 31 December 2019	500,000	7,205,804	6,799,459	14,505,263
Balance as at 1 January 2020	500,000	7,205,804	6,799,459	14,505,263
Profit for the year	-	-	972,197	972,197
Transfer of unrealised fair value gain on investment property, net of deferred tax	-	366,871	(366,871)	-
Balance as at 31 December 2020	500,000	7,572,675	7,404,785	15,477,460

The notes on pages 11 to 37 form part of these financial statements

Sudvel Limited

Statement of Cash Flows
for the year ended 31 December 2020

	Note	Current	2019
		€	€
Cash flows from operating activities			
Profit before tax		1,382,717	1,052,329
Adjustments for:			
Provision for estimated credit losses		1,006	(4,449)
Fair value change in investment property		(399,163)	-
Working capital changes:			
(Increase)/decrease in receivables		(157,734)	69,676
Decrease in payables		(1,215,891)	(493,927)
Interest paid		(226,473)	(230,788)
Finance cost		495,690	547,311
Net cash (used in)/from operating activities		(119,848)	940,152
Cash flows from investing activities			
Payments to acquire investment property		(675,794)	(127,631)
Net cash used in investing activities		(675,794)	(127,631)
Cash flows from financing activities			
Repayment of bank loans		(390,000)	(445,121)
Interest paid on loans		(294,265)	(301,487)
Receipts from/(repayments to) group companies		2,058,348	(238,950)
Net cash from/(used in) financing activities		1,374,083	(985,558)
Increase/(decrease) in cash and cash equivalents		578,441	(173,037)
Cash and cash equivalents at beginning of year		188,271	361,308
Cash and cash equivalents at end of year	19	766,712	188,271

The notes on pages 11 to 37 form part of these financial statements

1. Corporate information

Sudvel Limited is registered in Malta as a limited liability company under the Companies Act, Cap. 386 of the laws of Malta. The Company's registration number is C 35806.

2. Significant accounting policies

2.1 Basis of preparation

The Company's financial statements are prepared under the historical cost convention except for investment property that has been measured at fair value and are in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta. The financial statements are presented in Euro, which is the Company's functional currency.

COVID-19 impact

On 11 March 2020, the Word Health Organisation (WHO) declared the COVID-19 outbreak to be a global pandemic. The local authorities responded by introducing measures aimed at containing the spread of the virus and minimising the fatalities. Social distancing rules, restrictions on capacity inside establishments and control on overall physical movement continued throughout the year and still in place at the date of the approval of these financial statements.

The COVID-19 pandemic has not directly impacted the Company's business operations of letting properties and remained profitable during the year. On the basis of the Company's experience to date and on the basis of its detailed projections for the coming 12 months and beyond, factoring in the disruption created by the COVID-19 pandemic, the directors assessed that the Company has the ability to support its normal operations. The directors deemed that it is appropriate, at the time of approving the financial statements, to adopt the going concern basis in preparing the financial statements.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets in these financial statements are classified in four categories:

- financial assets at amortised cost (debt instruments)
- financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- financial assets at FVTPL

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and receivables from related companies which are included under current financial assets.

Financial assets at FVOCI (debt instruments)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

As at 31 December 2020 and 2019, the Company has no debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

As at 31 December 2020 and 2019, the Company has no equity instruments at FVOCI.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As at 31 December 2020 and 2019, the Company has no financial assets at FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in notes to the financial statements.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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

For cash in banks and trade and other receivables, the Company applies a general approach in calculating ECLs. Therefore, the Company tracks changes in credit risk, and recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. This is being done by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The following are the key elements in the calculation of ECLs:

a. Probability of Default (PD)	The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognised.
b. Exposure at Default (EAD)	The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
c. Loss Given Default (LGD)	The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

The mechanics of the ECL method are summarised below:

Stage 1:	The 12-month ECL is calculated as the portion of lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.
Stage 2:	When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.
Stage 3:	For financial asset considered as credit-impaired, the Company recognises the lifetime ECL. The method is similar to that for Stage 2 financial assets, with the PD set at 100%.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans or borrowings or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at FVTPL
- financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at FVTPL
Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVTPL.

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 11 to the financial statements.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property. Investment property comprises freehold and leasehold land and buildings held under long-term operating leases.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. 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 investment property 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. After initial recognition, investment property is carried at fair value representing open market value determined periodically. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed periodically by professional valuers. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Professional valuers perform market valuations at least every two years, last revaluation date was as at December 31, 2020 and next revaluation date will be for December 31, 2022.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from its future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair value are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Company decides to dispose of an investment property without development, the Company continues to treat the property as an investment property. Similarly, if the Company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

2.5 Property for resale

Property held for resale is included in the financial statements at the lower of cost and net realisable value. Cost comprises the purchase price of acquiring the property and other costs incurred to develop the property. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.7 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

2.9 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.

2.10 Dividend distribution

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

2.12 Trade and other payables

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

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

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.14 Taxation

The tax expense for the period comprises of deferred tax. Tax is recognized in the profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity, in which case it is also dealt with in other comprehensive income or in equity, as appropriate.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects niether the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax against current tax liabilites and the deferred taxes related to the same taxable entity and the same taxation authority.

Value Added Tax
Revenue, expenses and assets are recognised net of Value Added Tax, except:
- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case Value Added Tax is recognised as part of the acquisition of the asset or as part of the expense item, as applicable.
- where receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Borrowing costs
Borrowing costs which are incurred for the purpose of acquiring or contructing qualifying property, plant and equipment or investment property, 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 used. 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.

2.18 Fair value measurements and valuation processes

The Company measures non-financial assets such as investment property at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (a) in the principal market for the asset or liability or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are avaiable to measure at fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of investment property is disclosed in note 12.

3. Critical accounting estimates and judgements

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known. The most significant judgements and estimates are as follows:

Fair value of investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in the profit or loss. This is based on market valuations performed by independent professional architects at least every two years. In a year when market valuations are not performed by the independent professional architect, an assessment of the fair value of the investment property consisting of land and building is performed to reflect market conditions at the year-end date.

The last market valuation was performed on 30 December 2020 and the Company recognised fair values of investment property (note 12).

Operating lease commitments - Company as lessor

The Company has entered into commercial property leases on its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets is disclosed in notes 12 and 21.

4. Changes in accounting policies and disclosures

4.1 New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

4.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	*Effective for annual periods beginning on or after*
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract –	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023

5. Rental income

	Current	2019
	€	€
Rental income	1,687,653	1,690,478

Sudvel Limited

Notes to the Financial Statements
for the year ended 31 December 2020

6. Expenses by nature

	Current	2019
	€	€
Directors' remuneration (note 9)	70,942	42,049
Social security contributions and maternity fund (note 9)	2,573	2,492
Fines and penalties	30	-
Bank charges	25,734	7,626
Professional fees	643	310
Guarantee fees	80	-
Provision of estimated credit losses	1,006	(4,449)
Registration fee	800	800
Repairs and maintenance	115,742	64,926
Water and electricity	11,015	60,771
Telecommunication	31	-
Auditors' remuneration	4,036	4,036
	232,632	178,561

Auditor's fee

Fees charged by the auditor for services rendered during the financial year ended 31 December 2020 and 2019 relate to the following:

	Current	2019
	€	€
Annual statutory audit	4,036	4,036

7. Other income

	Current	2019
	€	€
Fair value change in investment property	399,163	-
Other income from construction works	24,223	87,723
	423,386	87,723

8. Finance costs

	Current	2019
	€	€
Bank overdraft	55	220
Other interest	226,409	230,575
Bank loan interest	269,226	316,516
	495,690	547,311

9. Payroll costs and personnel information

Payroll costs for the year comprised the following:

	Current €	2019 €
Wages and salaries (including director's remuneration) (note 6)	70,942	42,049
Social security contributions (note 6)	2,573	2,492
	73,515	44,541

The average number of persons (including the director) employed by the company during the year was as follows:

	Current No.	2019 No.
Administration (including director)	1	1

10. Income tax

10.1 Tax charge on profit on ordinary activities

No provision for income tax has been made as the Company had no chargeable income during the current financial year.

	Current €	Restated 2019 €
Income tax expense:		
Current tax charge	(378,228)	(23,931)
Deferred Taxation (Note 16):		
Charge for year	(32,292)	(368,370)
Income tax charge for the year	(410,520)	(392,301)

10.2 Tax Reconciliation

	Current €	2019 €
Profit before tax	1,382,717	1,052,329
Taxation charge thereon	483,951	368,315
Tax effect of:		
- expenses non allowed for tax purposes	158,482	255,075
- income taxed at different rates	(117,777)	(118,333)
- fair value change of investment property	(107,774)	-
- absorbed tax losses	(6,362)	(112,756)
Income tax expense for the year	410,520	392,301

10.3 Current taxation

Taxation due is made up as follows:

	Current	2019
	€	€
As at 1 January	23,931	-
Current tax charge	378,228	23,931
As at 31 December	402,159	23,931

11. Financial assets and financial liabilities

11.1 Financial assets

	Current	2019
	€	€
Current financial assets:		
Debt instruments measured at amortised cost:		
Trade and other receivables (note 14)	601,669	552,331
Total debt instruments at amortised cost	601,669	552,331

The loan to group company is interest free, unsecured and payable on demand.

The Company's exposure to credit risk related to these loans and receivables is disclosed in note 20. As at the reporting date, these financial assets are not impaired.

11.2 Financial liabilities: Loans and liabilities

	Interest rate	Maturity	Current	2019
			€	€
Current loans and borrowings				
Bank overdraft (note 20)	2.35%	on demand	5,190	260
Bank loan	3.5%	2027	520,000	520,000
			525,190	520,260
Non-current loans and borrowings				
Bank loan	3.5%	2027	2,445,000	2,340,000
Loans from parent company	5.3%	indefinite	5,542,680	3,484,332
			7,987,680	5,824,332
Other financial liabilities at amortised cost, other than loans and borrowings				
Trade and other payables (note 15)			949,540	2,055,260

The amounts owed to parent undertaking are unsecured, bear 5.3% interest and have no fixed repayment date.

Notes to the Financial Statements
for the year ended 31 December 2020

12. Investment property

	Current	2019
	€	€
Valuation		
As at 1 January	26,739,598	26,611,967
Additions	675,794	127,631
Fair value change in investment property	399,163	-
As at 31 December	27,814,555	26,739,598

Fair value measurement of the Company's investment properties

Market valuations are performed by independent professional architects every two years or earlier whenever their fair values differ materially from their carrying amounts. In the year when a market valuation is not performed, an assessment of the fair value is performed to reflect market conditions at the year-end date.

An independent valuation of the Company's investment property, was performed by independent external valuers having experience in the location and type of property being valued to determine the fair value as at 31 December 2020. The fair value movement was credited to profit or loss and subsequently transferred to other reserves under equity. As at 31 December 2020, management also assessed whether there are any significant changes to the significant inputs of the valuation.

The Company's investment property consists mainly of plots, apartments and land and building for warehouses, offices and parking spaces, with a carrying amount of €27,415,392 (2019: €26,739,598). The investment property has been categorised to fall within levels 2 and 3 of the fair value hierarchy. The different levels in the fair value hierarchy have been defined in note 20.

The Company policy is to recognise transfers into and out of fair value hierarchy levels as of date of the event of change in circumstances that caused the transfer. There were no transfers between levels during the year. For all properties, their current use equates to the highest and best use.

Reconciliation of fair value:

	Land	Office properties	Commercial buildings	Residential properties
	€	€	€	€
As at 1 January 2019	405,000	2,300,000	23,231,967	675,000
Additions	103,425	24,206	-	-
As at 31 December 2019	508,425	2,324,206	23,231,967	675,000
Additions	-	75,794	600,000	-
Fair value change recognised in profit or loss	1,575	31,683	365,905	-
As at 31 December 2020	510,000	2,431,683	24,197,872	675,000

Valuation techniques and inputs

The valuation was determined primarily by using the market comparison method for residential properties, and the discounted cash flow method (DCF) for commercial properties.

Comparison method:

Market prices based on database of valuations and of sales of properties in the relevant area;

Discounted cash flow (DCF) method:

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.
Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant inputs	Range (weighted average)
			2020
Commercial buildings	DCF	Estimated rental value	7%-7.5%
Office properties	DCF	Estimated rental value	6.5%-7.5%

For the other types of investment properties, the significant inputs used in the fair value measurement are pricing information provided by the independent valuers based on the property size and outlook, location and communal facilities.

13. Property for resale

	Current	2019
	€	€
Cost:		
As at 1 January and 31 December	55,616	55,616

14. Trade and other receivables

	Current	2019
	€	€
Trade receivables	603,381	553,037
Provision for estimated credit losses	(1,712)	(706)
	601,669	552,331
Indirect taxation	88,731	-
Accrued income	-	7,336
Prepayments	25,995	-
Total trade and other receivables	716,395	559,667

Trade receivables are unsecured, non-interest bearing and are generally on terms of 60 days.

Credit risk of trade receivables which explains how the Company manages and measures the credit quality of trade receivables are disclosed in note 20.

Notes to the Financial Statements
for the year ended 31 December 2020

15. Trade and other payables

	Current	2019
	€	€
Current liabilities		
Amount received in advance	432,342	433,350
Trade payables	905,415	703,502
Other payables	9,000	9,000
Indirect taxes and social security contributions	1,946	136,157
Accruals	35,125	1,342,758
Total current liabilities	1,383,828	2,624,767

Trade and other payables are unsecured and non-interest bearing.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 20.

16. Deferred taxation

16.1 Deferred tax liability

	Current	2019
	€	€
As at 1 January	(2,273,476)	(1,905,106)
Charge in the statement of comprehensive income (note 10)	(32,292)	(368,370)
As at 31 December	(2,305,768)	(2,273,476)

Tax effect of temporary differences relating to:

Asset revaluations	(2,305,768)	(2,273,476)

16.2 Deferred tax asset

	Current	2019
	€	€
As at 1 January and 31 December	368,617	368,617

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 rate (and tax laws) that have been enacted by reporting date. The principal tax rate used is 35% (2019: 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, that is, tax effect of 8% (2019: 8%) of the transfer value.

The balance as at 31 December 2020 represents:

	Current €	2019 €
Tax effect of temporary differences relating to:		
Asset revaluations	(1,937,039)	(1,905,106)
Estimated credit losses	599	247
Accrued income	(711)	-
	(1,937,151)	(1,904,859)

17. Issued capital

	Current €	2019 €
Authorised:		
214,650 Ordinary shares of €2.329373 each	500,000	500,000

	Current €	2019 €
Issued and fully called-up:		
214,650 Ordinary shares of €2.329373 each	500,000	500,000

18. Other reserve

	Current €	2019 €
As at 1 January	7,205,804	7,205,804
Transfer of unrealised fair value gain	366,871	-
As at 31 December	7,572,675	7,205,804

The other reserve represents changes in fair value of investment property, net of deferred tax movements, which are unrealised at the reporting date. These amounts are transferred from retained earnings to this reserve since these gains are not considered by the directors to be available for distribution. Upon disposal of the respective investment property, realised fair value gains are transferred to the retained earnings. The unrealised gain reserve is a non-distributable reserve.

19. Cash and cash equivalents

The cash and cash equivalents comprise the following statement of financial position amounts:

	Current €	2019 €
Cash at bank	771,902	188,531
Bank overdraft (note 12)	(5,190)	(260)
	766,712	188,271

20. Financial risk management objectives and policies

The Company's principal financial assets comprise loans and receivables, trade and other receivables and cash and cash equivalents. Its principal financial liabilities comprise trade and other payables and borrowings.

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk include borrowings. The Company is only exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Except as disclosed in note 11, the Company's borrowings are non-interest bearing. Borrowings issued at fixed rates consist primarily of bank loans and loan from parent undertaking.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Customer credit risk is managed by the Company's management subject to the Company's estabished policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on each individual's credit limits. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at the reporting date on an individual basis. The Company exercises a prudent credit control policy, and accordingly, it is not subject to any significant exposure or concentration of credit risk.

The Company banks only with local financial institutions of high quality standard or rating. The Company's operations are principally carried out in Malta and all of the Company's revenue originate from clients based in Malta.

Trade receivables

The following table details the risk profile of trade receivables based on the Company's provision matrix in accordance with the simplified approach set out in IFRS 9. As the Company's historical credit loss experience does not show signigicantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

	Trade receivables	
	Current	**2019**
Estimated gross carrying amount at default	603,381	553,037
Estimated credit loss	(1,712)	(706)

Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities. 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 Company's obligations.

The table below summarises the maturity profile of the company's financial liablities based on contractual undiscounted payments.

Year ended 31 December 2020

	> 1 year	**1 to 5 years**	**> 5 years**	**Total**
	€	**€**	**€**	**€**
Interest bearing borrowings	520,000	2,445,000	1,645,000	4,610,000
Trade and other payables	951,486	-	-	951,486
Intercompany balances	-	5,542,680	-	5,542,680
	1,471,486	7,987,680	1,645,000	11,104,166

Year ended 31 December 2019

	> 1 year	**1 to 5 years**	**> 5 years**	**Total**
	€	**€**	**€**	**€**
Interest bearing borrowings	520,000	2,340,000	2,140,000	5,000,000
Trade and other payables	2,191,417	-	-	2,191,417
Intercompany balances	-	3,484,332	-	3,484,332
	2,711,417	5,824,332	2,140,000	10,675,749

Fair value risk

As at 31 December 2020 and 2019, the carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables 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 loans and receivables and non-current borrowings are not materially different from their carrying amounts in the statement of financial position.

Notes to the Financial Statements
for the year ended 31 December 2020

The Company used the following hierarchy for determining and disclosing the fair value of investment property by valuation technique:

Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 December 2020				
Investment property	-	1,185,000	26,629,555	27,814,555
As at 31 December 2019				
Investment property	-	1,183,425	25,556,173	26,739,598

Capital Risk management

Capital includes the equity attributable to the shareholders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

	Current	2019
	€	€
Interest-bearing loans and other borrowings	8,512,870	6,344,592
Trade and other payables (note 15)	949,540	2,055,260
less: cash and cash equivalents	(771,902)	(188,531)
Net debt	8,690,508	8,211,321
Equity	15,477,460	14,505,263
Net debt to equity ratio	0.56:1	0.57:1

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019 .

21. Supplemental cash flow information

Changes in liabilities arising from financing activities

	As at 1 January 2020	Cash flows	As at 31 December 2020
	€	€	€
Bank loan	5,000,000	(390,000)	4,610,000
Amounts due to parent company	3,484,332	2,058,348	5,542,680
Total liabilities from financing activities	8,484,332	1,668,348	10,152,680

	As at 1 January 2019	Cash flows	As at 31 December 2019
	€	€	€
Bank loan	5,445,121	(445,121)	5,000,000
Amounts due to parent undertaking	3,723,282	(238,950)	3,484,332
Total liabilities from financing activities	9,168,403	(684,071)	8,484,332

22. Operating lease commitments

Operating lease commitments – Company as lessor

The Company has entered into operating leases on its investment property consisting of certain office and manufacturing buildings. These leases have a term between 3 and 10 years. All leases include a clause to enable upward revision of the rental charge after a term between 3, 5 and 10 years as applicable.

Future minimum rental payable under non-cancellable operating leases as at 31 December are as follows:

	Current	2019
	€	€
Within one year	1,666,969	1,687,040
After one year but not more than five years	8,055,279	8,194,858
After five years	1,069,332	2,653,024
As at 31 December	10,791,580	12,534,922

23. Related party transactions

Related party relationships

	Relationship
Hal Mann Vella Group p.l.c.	Parent company and major shareholder

The following companies and Sudvel Limted are related by virtue of having a common shareholder:

	Percentage of shares held by common shareholder	
	Current	2019
	%	%
Hal Mann Vella Limited	100	100
Hal Mann International Ltd	100	100
Hal Mann Properties Ltd	99.99	99.99
Hal Mann (Letting) Ltd	99.99	99.99
Mavina Holiday Complex Ltd	100	100
Halmann Solar Limited	100	100

During the year, the following transactions were conducted with related parties:

	Current	2019
	€	€
Administrative expenses:		
Finance cost charged by parent company	226,409	230,575

Balances with related parties are disclosed in notes 11, 16 and 15.

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the reporting period are unsecured and interest free, except for amount due to parent company which bear interest of 5.3% per annum. On August 24, 2018, the Company executed a guaranty agreement with HSBC for the Parent Company's bond issuance amounting to €30 million payable equally in 10 annual installments bearing an interest at 5% per annum. The redemption date of the bond is on November 6, 2024.

For the year ended 31 December 2020, the company has not recorded any impairment of receivables relating to amounts owned by group company (2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The related company and the company are related by virtue of having common control.

24. Ultimate controlling party

The parent and ultimate holding undertaking of Sudvel Limited is Hal Mann Vella Group plc, a company registered in Malta, with its registered address at The Factory, Mosta Road, Lija, LJA 9016 owning 100% of the issued share capital.