



Endo Properties Limited

Report & Financial Statements

31 December 2021

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General information

Registration

Endo Properties Limited is registered in Malta as a private exempt limited liability company under the Companies Act, Cap. 386 with registration number C 13033.

Directors

Christopher Frendo
Nicholas Frendo

Registered office

10, Timber Wharf
Marsa MRS 1443
Malta

Auditor

Grant Thornton
Fort Business Centre
Triq l-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare 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 that year. In preparing these financial statements, the directors are required to:

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

The 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 Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Income statement

	Notes	2021	2020
		€	€
Revenue	5	137,515	395,671
Administrative expenses		(33,476)	(284,187)
Operating profit		104,039	111,484
Finance costs	6	(33,644)	(30,197)
Profit before tax	7	70,395	81,287
Tax expense	9	(17,492)	(22,885)
Profit for the year		52,903	58,402

Statement of financial position

	Notes	2021 €	2020 €
Assets			
Non-current			
Investment property	10	10,200,000	10,200,000
Property, plant and equipment	11	162,329	162,143
Long-term receivables	12	8,450	-
		<u>10,370,779</u>	<u>10,362,143</u>
Current			
Trade and other receivables	12	7,233	42,427
Cash and cash equivalents	13	12,748	2,070
Current tax asset		-	9,045
		<u>19,981</u>	<u>53,542</u>
Total assets		<u>10,390,760</u>	<u>10,415,685</u>
Equity			
Share capital	14	765,372	765,372
Revaluation reserve		7,127,311	7,127,311
Retained earnings		503,415	450,512
Total equity		<u>8,396,098</u>	<u>8,343,195</u>
Liabilities			
Non-current			
Borrowings	15	470,416	563,075
Long-term payables	17	471,440	440,001
Deferred tax liability	16	884,234	881,071
		<u>1,826,090</u>	<u>1,884,147</u>
Current			
Borrowings	15	128,902	121,201
Trade and other payables	17	28,499	67,142
Current tax liability		11,171	-
		<u>168,572</u>	<u>188,343</u>
Total liabilities		<u>1,994,662</u>	<u>2,072,490</u>
Total equity and liabilities		<u>10,390,760</u>	<u>10,415,685</u>

The financial statements on pages 4 to 25 were approved, authorised for issue and signed by the directors on 28 April 2022.


Christopher Frendo
Director


Nicholas Frendo
Director

Statement of changes in equity

	Share capital €	Revaluation reserve €	Retained earnings €	Total equity €
At 1 January 2020	2,329	7,127,311	392,110	7,521,750
<i>Transaction with owners:</i>				
Issue of share capital	763,043	-	-	763,043
	763,043	-	-	763,043
Profit for the year	-	-	58,402	58,402
At 31 December 2020	765,372	7,127,311	450,512	8,343,195
At 1 January 2021	765,372	7,127,311	450,512	8,343,195
Profit for the year	-	-	52,903	52,903
At 31 December 2021	765,372	7,127,311	503,415	8,396,098

Statement of cash flows

	Notes	2021 €	2020 €
Operating activities			
Profit before tax		70,395	81,287
Adjustments for:			
Depreciation	11	2,174	1,706
Interest expense	6	33,644	30,197
		106,213	113,190
Changes in working capital:			
Trade and other receivables		35,195	144,299
Trade and other payables		(38,643)	(1,171,226)
		152,765	(913,737)
Interest paid		(33,644)	(30,197)
Taxes received (paid) - net		5,887	(35,912)
Net cash generated from (used in) operating activities		75,008	(979,846)
Investing activity			
Acquisition of property, plant and equipment	11	(2,361)	-
Advances to ultimate beneficial owner		(8,450)	-
Net cash used in financing activities		(10,811)	-
Financing activities			
Advances from related parties		31,439	1,060,854
Repayments to ultimate beneficial owner		-	(30,273)
Repayment of bank loans		(84,958)	(47,899)
Net cash (used in) generated from financing activities		(53,519)	982,682
Movement in cash and cash equivalents		10,678	2,836
Cash and cash equivalents, beginning of year		2,070	(766)
Cash and cash equivalents, end of year	13	12,748	2,070

Notes to the financial statements

1 Nature of operations

Endo Properties Limited (the ‘company’) was registered on 28 August 1991. On 28 April 2020, the company changed its name from P&C Limited to Endo Properties Limited.

The company is engaged in renting of property and provision of ancillary services.

2 Basis of preparation

2.1 General information and statement of compliance with International Financial Reporting Standards (IFRS)

The company, a private exempt limited liability company, is incorporated and domiciled in Malta. The address of the company’s registered office, which is also its principal place of business is 10 Timber Wharf, Marsa MRS 1443, Malta.

The company is wholly owned by Endo Ventures Ltd (the ‘parent company’), a company incorporated and domiciled in Malta, which is of the same registered address and principal place of business. Endo Ventures Limited draws up the consolidated financial statements of the group of which the company forms part.

The financial statements of the company have been prepared in accordance with IFRS as adopted by the European Union, and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€), which is also the functional currency of the company.

2.2 Going concern

At 31 December 2021, the company had working capital deficiency of € 148,591 (2020: € 134,801). The parent company has given its assurance that it will maintain its current financial support to enable the company to meet its liabilities as they fall due and to continue its operations in the foreseeable future.

Based on the foregoing, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the company's financial results or position.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to have a material impact on the company's financial statements.

4.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies are consistent with those applied in previous years.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described below.

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The company did not have any items classified as 'other comprehensive income' and consequently management have elected to present only an income statement.

4.2 Revenue

Revenue is derived from renting of property and provision of ancillary services.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The company enters into transactions involving services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone prices. The transaction price for a contract excludes any amounts collected on behalf of third parties, VAT and trade discounts.

Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by providing the promised services to its customers.

4.3 Operating expenses

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.4 Employee benefits

Contributions towards the state pension in accordance with local legislation are recognised in the income statement when they are due.

4.5 Borrowing costs

Borrowing costs primarily comprise interest on the company's borrowings. Borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

4.6 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

4.7 Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the company, and the cost of the property can be reliably measured. Investment property is initially measured at cost, including transaction costs, less impairment losses.

After initial recognition, investment property is measured using the fair value model, with changes in fair value above the historical cost of the investment property being recognised in the income statement and shown as a separate component of equity under the heading of revaluation reserve.

Rental income, if any, and operating expenses from investment property are reported with 'revenue' and 'administrative expenses', respectively.

4.8 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. They are subsequently stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the income statement in the period of derecognition.

Depreciation is provided at rates intended to write off the cost of the assets over their expected useful lives. The annual rates used are as follows:

Improvements	1% Straight Line
Electrical installations	10% Straight Line
Plant and machinery	20% Straight Line
Furniture and fittings	10 – 20% Straight Line
Air conditioner	10% Straight Line
Lift	10% Straight Line
Hardware	25% Straight Line

4.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

The company does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the income statement are presented within 'finance costs' or 'finance income'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents and trade and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of IFRS 9 include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included within 'finance costs' or 'finance income'.

4.10 Impairment of non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

In addition, tax losses available to be carried forward are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised directly in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.12 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include the current and prior year results as disclosed in the income statement less dividend distributions.

The revaluation reserve represents the surpluses arising on the revaluation of the company's investment property, net of related deferred tax effects.

All transactions with owners are recorded separately within equity.

4.13 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash at bank and bank balance overdrawn.

In the statement of financial position, bank balance overdrawn is shown within borrowings under current liabilities.

4.14 Fair value measurement

Fair value of non-financial assets

The company owns investment property which is measured at fair value (refer to note 11).

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

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

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

4.14 Provisions and contingent liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the company and they can be measured reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

Any reimbursements that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.15 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Except as disclosed below, 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 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to physical wear and tear, technical, technological, or commercial obsolescence.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value measurement

The fair value of the company's investment property is estimated based on appraisal performed by an independent architect. The significant inputs and assumptions are developed in close consultation with management and in line with similar properties in similar location. The valuation process and fair value changes are reviewed by the directors at each reporting date. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5 Revenue

	2021 €	2020 €
Rental income	114,455	87,611
Management fees	23,060	23,060
Other income	-	285,000
	<u>137,515</u>	<u>395,671</u>

In 2020, the company recognised other income amounting to € 285,000 as a result of a court judgment in relation to a buyer who defaulted on a promise of sale agreement.

6 Finance costs

	2021 €	2020 €
Interest on bank borrowings	33,644	30,197
	<u>33,644</u>	<u>30,197</u>

7 Profit before tax

Profit before taxation is stated after charging:

	2021 €	2020 €
Depreciation expense on property, plant and equipment	2,174	1,706
Auditors' remuneration	2,100	2,000
	<u>2,174</u>	<u>1,706</u>

8 Staff costs

	2021 €	2020 €
Wages and salaries	10,878	9,521
Social security costs	2,524	2,426
	<u>13,402</u>	<u>11,947</u>

The average number of persons employed by the company during the year was 1 (2020: 1).

9 Tax expense

The relationship between the expected tax expense based on the effective tax rate of the company at 35% (2020: 35%) and the actual tax expense recognised in the income statement can be reconciled as follows:

	2021 €	2020 €
Profit before tax	70,395	81,287
Tax rate	35%	35%
Expected tax expense	<u>(24,638)</u>	<u>(28,450)</u>
Adjustments for the tax effects of:		
Non-deductible expenses	(455)	(819)
Depreciation of ineligible assets	(597)	(597)
Income subject to different tax rate	8,198	7,629
Other permanent differences	-	(648)
Actual tax expense, net	<u>(17,492)</u>	<u>(22,885)</u>
Comprising:		
Current tax expense	(14,329)	(17,522)
Deferred tax expense	(3,163)	(5,363)
	<u>(17,492)</u>	<u>(22,885)</u>

Please refer to note 16 for information on the entity's deferred tax liability.

10 Investment property

	Land and buildings €
Fair value and net book value	10,200,000
At 31 December 2021 and 2020	<u>10,200,000</u>

The fair values of the investment property as at 31 December 2021 and 2020 is based on a valuation carried out by an independent architect between 1 October 2019 and 9 October 2019. The architect is qualified and has recent experience in valuation of similar property type and location.

Details of the investment property and the information about the fair value hierarchy as at 31 December 2021 are as follows:

Type of property	Date	Level 2 €	Total €
Commercial property	1 October 2020	7,200,000	7,200,000
Commercial property	9 October 2020	260,000	260,000
Residential	9 October 2020	2,740,000	2,740,000
Total		10,200,000	10,200,000

There were no transfers between the hierarchy levels during the year.

For investment property categorised under Level 2 of the fair value hierarchy, the following techniques and inputs were used:

Type of property	Technique	Inputs
Commercial property	Market approach	The value of the property is based on the selling price of a similar commercial property.
Residential property	Market approach	The value of the property is based on the selling price of a similar residential property.

The commercial property with a fair value of € 7,200,000 was subject to a promise of sale agreement at an agreed price of € 7,200,000. The promise of sale agreement was valid up to 8 March 2020, and by this date the buyer failed to appear for the final deed subject to the agreed conditions. Since the buyer defaulted on the purchase, the deposit related to this promise of sale agreement was recognised as income in prior year.

The rental income earned by the company from its investment property amounted to € 114,455 (2020: € 87,611). Direct operating expenses incurred in relation to the income generating investment property amounted to € 1,301 (2020: €2,269).

11 Property, plant and equipment

Cost	Improvements €	Electrical installations €	Plant and machinery €	Furniture and fittings €	Air conditioner €	Lift €	Hardware €	Total €
At 1 January/31 December 2020	170,125	69,943	21,454	128,856	97,218	29,334	-	516,930
At 1 January 2021	170,125	69,943	21,454	128,856	97,218	29,334	-	516,930
Additions	490	-	-	-	-	-	1,871	2,361
At 31 December 2021	170,615	69,943	21,454	128,856	97,218	29,334	1,871	519,291
Depreciation								
At 1 January 2020	6,276	69,943	21,454	128,856	97,218	29,334	-	353,081
Charge for the year	1,706	-	-	-	-	-	-	1,706
At 31 December 2020	7,982	69,943	21,454	128,856	97,218	29,334	-	354,787
At 1 January 2021	7,982	69,943	21,454	128,856	97,218	29,334	-	354,787
Charge for the year	1,706	-	-	-	-	-	468	2,174
At 31 December 2021	9,688	69,943	21,454	128,856	97,218	29,334	468	356,962
Net Book value								
At 31 December 2020	162,143	-	-	-	-	-	-	162,143
At 31 December 2021	160,927	-	-	-	-	-	1,403	162,329

Fully depreciated assets on which depreciation was not provided amounted to € 346,805 (2020: € 346,805).

12 Trade and other receivables

	2021	2020
	€	€
Amounts owed by related parties	15,253	2,626
Accrued income	-	1,700
Financial assets at amortised cost	15,253	4,326
Other receivables	430	38,101
Total trade and other receivables	15,683	42,427
Comprising:		
Long-term receivables		
Amounts owed by related parties	8,450	-
	8,450	-
Trade and other receivables - current	7,233	42,427

Amounts owed by related parties are unsecured, interest free and repayable within one year.

The carrying values of financial assets at amortised cost are considered a reasonable approximation of fair value.

13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows include the following components:

	2021	2020
	€	€
Cash at bank	12,748	2,070

The company did not have any restrictions on its cash at bank at year end. The carrying value of cash at bank is considered a reasonable approximation of fair value.

14 Share capital

The share capital of Endo Properties Limited consists only of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Endo Properties Limited.

	2021	2020
	€	€
Shares authorised at 31 December:		
774,690 ordinary shares at € 1 each	774,690	774,690
Shares issued at 31 December:		
11,647 ordinary shares at € 1 each, 20% paid up and 763,043 ordinary shares at € 1 each, fully paid up	765,372	765,372

On 28 April 2020, by virtue of a resolution of the shareholders the company redenominated its authorised share capital from 5,000 ordinary shares of €2.329373 each to 11,647 ordinary shares of € 1. On the same date, it further increased the authorised share capital to 774,690 ordinary shares of € 1 each.

On 28 April 2020, by virtue of a resolution of the shareholders, the company increased its issued share capital from 5,000 ordinary shares of € 2.329373 each, 20% paid up to 11,647 ordinary shares of € 1 each and subsequently issued an additional 763,043 ordinary shares of €1 each, fully paid up, to the existing shareholders by means of a loan capitalisation.

15 Borrowings

	2021	2020
	€	€
Bank loans	599,318	684,276
Total borrowings	599,318	684,276
Comprising:		
Due within one year		
Bank loans	128,902	121,201
	128,902	121,201
Due within two and five years		
Bank loans	217,162	271,798
Falling due in 5 years or more:		
Bank loans	253,254	291,277
Borrowings - non-current	470,416	563,075

The company's banking facilities comprise of bank loans amounting to € 788,891 (2020: € 788,891).

The bank loans are secured by a general hypothec over the company's assets, by a special hypothec over property in Marsa, by pledges taken over various insurance policies, and by personal guarantees of the shareholders.

Details of bank loans are as follows:

- Loan I Amounting to €46,057 is payable in full by latest 9 January 2026 by monthly instalments of € 2,416, inclusive of interest.
- Loan II Amounting to €529,879 is payable in full by latest 29 October 2029 by monthly instalments of € 5,839, inclusive of interest.
- Loan III Amounting to €25,831 is payable in full by latest 9 March 2022 by monthly instalments of € 1,035, inclusive of interest.
- Loan IV Amounting to €82,509 is payable in full by latest 9 March 2022 by monthly instalments of € 3,579, inclusive of interest.

Loan I and II bear interest at 5.35% per annum, while loans III and IV bear interest at 4.85% per annum.

16 Deferred tax liability

Deferred taxes arising from temporary differences can be summarised as follows:

	1 January 2021 €	Recognised in income statement €	31 December 2021 €
Non-current assets			
Property, plant and equipment	6,022	(2,256)	3,766
Current assets			
Trade receivables	907	(907)	-
Revaluation of investment property	(888,000)	-	(888,000)
Total	<u>(881,071)</u>	<u>(3,163)</u>	<u>(884,234)</u>

Deferred taxes for the comparative periods can be summarised as follows:

	1 January 2020 €	Recognised in income statement €	31 December 2020 €
Non-current assets			
Property, plant and equipment	8,277	(2,255)	6,022
Current assets			
Trade receivables	4,015	(3,108)	907
Revaluation of investment property	(888,000)	-	(888,000)
Total	<u>(875,708)</u>	<u>(5,363)</u>	<u>(881,071)</u>

Refer to note 10 for information on the company's tax expense.

17 Trade and other payables

	2021 €	2020 €
Trade payables	2,792	4,588
Amounts owed to related parties	471,787	484,978
Accruals	4,565	9,488
Financial liabilities measured at amortised cost	<u>479,144</u>	<u>499,054</u>
Deferred income	8,079	7,079
Indirect taxes	10,716	1,010
Rental deposits	2,000	-
Total trade and other payables	<u>499,939</u>	<u>507,143</u>
Comprising:		
Long-term payables		
Amounts owed to related parties	471,440	440,001
	<u>471,440</u>	<u>440,001</u>
Trade and other payables - current	<u>28,499</u>	<u>67,142</u>

Amounts owed to related parties include: (i) an amount of € 347 (2020: € 44,977) which are unsecured, interest free and are repayable within one year; and (ii) an amount of € 471,440 (2020: € 440,001) which are unsecured, interest free and has no fixed date of repayment.

The carrying values of financial liabilities measured at amortised cost are considered a reasonable approximation of fair value.

18 Contingent liabilities

As at year end, the company had guarantees in favour of related parties amounting to € 4,033,223 (2020: € 3,729,797).

The company also serves as a guarantor of Endo Finance p.l.c.'s debt securities in issue of € 13,500,000 4.5% bonds of € 50,000 nominal value each, redeemable at par in 2029.

19 Related party transactions

The company's related parties include its parent company, fellow subsidiaries, companies under common control, shareholders, directors and key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related companies are generally effected on a cost plus basis. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 12 and 17.

Details of transactions between the company and its related parties are disclosed below.

19.1 Transactions with other related parties

	2021	2020
	€	€
Rent receivable	73,464	49,464
Management fee receivable	23,060	23,060

20 Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments, which result from both its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed are described below. See also note 20.5 for a summary of the company's financial assets and liabilities by category.

20.1 Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting periods, as summarised below:

	Notes	2021 €	2020 €
Classes of financial assets - carrying amounts			
Financial assets at amortised cost:			
- Amounts owed by related parties	12	15,253	2,626
- Accrued income	12	-	1,700
- Cash and cash equivalents	13	12,748	2,070
		28,001	6,396

The company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. None of the company's financial assets is secured by collateral or other credit enhancements.

Amounts owed by related parties

To determine the expected credit losses of amounts owed by related parties, the company used a credit risk assessment model by taking into consideration the probability of default for each counterparty in which the company has a financial exposure and the loss given default i.e., the maximum loss in the event that the counterparty fails to settle the obligation.

The model is based on the 'Capital, Assets, Management, Earnings and Liquidity' Model (C-A-M-E-L) approach, whereby reasoned weights are allocated to each of the variables as measured by information extracted from financial reports, as well as relevant non-financial information.

Each component of the C-A-M-E-L model is assigned a percentage weight and score. The assigned percentage weight and score are multiplied to obtain the weighted score for each component. The weighted scores are then added up to obtain the credit risk assessment score. As practical as possible, each component of the C-A-M-E-L assessment was compared and benchmarked with peer companies within Europe.

The credit risk assessment is adjusted to include forward-looking macroeconomic indicators. Macroeconomic factors affect the current and future performance of the company. The most influential factors are GDP growth, unemployment rate (positively correlated) and inflation (negatively correlated).

Following the results of the credit risk assessment adjusted for the macroeconomic factors, this score is then assigned a probability of default estimated based on exchange listed firms in various economies over a period of 30 years.

The resulting expected credit loss was not material. Therefore, no adjustment has been made in these financial statements.

Other financial assets at amortised cost

Other financial assets at amortised cost include cash and cash equivalents.

The company banks with a local institution. At 31 December 2021, cash at bank amounting to € 12,748 (2020: € 2,070) are held with a local counterparty with credit rating of A-1 and are callable on demand. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be insignificant to the company.

While the company continues to closely monitor all of its financial assets at more frequent interval as a result of such events, based on the above assessments, management considers that there is no need to provide for expected credit losses in these financial statements.

20.2 Liquidity risk

The company's exposure to liquidity risks arises from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the entity's obligations when they become due.

The company monitors its cash flow requirements on a daily basis and ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following are the contractual maturities of financial liabilities measured at amortised cost including estimated future interest payments:

	Carrying amount €	Contractual cash flows €	Within 1 year €	Within 2 to 5 years €	More than 5 years €
At 31 December 2021					
Bank loan	599,318	701,612	156,722	291,636	253,254
Trade payables	2,792	2,792	2,792	-	-
Amounts owed to related parties	471,787	471,787	347	471,440	-
Accruals	4,565	4,565	4,565	-	-
	1,078,462	1,180,756	164,426	763,076	253,254
At 31 December 2020					
Bank loan	684,276	842,770	154,423	358,210	330,138
Trade payables	4,588	4,588	4,588	-	-
Amounts owed to related parties	484,978	484,978	44,977	440,001	-
Accruals	9,488	9,488	9,488	-	-
	1,183,330	1,341,824	213,476	798,211	330,138

20.3 Foreign currency risk

The company transacts its business mainly in Euro and does not have significant foreign currency denominated financial assets and liabilities at the end of the financial reporting periods presented. Consequently, the company is not materially exposed to foreign currency risk.

20.4 Interest rate risk

The entity's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observations of current market conditions, the directors consider an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

20.5 Summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities as recognised at the reporting dates under review may also be categorised as follows. See note 5.9 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2021 €	2020 €
Current assets			
Financial assets at amortised cost:			
- Amounts owed by related parties	12	7,233	2,626
- Accrued income	12	-	1,700
- Cash and cash equivalents	13	12,748	2,070
		19,981	6,396
Current assets			
Financial assets at amortised cost:			
- Amounts owed by related parties	12	8,450	-
		8,450	-
Non-current liabilities			
Financial liabilities measured at amortised cost:			
- Borrowings	15	470,416	563,075
- Amounts owed to related parties	17	471,440	440,001
		941,856	1,003,076
Current liabilities			
Financial liabilities measured at amortised cost:			
- Borrowings	15	128,902	121,201
- Trade payables	17	2,792	4,588
- Amounts owed to related parties	17	347	44,977
- Accruals	17	4,565	9,488
		136,606	180,254

21 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

The company monitors the level of debt, which includes trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

22 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.

Independent auditor's report

To the shareholders of Endo Properties Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Endo Properties Limited set out on pages 4 to 25 which comprise the statement of financial position as at 31 December 2021, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

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 of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of those charged with governance for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Sharon Causon.



Sharon Causon (Partner) for and on behalf of

GRANT THORNTON
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28 April 2022