

THE ONA REAL ESTATE LTD

FORMERLY CLIVENTI (II) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

Company No. C-83842

THE ONA REAL ESTATE LTD

CONTENTS

	Page
Directors' report	1-2
Independent auditors' report	3-5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statements of cashflows	9
Notes to the financial statements	10-27

THE ONA REAL ESTATE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2022

Directors: -	Ms. Cliona Muscat Mr. George Muscat
Company Secretary: -	Mr. George Muscat
Company number: -	C-83842
Bankers: -	APS BANK p.l.c., APS Centre, Tower Street Tower Street B'Kara BKR Malta
	Bank of Valletta p.l.c., 58, Zachary Street, Valletta Malta
Registered Office: -	GAP Holdings Head Office, Censu Scerri street, Tigne', Sliema SLM 3060 Malta
Auditors: -	VCA Certified Public Accountants Finance House, First Floor, Princess Elizabeth Street Ta' Xbiex XBX 1102 Malta

The Directors present their report and the audited financial statements of The Ona Real Estate Ltd (formerly known as Cliventi (II) Limited) (The Company) for the year ended 31st December 2022.

Principal activities

The statement of profit and loss and other comprehensive income for the year is set out on page 6. The principal activity of the Company is the holding of property held for development and resale and the holding of investment property.

Review of business

During the current year, the Company made a profit before taxation of €632,669 (2021 – Eur2,813,174) mainly emanating from the sale of its investment property. The Company incurred administration expenses of Eur15,085 (2021 – Eur21,705), rental income of Eur0 (2021 - Eur149,570) and finance costs of Eur0 (2021 – Eur59,604).

Results and dividends

The results for the year are shown in the statement of comprehensive income on page 6. The Directors do not recommend the payment of a final dividend and propose to transfer the retained profits to reserves.

THE ONA REAL ESTATE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2022

Directors

The Directors in office at the end of the year are listed above.

The Directors served on the board throughout the year and in accordance with the Company's memorandum and articles of association, all the Directors are to remain in office.

Directors' Responsibilities

The Directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the director should: -

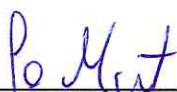
- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint VCA Certified Public Accountants as auditor of the Company will be proposed at the forthcoming annual general meeting.

This report was approved by the board of Directors and authorized for issue on 28 April 2023 and signed on its behalf by:



Mr. George Muscat
Director



Ms. Cliona Muscat
Director



CERTIFIED PUBLIC ACCOUNTANTS

VCA Certified Public Accountants

Finance House, First Floor,
Princess Elizabeth Street,
Ta' Xbiex, XBX 1102, Malta.

t: (+356) 21 333 680

f: (+356) 21 335 679

e: info@vca.com.mt

w: www.vca.com.mt

Vat No. MT 2158 - 7124

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ONA REAL ESTATE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Ona Real State Ltd, (formerly Cliventi (II) (the Company) set out on pages 6 to 27, which comprise the Company's statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, 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 Company's financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386), enacted in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' report. 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.

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

- The information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

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. We have nothing to report in this regard.



CERTIFIED PUBLIC ACCOUNTANTS

VCA Certified Public Accountants
Finance House, First Floor,
Princess Elizabeth Street,
Ta' Xbiex, XBX 1102, Malta.
t: (+356) 21 333 680
f: (+356) 21 335 679
e: info@vca.com.mt
w: www.vca.com.mt

Vat No. MT 2158 - 7124

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ONA REAL ESTATE LTD

Responsibilities of the Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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.
- 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ONA REAL ESTATE LTD

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

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

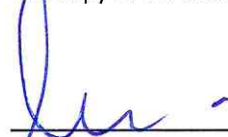
Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed by:



MICHAEL CURMI
for and on behalf of
VCA CERTIFIED PUBLIC ACCOUNTANTS
28 April 2023

THE ONA REAL ESTATE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

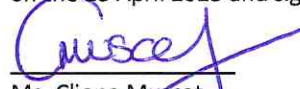
FOR THE YEAR ENDED 31ST DECEMBER 2022

	<i>Notes</i>	2022	2021
		€	€
Turnover	4	2,647,500	210,336
Cost of sales	8	(1,926,286)	(210,336)
Direct Cost	8	(73,481)	-
Gross profit		647,733	-
Administrative expenses	8	(15,085)	(21,705)
Operating profit/(loss)		632,648	(21,705)
Other operating income	7	-	149,570
Finance costs	6	-	(59,604)
Investment income	5	21	18
Gain on disposal of fixed assets	10	-	2,744,895
Profit before taxation		632,669	2,813,174
Tax expense	9	(114,392)	(292,082)
Profit for the year		518,277	2,521,092
Total Comprehensive income		518,277	2,521,092

THE ONA REAL ESTATE LTD
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST DECEMBER 2022

	<i>Notes</i>	2022 €	2021 €
ASSETS			
Non-current assets			
PPE under development	12	18,816,239	-
Current assets			
Inventory - Development project	14	2,713,289	1,645,158
Trade and other receivables	15	1,669,520	2,748,224
Cash and bank balances	20	662,422	926,881
		<u>5,045,231</u>	<u>5,320,263</u>
Total Assets		<u>23,861,470</u>	<u>5,320,263</u>
Equity And Liabilities			
Capital and reserves			
Share capital	21	300,000	300,000
Retained earnings		3,027,960	2,514,682
Total equity		<u>3,327,960</u>	<u>2,814,682</u>
Non-current liabilities			
Bank borrowings	19	1,581,816	1,015,118
Other financial liabilities	17	14,376,923	268,230
		<u>15,958,739</u>	<u>1,283,348</u>
Current liabilities			
Bank borrowings	19	-	15,549
Trade and other payables	16	2,359,211	122,074
Other financial liabilities	17	2,215,559	1,063,592
Taxation due	18	-	21,018
		<u>4,574,772</u>	<u>1,222,233</u>
Total liabilities		<u>20,533,510</u>	<u>2,505,581</u>
Total equity and liabilities		<u>23,861,470</u>	<u>5,320,263</u>

These financial statements on pages 6 to 26 were approved and authorised for issue by the board of Directors on the 28 April 2023 and signed on its behalf by:


 Ms. Cliona Muscat
 Director


 Mr. George Muscat
 Director

THE ONA REAL ESTATE LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Share capital €	Retained earnings €	Total €
Balance as at 1 January 2021	300,000	(6,409)	293,591
Profit for the period	-	2,521,092	2,521,092
Balance as at 31st December 2021	300,000	2,514,683	2,814,683
Profit for the period	-	518,277	518,277
Dividends paid	-	(5,000)	(5,000)
Balance as at 31st December 2022	300,000	3,027,960	3,327,960

THE ONA REAL ESTATE LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	<i>Notes</i>	2022 €	2021 €
Cash flows from operating activities			
Profit before taxation		632,669	2,813,173
Adjustment for:			
Investment income		(21)	(18)
Interest expenses		-	59,604
Profit on disposal of assets		-	(2,744,895)
Other income		-	(149,570)
Operating profit/(loss) before working capital movements		632,648	(21,706)
Movement in inventory		(1,068,131)	(1,645,158)
Movement in trade and other receivables		1,078,889	(2,646,445)
Movement in trade and other payables		2,237,138	91,100
Cash flows generated from/ (used in) operations		2,880,544	(4,222,209)
Interest payable		-	(59,604)
Income tax paid		(135,410)	(250,003)
Other income		-	149,570
Net cash flows generated from/(used in) operating activities		2,745,134	(4,382,246)
Cash flows from investing activities			
Proceeds from fixed assets		-	5,000,000
Acquisition of property, plant and equipment under development		(18,816,756)	
Interest received		21	18
Net cash flows (used in)/generated from investing activities		(18,816,735)	5,000,018
Cash flows from financing activities			
Related parties		15,260,993	15,027
Inflow/Repayment of bank loans		566,698	(444,212)
Dividends paid		(5,000)	-
Other loans		-	584,111
Net cash flows generated from financing activities		15,822,691	154,926
Net movement in cash and cash equivalents		(248,910)	772,698
Cash and cash equivalents at the beginning of the year		911,332	138,634
Cash and cash equivalents at the end of the year	20	662,422	911,332

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

1. General information

The Ona Real State Ltd (the 'Company') is a limited liability Company domiciled and incorporated in Malta. The registered office of the Company is GAP Holdings Head Office, Censu Scerri Street, Tigne', Sliema SLM 3060.

These financial statements were approved for issue by the Directors on 28 April 2023. The Company's presentation as well as functional currency is denominated in €.

The Company forms part of a Group of companies, the ultimate beneficial owner being The Ona p.l.c.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act, 1995.

Basis of measurement

These financial statements have been prepared under the historical cost basis and on the going concern basis.

Going concern basis

As at date of signing these financial statements, based on the information currently available, the Directors confirm that they have reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Standards, interpretations and amendments to published standards effective in 2022.

In 2022, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting year beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2023. The Company has not early adopted these revisions to the requirements of IFRS's as adopted by the EU and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

3. Principal accounting policies

A summary of the more important accounting policies, which have been applied consistently, is set out below:

Property, plant and equipment

All property, plant and equipment are initially recorded at cost and subsequently stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

3. Principal accounting policies (continued)

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided for on the straight-line method in order to write off cost over the expected useful economic lives of the assets as follows:

	Years
Plant & Machinery	10
Improvement to premises	10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Financial instruments

Financial assets

Recognition and derecognition

The Company recognises a financial asset initially at fair value in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company's financial assets are measured at amortised cost in their entirety.

Classification and subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company's debt instruments principally comprise loans and advances to other undertakings and investments.

The Company's debt instruments are subsequently measured at amortised cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets measured at amortised cost.

Debt instruments that meet the following conditions are subsequently measured at amortised cost when:

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance, measured in accordance with the Company's accounting policy 'Impairment of financial assets' further below.

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

3. Principal accounting policies (continued)

Changes in the carrying amount of financial assets carried at amortised cost, as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

Impairment of financial assets

In terms of IFRS 9, the Company applies an expected credit loss ("ECL") model as opposed to an incurred credit loss model under IAS 39. The Company has to assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost.

For trade and other receivables, the Company uses the general approach, which requires an assessment as to whether the counterparty has experienced a significant increase in credit risk since initial recognition. This assessment forms the basis as to whether lifetime ECL should be recognised and is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. See note 17 for further details.

Financial liabilities

The Company recognises a financial liability on its statement of financial position when it becomes a party to the contractual provision of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transactions costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expired.

Inventories

The main object of the Company is the development of land acquired for development and resale. This development is intended in the main for resale purposes and is accordingly classified in the financial statements as Inventory. Any elements of a project which are identified for business operation or long-term investment properties are transferred at their carrying amount to Property, plant and equipment or investment properties when such identification is made, and the cost thereof is made and the cost thereof can reliably be segregated.

The development is carried at the lower of cost and net realisable value. Cost comprises the purchase cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during the subsequent development, including:

- i. The cost incurred on development works, including demolition, site clearance, excavation, construction, etc., together with the costs of ancillary activities such as site security.
- ii. The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.
- iii. Any borrowing costs, including imputed interest, attributable to the development phases of the project.

The purchase cost of acquiring the land represents the cash equivalent of the contracted price. This was determined at date of purchase by discounting to present value the future cash outflows comprising the purchase consideration.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

3. Principal accounting policies (continued)

Trade and other receivables

Trade receivables are amounts due from customers for units sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the nominal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in policy 'Impairment of financial assets' and note 17.

Trade and other payables

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

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the income statement over the year of the borrowings using the effective interest method, unless the effect of discounting is immaterial.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Ordinary shares issued by the Company

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position. Bank deposits that the Directors do not consider a component of cash equivalents, are presented separately in the statement of financial position.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognized for future operating losses.

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

3. Principal accounting policies (continued)

Impairment of non-financial assets

All non-financial assets are tested for impairment. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or group of assets (cash generating units). Impairment losses are recognized immediately in the income statement, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

An impairment loss recognized in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Revenue recognition

Sale of property

Sales of property are recognised when the significant risks and rewards of ownership of the property being sold effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale. Amounts received in respect of sales that have not yet been recognised in the financial statements, due to the fact that the significant risks and rewards of ownership still rest with the Company, are treated as payments received on account and presented within trade and other payable.

Other operating income

Other operating income consisting of rental income is recognised on an accruals' basis. Costs are recognised when the related goods and services are sold, consumed or allocated, or when their future useful lives cannot be determined.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

3. Principal accounting policies (continued)

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are recognised in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year.

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

3. Principal accounting policies (continued)

Related parties

Related parties are those persons or bodies of persons having relationships with the Company as defined in International Accounting Standard No. 24.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In the opinion of the Company's Directors, except as follows, 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 IAS1 (revised).

Expected credit loss allowances on trade and other receivables

Credit loss allowance represent management's best estimate of expected credit losses in the financial assets subject to IFRS 9 impairment requirements at the balance sheet date. In this respect the Directors are required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The Company uses the PD, LGD and EAD models in assessing loans and receivable and the provision matrix model for trade receivables to support the measurement of ECL. Under both methods the ECL were deemed to be immaterial and hence no adjustments were made to these financial statements.

4. Revenue from contracts with customers

i. Disaggregation of revenue from contracts with customers

	2022	2021
	€	€
Sale of property held for development and resale	<u>2,647,500</u>	<u>210,336</u>

ii. Liabilities related to contracts with customers.

The Company has recognized the following liabilities relating to contracts with customers:

	2022	2021
	€	€
Contract liabilities		
Advanced deposits – note 16	<u>281,050</u>	<u>75,300</u>

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

5. Investment income

	2022	2021
	€	€
Interest income	<u>21</u>	<u>18</u>

6. Finance cost

	2022	2021
	€	€
Interest on bank borrowings	<u>-</u>	<u>59,604</u>

Interest on bond proceeds amounting to €388,431 advanced from the Parent Company and subsidiary through loans, have been capitalized to PPE under development as per IAS 23 "borrowing costs". Refer to note 17.

7. Other operating income

	2022	2021
	€	€
Rental income	<u>-</u>	<u>149,570</u>

8. Expenses by nature

	2022	2021
	€	€
Development costs	1,926,286	210,336
Commission on property sale	73,481	-
Legal and professional fees	6,910	14,690
Audit fees	3,850	1,500
Other expenses	4,325	5,515
	<u>2,014,852</u>	<u>232,041</u>

Profit before tax for the Company is stated after charging the following fees in relation to services provided by the external auditors of the Company:

	2022	2021
	€	€
Annual statutory audit	3,850	1,500
Tax compliance services	500	-
	<u>4,350</u>	<u>1,500</u>

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

9. Income tax charge

The Company's income tax charge for the year has been arrived at as follows:

	2022	2021
	€	€
<u>Current income tax</u>		
Income tax on the taxable profits for the year at 35%	(21,018)	21,018
Income tax on taxable income at 15% FWT	-	3
Income tax subject to 5% FWT on sales of immovable property	135,410	250,000
Deferred taxation	-	21,061
	<u>114,392</u>	<u>292,082</u>

The tax expense and the tax charge using the statutory income tax rate of 35% are reconciled as follows:

	2022	2021
	€	€
Net profit for the year	<u>632,669</u>	<u>2,813,174</u>
Tax applicable at 35% tax rate	221,434	984,611
<i>Tax effect of:</i>		
Deferred tax adjustments	-	21,061
Prior year tax adjustment	(21,018)	
Difference resulting from different tax rates on bank interest received	(4)	(4)
Further allowance on rental income	-	(10,470)
Expenses disallowed for tax purposes	5,280	7,597
Difference arising on income subject to withholding tax on sales	(91,300)	(710,713)
Tax charge for the year	<u>114,392</u>	<u>292,082</u>

10. Gain on sale of fixed assets

	2022	2021
	€	€
Proceeds from sale of properties – as disclosed in statement of cashflows		5,000,000
<u>Cost of properties</u>		
Property, plant and equipment (note 11)	-	(80,381)
Investment property (note 13)	-	(2,174,724)
	<u>-</u>	<u>2,255,105</u>
	<u>-</u>	<u>-</u>
Gain on sale of fixed assets	<u>-</u>	<u>2,744,895</u>

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

11. Property, plant and equipment

	Plant & Machinery	Improvement to premises	Total
	€	€	€
Cost			
At 1 st January 2021	70,878	9,503	80,381
Additions	-	-	-
Disposal	(70,878)	(9,503)	(80,381)
At 1 st January 2022	-	-	-
Additions	-	-	-
At 31st December 2022	-	-	-
Depreciation			
At 1 st January 2021	-	-	-
Charge for the year	-	-	-
At 1 st January 2022	-	-	-
Charge for the year	-	-	-
At 31st December 2022	-	-	-
Net Book Value			
At 31 December 2022	-	-	-
<i>At 31 December 2021</i>	<i>-</i>	<i>-</i>	<i>-</i>

12. Property, plant and equipment under development

	2022	2021
	€	€
As at 1 st January	-	-
Additions	18,816,239	-
As at 31st December	18,816,239	-

13. Investment property

	2022	2021
	€	€
As at 1 st January	-	2,174,724
Disposal	-	(2,174,724)
As at 31st December	-	-

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

14. Inventories

	2022	2021
	€	€
Property cost of land and development costs	2,599,409	1,600,032
Capitalised borrowing costs	113,880	45,126
	<u>2,713,289</u>	<u>1,645,158</u>

Inventories consist of land acquired for development and resale. This is carried at the lower of cost and net realisable value. Cost comprises the purchase cost of acquiring the land and other costs incurred during the subsequent development.

15. Trade and other receivables

		2022	2021
		€	€
Amounts owed by commonly controlled entity (i)	Note i	46,450	-
Other receivables		164,000	-
Prepayments	Note ii	1,307,107	2,743,565
Deferred costs		27,990	-
Indirect tax refundable		123,973	4,659
		<u>1,669,520</u>	<u>2,748,224</u>

i. Amounts owed by commonly controlled entities

These advances are interest free, unsecured and repayable and on demand.

ii. Prepayments

The majority of these balances relates to deposits paid on work or acquisition of properties as follows:

- €1,241,607(2021: €2,678,065) relates to deposits paid in advance on works carried out on the Hotel project and other developments;
- €60,500 (2021: €60,500) relates to deposits paid on acquisition of properties for development;
- €5,000 (2021: €5,000) relate to pre-paid operational expenses as at year end.

16. Trade and other payables

	2022	2021
	€	€
Trade and other payables		
Trade payables	150,756	43,000
Accruals	1,927,405	3,774
Advanced deposits	281,050	75,300
	<u>2,359,211</u>	<u>122,074</u>

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

17. Other financial liabilities

		2022	2021
		€	€
Non-current:			
Shareholders' accounts		-	268,230
Loan from Parent company	Note i	13,397,659	-
Loan from commonly controlled entities	Note i	979,264	-
		<u>14,376,923</u>	<u>268,230</u>
Current liabilities:			
Shareholders' current accounts		-	1,048,565
Amounts due from commonly controlled entities	Note ii	877,460	15,027
Amounts due to parent company	Note iii	1,338,099	-
		<u>2,215,559</u>	<u>1,063,592</u>
		<u>16,592,482</u>	<u>1,331,822</u>

i. Loan from Parent company/commonly controlled entities – Non-current

By virtue of the Prospectus dated 31st May 2022, The Ona p.l.c. issued for subscription by the general public 160,000 secured bonds having a nominal value of €100 each for an aggregate principal amount of €16,000,000.

These amounts have been loaned from the Parent Company to The Ona Real Estate Limited and The Ona Hospitality Limited and subsequently loaned from The Ona Hospitality to The Ona Real Estate Limited at an annual rate of 5.3%.

These loans are secured and to be repaid in full by 21 June 2034.

The Company is the guarantor in respect of the Parent Company's bond issue and has undertaken to pay all amounts of principal and interest that will become due and payable by the Parent company to the bondholders.

The carrying amount of the loan is considered a reasonable approximation of its fair value.

ii. Amounts due from commonly controlled entities - Current

These amounts are interest free and unsecured and repayable on demand.

iii. Amounts due to parent company - Current

These amounts are interest free, unsecured and repayable on demand as per loan agreements in place.

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

18. Current tax liability

	2022	2021
	€	€
At 1 January	21,018	-
Current tax	-	21,018
Prior year tax adjustment	(21,018)	-
At 31 December	-	21,018

19. Bank Borrowings

	2022	2021
	€	€
Non-current		
Bank loans	<u>1,581,816</u>	<u>1,015,118</u>
Current		
Bank overdraft	<u>-</u>	<u>15,549</u>
	<u>1,581,816</u>	<u>1,030,667</u>

As at 31st December 2022, the Company had a bank loan of €1,581,816 (2021-€1,015,118) which was granted to end-finance the acquisition and the development of the Qawra project. The interest rate is at 4% per annum. Repayments are to be made from proceeds derived from the sale of the Qawra project as laid out in the repayment terms in the sanction letter. The loans are guaranteed by The Ona Real Estates Limited and its shareholders, which have bound themselves jointly and severally liable for the repayment of the loan and the interest thereon, pursuant and subject to the terms and conditions in the sanction letter.

As at 31 December 2022, the Company did not have a bank overdraft (2021-€15,549)

20. Cash and equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	2022	2021
	€	€
Cash at bank and in hand	662,422	926,881
Bank overdraft	-	(15,549)
	<u>662,422</u>	<u>911,332</u>

21. Share capital

	2022	2021
	€	€
Authorised		
300,000 Ordinary shares of € 1 each	<u>300,000</u>	<u>300,000</u>
Issued and fully paid up		
300,000 Ordinary share of € 1 each	<u>300,000</u>	<u>300,000</u>

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

22. Related party transaction

Companies forming part of the GAP group are considered by the Directors to be part of the group of Companies.

Companies having the same shareholders and Directors are considered by the Directors to be related parties.

During the course of the year, the Company entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were:

	2022	2021
	€	€
Assignment of loans from related party outside group	(1,298,565)	
Assignment of loans to Parent Company	1,298,565	-

On 19th April 2022, by virtue of a Group restructuring accounted for under the reorganisation method in these financial statements, the Company assigned the amount of €1,298,565 previously classified as borrowings repayable in full at the option of the lender within 30 days from receipt of notice, owed to related parties outside Group to the ultimate shareholder.

Consequently, these loans were assigned to the new Parent company on 19th April 2022 which resulted in Parent Company becoming the new debtor of the shareholder.

Balances with related parties are disclosed in note 15 and 17 to these financial statements

The Key management personnel include the board of directors.

23. Financial risk management

The Company's activities potentially expose it to a variety of financial risks on its financial assets and financial liabilities. The key components of financial risks to the Company are: market risk (namely, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, and quoted prices, will affect the Company's financial position. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises on its interest-bearing borrowings. Borrowings issued at variable rates, comprising amounts due to Group companies, expose the Company to cash flow interest rate risk. The Company's amounts due to Group companies are subject to an interest rate that varies according to revisions made to the Bank's Base Rate and three-month Euribor. The Directors monitor the level of floating rate borrowings as a measure of cash flow risk taken on.

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

23. Financial risk management (continued)

A shift in interest rates on borrowings at variable rates will however have an impact on profit or loss or other comprehensive income. The Directors consider the potential impact on the Company's profit or loss of a defined interest rate shift of 1%, that is reasonably possible, at the end of the reporting period keeping all other variables constant, to amount to +/- 4,025. The impact of a reasonably possible shift in interest rates is not expected to impact the fair value of financial instruments materially and therefore the Directors believe that the potential impact of such a shift on the statement of profit or loss is immaterial.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. These financial instruments are subject to the Expected Credit Loss model. The Company's exposure to credit risk is analysed in the respective notes in the financial statements.

	2022	2021
	€	€
Carrying amounts		
Trade and other receivables	1,669,520	2,748,224
Cash and cash equivalents	662,422	926,881
	<u>2,331,942</u>	<u>3,675,105</u>

The Company banks only with local financial institutions with high quality standard or rating. The Company has no concentration of credit risk that could materially impact on the sustainability of its operations.

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Company's standard payment and service delivery terms and conditions are offered. The Company's review includes external credit worthiness databases when available.

The Company assesses the credit quality of its other receivables taking into account financial position, past experience and other factors. The Company's review includes external credit worthiness databases when available.

Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss model include:

- Trade and other receivables; and
- Cash and cash equivalents.

Trade and other receivables

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been analysed based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

23. Financial risk management (continued)

Based on the assessment carried out in accordance with the above methodology, the identified expected credit loss allowance on trade and other receivables was deemed immaterial. The movement in loss allowances as at 31 December 2022 is also deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the Company's provisions matrix, which would have otherwise been required by IFRS 7, is not presented as at 31 December 2022.

Trade and other receivables and accrued income are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 1 year past due.

Cash and equivalents

The Company's cash and cash equivalents are placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the Company. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables and interest-bearing borrowings. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Directors monitor liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year. The carrying amount of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date in the respective notes to the financial statements.

As at the balance sheet date, the Company is in a net current asset position of €3,327,960 (2021:2,814,682). The Directors of the Company believe that full support of their related parties and the ultimate shareholders will be available as part of the Company's effective financing strategy. As such, the Company is confident that it will meet its commitments as and when they fall due.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount	Contractual cash flows	Within one year	Two to five years	More than five years
	€	€	€	€	€
31 December 2022					
Trade and other payables	2,359,211	2,359,211	2,359,211	-	-
Other financial liabilities	16,592,481	25,652,480	447,838	3,324,160	21,880,482
Bank borrowings	1,581,816	1,838,861	61,691	1,777,170	-
	20,533,508	29,850,552	2,868,740	5,101,330	21,880,482

THE ONA REAL ESTATE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

24. Commitments

Capital expenditure

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

	2022	2021
	€	€
Authorised but not contracted	-	-
Contracted but not provided for	4,152,206	-

From the committed amount of €4,152,206, the amount of €1,218,239 has already been paid in advance and included in note 15 (ii) to the financial statements. The remaining balance of €2,933,967 and an additional €1,905,268 works already accounted for but not yet paid will be partly financed through funds held by the security trustee in the Parent Company.

Ongoing board discussions are currently being held to seek additional financing to part finance the remaining commitments.

25. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The capital structure of the Company consists of net debt (borrowings as presented in note 17 and note 19 after deducting cash and bank balances, presented in note 20) and equity of the Company (comprising issued capital and retained earnings as presented in the Statement of Changes in Equity). The Company is subject to externally imposed capital requirements by bankers of the Company. These requirements have been met.

The Company monitors the capital structure on a periodic basis by monitoring the balances of assets and liabilities.

26. Fair values

At 31 December 2022, the carrying amounts of payables and receivables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings are not materially different from their carrying amounts.

THE ONA REAL ESTATE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

27. Cash flow information

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	As at 1 st January 2021	Cash flows	Other liability related changes	As at 31 st December 2021
	€	€	€	€
Bank borrowings	1,459,330	(444,212)	-	1,015,118
Related party borrowings	1,316,461	15,027	-	1,331,488
	2,775,791	(429,185)	-	2,346,606

	As at 1 st January 2022	Cash flows	Other liability related changes	As at 31 st December 2022
	€	€	€	€
Bank borrowings	1,015,118	566,698	-	1,581,816
Related party borrowings	1,331,488	15,260,993	-	16,592,481
	2,346,606	15,827,691	-	18,174,297

28. Ultimate parent Company

The ultimate parent Company of The Ona Real State Ltd is The Ona p.l.c., a Company registered in Malta, with its registered address at, GAP Holdings Head Office, Censu Scerri Street, Tigne', Sliema.