

Company registration number: C 74593

# **Luxury Living Technologies Limited**

**Annual Report  
and  
Consolidated Financial Statements  
For the year ended 30 June 2021**

# LUXURY LIVING TECHNOLOGIES LIMITED

## Annual Report and Consolidated Financial Statements For the year ended 30 June 2021

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	Page (s)
<b>Report</b>	
General information	1
Directors' report	2-4
Independent auditors' report	5-8
<b>Financial statements:</b>	
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11-12
Consolidated statement of cash flows	13
Notes to the financial statements	14-42

**General information**

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**Registration**

Luxury Living Technologies Limited is registered in Malta as a limited liability company under the Companies Act, 1995. The company's registration number is C 74593.

**Board of Directors**

Mr. Carlo Mifsud

Mr. Jean Paul Busuttill

Mr. William Wait

Mr. David Melillo (appointed on 1 November 2020)

**Company Secretary**

Mr. Clarence Busuttill (appointed on 11 March 2021)

Mr. Mikiel Calleja (resigned on 6 April 2021)

**Registered office**

Greentek Business Complex,

New Street in Triq il-Hofor

Qormi

MALTA

**Auditors**

RJV Audit Limited

193, Ursuline Sisters Street

Pieta', PTA 1222

MALTA



**Directors' report  
For the year ended 30 June 2021**

The directors present the annual report together with the audited financial statements of the Company and the Group for the year ended 30 June 2021.

**Principal Activities**

Luxury Living Technologies Limited was incorporated on 1 March 2016 as a private limited liability. The principal objects of the Company relate to providing eco and renewable energy solutions, specialising in installations of photovoltaic units in a variety of domestic, industrial and agricultural locations. The Company's operations comprise the trading, importing and exporting, installing and maintaining of all kinds of merchandise related to renewable energy, especially water softening and purifying systems, solar panels and solar powered devices and similar related products in domestic, industrial and agricultural locations. The Company has also ventured into the production and distribution of food and beverage products, with a view of operating a boutique hotel in the imminent future

**Performance Review**

During the year under review the Company's objectives remained focused on providing eco and renewable energy solutions to retail customers as well expand its operations into photovoltaic farms. To this end, by 30 June 2021 the Company had installed and connected a total of 9 photovoltaic farms. During the year the Company generated turnover of €3.0 million, an increase of €2.0 million over the previous year. This is principally due to an increase in sale of PV equipment, particularly commercial sales, as well as an increase from feed-in-tariff, as more photovoltaic farms were energised during the year. Despite this, the Company generated a gross profit margin of 45%, a decrease of 12 percentage points over 2019 as the costs relating to sale of PV equipment are much higher when compared to costs to operate photovoltaic farms generating feed-in-tariffs.

Last year, Management had halted development works on the hostel situated in St. Julian's, following the outbreak of COVID-19. As tourist levels are picking up, Management expects to inaugurate the hostel in the coming months, so as to be fully operational by Summer 2022.

Administrative expenses decreased slightly from €543k in FY2020 to €524k in FY2021. This was mainly as a result of an extensive exercise carried out by management to reduce its costs.

As a result the Group generated an operating profit of €822k (FY2020: 53k). Factoring in the depreciation on property, plant and equipment, amortisation costs, finance costs and taxation, the Group registered a loss for the year of €183k before tax.

**Outlook for 2021**

The objective for Luxury Living Group is to strengthen and expand its core business by investing further in photovoltaic farms. The regulator, REWS, has once again changed the process of applying for such licenses in that it has now split the allocation of FiT for installations into 4 categories - domestic under 40kwp, 40 to 200kwp, 200 to 1MWp and over 1MWp. All applications apart from domestic under 40kwp are done through an ITB (invitation to bid) process issued through the regulator, REWS.

In the bid issued in May 2020, LLT were awarded contracts for both offers it submitted. The contracts were eventually signed in April 2021. LLT is now in the process of obtaining a full development permit from the Planning Authority, a process which should be complete by year end, but has proven to be over problematic with the various requests from the different stakeholders. Once this is complete, the building of the structure will commence. All raw material, which has been put on order but held until the PA permit is issued, will be shipped and should arrive in Malta within 4 months of order confirmation. The building process should take 6 to 8 months until full energisation of the solar farm.



**Directors' report****For the year ended 30 June 2021**

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**Outlook for 2021 (cont.)**

The Company has diversified its operations into the tourism industry. The construction and the conversion and finishing touches are nearly complete. LLT has taken the step in May 2021 to terminate the contract of the contractor responsible on site due to them not being able to complete the job properly and in time. LLT used its own staff and other minor sub-contractors to finalise the works. The ground and first floor are ready complete with reception area. It has been stocked up with all the linen, mattresses and materials to run 5 rooms and 33 beds in the hostel. The Malta Tourism Authority has issued a temporary license to operate these two floors until a passenger lift is fully operational and the rest of the property can be utilised. This is all subject to the restrictions imposed and the longer-term effect by the COVID-19 pandemic.

The Company had acquired in July 2019 the going concern of a manufacturing plant that produced freshly made smoothies. It is the Company's target to extend its product range and enter other markets other than the domestic through mainly supermarkets and convenience shops. With the onset of COVID-19, with the closure of many outlets which stocked these products, sales performance had decreased but it is expected that, with the opening of new markets, diversification into new products and with the economy in general taking an upward turn, sales will increase over the next months. The Company has also been over the last months exploring the possibility of exporting these products to other markets. It is expected that by end of 2021 the Company would have managed to open a new market for its current or new products. The company has also placed orders for two new machines that should arrive in Malta by the end of the year.

The Company is also looking into diversifying its operations into aquaponics and new innovative agricultural processes, mainly vertical agriculture in a controlled environment. This is being done to take advantage of the space it currently holds and can operate within solar farms and other locations it has identified.

**Dividends and Reserves**

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 9.

The Board of Directors does not propose the payment of a dividend. Retained losses carried forward at the reporting date amounted to €768k.

**Registration**

Luxury Living Technologies Limited is registered in Malta as a limited liability company under the Companies Act. (Cap. 386) with registration number C 74593.

**Board of Directors**

Mr. Carlo Mifsud

Mr. Jean Paul Busuttil

Mr. William Wait

Mr. David Melillo (appointed on 1 November 2021)

**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period.

**Directors' report**  
**For the year ended 30 June 2021**

**Statement of Directors' Responsibilities (cont.)**

In preparing the financial statements, the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of assets 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 the directors to ensure that the financial statements have been properly prepared in accordance with the Companies Act (Cap.386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

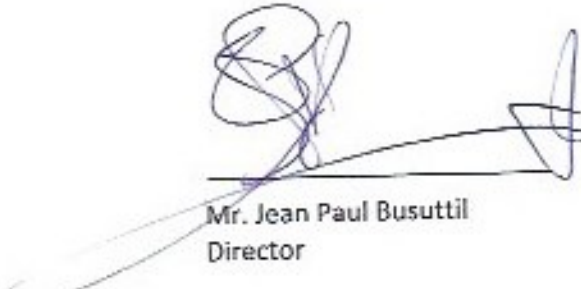
**Auditors**

The auditors, RJV Audit Limited have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

Approved by the Board and signed by:-



Mr. Carlo Mifsud  
Director



Mr. Jean Paul Busuttil  
Director

**Registered Address:**  
Greentek Business Complex,  
New Street in Triq il-Hofor,  
Qormi

15 October 2021





# RJV Audit Limited

Audit Assurance Services

Raymond J. Vella B.A. (Hons) Accty., FIAA, CPA  
Certified Public Accountant - Managing Director

191, Ursuline Sisters Street,  
Pietà PTA 1222  
Malta

t [+356] 2123 1886  
m [+356] 7723 1886  
m [+356] 9942 6758  
e ray@rjvella.com  
w www.rjvella.com

## **Independent auditors' report**

Page 5.

### **to the shareholders of Luxury Living Technologies Limited**

#### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of Luxury Living Technologies Limited, set out on pages 9 to 39 which comprise the consolidated statement of financial position as at 30 June 2021 and consolidated statement of changes in equity, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Luxury Living Technologies Limited as at 30 June 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 EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

#### **Basis for Opinion**

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

#### **Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the financial statements does not cover this information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.





**Independent auditors' report (cont.)**

**to the shareholders of Luxury Living Technologies Limited**

**Other Information (cont.)**

With respect to the Directors' Report, we also consider 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 year 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 addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we are required to report if I have identified material misstatements in the Directors' Report. We have nothing to report in this regard.

**Responsibilities of the Directors**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, 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 judgment 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.





**Independent auditors' report (cont.)**

**to the shareholders of Luxury Living Technologies Limited**

**Auditors' Responsibilities for the Audit of the Financial Statements (cont.)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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. In particular, it is difficult to evaluate all the potential implications that COVID-19 will have (if any) on the Company and the Group as well as the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charges with governance, we determine those matters that were of most significant in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.



**Independent auditors' report (cont.)**

Page 8.

**to the shareholders of Luxury Living Technologies Limited**

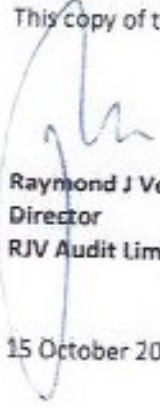
**Report on Other Legal and Regulatory Requirements (cont.)**

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

  
**Raymond J Vella CPA**  
**Director**  
**RJV Audit Limited**

15 October 2021



Consolidated statement of profit or loss and other comprehensive income  
For the year ended 30 June 2021

	Note	The Group <i>(as restated)</i>		The Company <i>(as restated)</i>	
		2021 EUR	2020 EUR	2021 EUR	2020 EUR
Revenue	5	2,990,997	1,047,237	2,990,997	1,047,237
Cost of sales		(1,644,944)	(451,446)	(1,644,944)	(451,446)
<b>Gross profit</b>		<b>1,346,053</b>	<b>595,791</b>	<b>1,346,053</b>	<b>595,791</b>
Administrative expenses		(534,709)	(495,501)	(524,056)	(543,008)
<b>Operating profit</b>		<b>811,344</b>	<b>100,290</b>	<b>821,997</b>	<b>52,783</b>
Provision for impairment on goodwill		-	(875)	-	-
Other income		5,800	2,727	5,800	2,727
<b>Earnings before interest, depreciation, tax and amortisation</b>		<b>817,144</b>	<b>102,142</b>	<b>827,797</b>	<b>55,510</b>
Amortisation on bond issue cost		(8,736)	(8,736)	-	-
Depreciation on right-of-use assets		(166,419)	(154,466)	(166,419)	(154,466)
Depreciation on property, plant and equipment		(258,371)	(211,822)	(258,371)	(211,822)
Finance income	6	233	16	233	16
Finance cost	6	(570,555)	(352,832)	(586,355)	(368,632)
<b>Loss before taxation</b>	6	<b>(186,704)</b>	<b>(625,698)</b>	<b>(183,115)</b>	<b>(679,394)</b>
Income tax (expense)/credit	8	(99,259)	268,352	(103,656)	268,352
<b>Loss for the year</b>		<b>(285,963)</b>	<b>(357,346)</b>	<b>(286,771)</b>	<b>(411,042)</b>
<b>Attributable to:</b>					
Equity holders of the parent		(285,963)	(357,346)	(286,771)	(411,042)
Non-controlling interests		-	-	-	-
		<b>(285,963)</b>	<b>(357,346)</b>	<b>(286,771)</b>	<b>(411,042)</b>

The accounting policies and explanatory notes on pages 14 to 42 form an integral part of these financial statements.

Consolidated statement of financial position  
As at 30 June 2021

	Note	The Group (as restated)		The Company (as restated)	
		2021 EUR	2020 EUR	2021 EUR	2020 EUR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	9	-	-	56,000	51,200
Intangible assets	10	3,134,600	3,134,600	3,134,600	3,134,600
Right-of-use assets	11	1,959,213	1,888,568	1,959,213	1,888,568
Property, plant and equipment	12	4,651,661	4,306,988	4,651,661	4,306,988
Deferred tax asset	15	322,761	424,645	322,246	424,645
Trade and other receivables	14.1	188,191	1,648,968	188,191	1,648,968
		<u>10,256,426</u>	<u>11,403,769</u>	<u>10,311,911</u>	<u>11,454,969</u>
<b>Current assets</b>					
Inventories	13	2,056,640	2,733,778	2,056,640	2,733,778
Trade and other receivables	14.2	2,259,309	1,385,918	2,264,327	1,385,918
Cash and cash equivalents	20	623,723	503,714	218,433	101,379
		<u>4,939,672</u>	<u>4,623,410</u>	<u>4,539,400</u>	<u>4,221,075</u>
<b>Total assets</b>		<u>15,196,098</u>	<u>16,027,179</u>	<u>14,851,311</u>	<u>15,676,044</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	2,931,000	2,931,000	2,931,000	2,931,000
Retained earnings		(768,083)	(482,120)	(823,947)	(537,176)
<b>Total equity</b>		<u>2,162,917</u>	<u>2,448,880</u>	<u>2,107,053</u>	<u>2,393,824</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	17	8,842,018	8,420,480	8,822,385	8,829,662
Finance liabilities	18	1,931,570	1,828,663	1,931,570	1,828,663
		<u>10,773,588</u>	<u>10,249,143</u>	<u>10,753,955</u>	<u>10,658,325</u>
<b>Current liabilities</b>					
Borrowings	17	724,207	968,269	862,061	661,488
Finance liabilities	18	121,334	78,931	121,334	78,931
Trade and other payables	19	1,408,389	2,275,035	1,003,569	1,881,758
Current tax liabilities		5,663	6,921	3,339	1,718
		<u>2,259,593</u>	<u>3,329,156</u>	<u>1,990,303</u>	<u>2,623,895</u>
<b>Total equity and liabilities</b>		<u>15,196,098</u>	<u>16,027,179</u>	<u>14,851,311</u>	<u>15,676,044</u>

The consolidated financial statements set on pages 9 to 42 were approved and authorised for issue by the Board of Directors on 15 October 2021 and signed on its behalf by:

Jean Paul Busuttii  
Director

Carlo Mifsud  
Director



Consolidated statement of changes in equity  
For the year ended 30 June 2021

The Group	Share capital Eur	Retained earnings Eur	Total Eur
<i>As reported</i>			
Balance at 1 July 2019	2,931,000	(124,774)	2,806,226
Loss for the year	-	(277,819)	(277,819)
Total comprehensive income for the year	<u>2,931,000</u>	<u>(402,593)</u>	<u>2,528,407</u>
<b>Balance as at 30 June 2020</b>	<b><u>2,931,000</u></b>	<b><u>(402,593)</u></b>	<b><u>2,528,407</u></b>
<i>As restated</i>			
Balance at 1 July 2019	2,931,000	(124,774)	2,806,226
Loss for the year	-	(357,346)	(357,346)
Total comprehensive income for the year	<u>2,931,000</u>	<u>(482,120)</u>	<u>2,448,880</u>
<b>Balance as at 30 June 2020</b>	<b><u>2,931,000</u></b>	<b><u>(482,120)</u></b>	<b><u>2,448,880</u></b>
Balance at 1 July 2020	2,931,000	(482,120)	2,448,880
Loss for the year	-	(285,963)	(285,963)
Total comprehensive income for the year	<u>2,931,000</u>	<u>(768,083)</u>	<u>2,162,917</u>
<b>Balance as at 30 June 2021</b>	<b><u>2,931,000</u></b>	<b><u>(768,083)</u></b>	<b><u>2,162,917</u></b>

The accounting policies and explanatory notes on pages 14 to 42 form an integral part of these financial statements.

Consolidated statement of changes in equity (continued)  
For the year ended 30 June 2021

The Company	Share capital Eur	Retained earnings Eur	Total Eur
<i>As reported</i>			
Balance at 1 July 2019	2,931,000	(126,134)	2,804,866
Loss for the year	-	(331,515)	(331,515)
Total comprehensive income for the year	<u>2,931,000</u>	<u>(457,649)</u>	<u>2,473,351</u>
<b>Balance as at 30 June 2020</b>	<b><u>2,931,000</u></b>	<b><u>(457,649)</u></b>	<b><u>2,473,351</u></b>
<i>As restated</i>			
Balance at 1 July 2019	2,931,000	(126,134)	2,804,866
Loss for the year	-	(411,042)	(411,042)
Total comprehensive income for the year	<u>2,931,000</u>	<u>(537,176)</u>	<u>2,393,824</u>
<b>Balance as at 30 June 2020</b>	<b><u>2,931,000</u></b>	<b><u>(537,176)</u></b>	<b><u>2,393,824</u></b>
Balance at 1 July 2020	2,931,000	(537,176)	2,393,824
Loss for the year	-	(286,771)	(286,771)
Total comprehensive income for the year	<u>2,931,000</u>	<u>(823,947)</u>	<u>2,107,053</u>
<b>Balance as at 30 June 2021</b>	<b><u>2,931,000</u></b>	<b><u>(823,947)</u></b>	<b><u>2,107,053</u></b>

The accounting policies and explanatory notes on pages 14 to 42 form an integral part of these financial statements.



Consolidated statement of cash flows  
For the year ended 30 June 2021

	Note	The Group		The Company	
		2021 EUR	As restated 2020 EUR	2021 EUR	As restated 2020 EUR
<b>Cash flows from operating activities</b>					
Loss for the year before taxation	6	(186,704)	(625,698)	(183,115)	(679,394)
<i>Adjustment for:</i>					
Depreciation and amortisation		451,119	383,685	442,383	372,788
Interest on lease liability		116,484	106,899	116,484	106,899
Net interest expense		453,838	399,984	469,638	451,784
Lease payment		(201,638)	(181,838)	(201,638)	(181,838)
		<u>633,099</u>	<u>83,032</u>	<u>643,752</u>	<u>70,239</u>
<i>Working capital changes</i>					
Change in inventories	13	677,138	(320,001)	677,138	(311,698)
Change in trade and other receivables	14	580,786	825,600	575,768	846,322
Change in trade and other payables	19	(865,243)	(255,579)	(877,789)	(276,171)
		<u>1,025,780</u>	<u>333,052</u>	<u>1,018,869</u>	<u>328,692</u>
<b>Cash generated generated from operating</b>		<b>1,025,780</b>	<b>333,052</b>	<b>1,018,869</b>	<b>328,692</b>
Net interest paid		(453,838)	(399,984)	(469,638)	(451,784)
Tax paid	8	(36)	-	(36)	-
		<u>571,906</u>	<u>(66,932)</u>	<u>549,195</u>	<u>(123,092)</u>
<b>Net cash generated from/(used in) operating activities</b>		<b>571,906</b>	<b>(66,932)</b>	<b>549,195</b>	<b>(123,092)</b>
<b>Cash from investing activities</b>					
Investment in subsidiary	9	-	-	(4,800)	(1,200)
Acquisition of intangible assets	10	-	(303,600)	-	(303,600)
Acquisition of property, plant and equipment	12	(620,637)	(2,336,027)	(620,637)	(2,336,027)
		<u>(620,637)</u>	<u>(2,639,627)</u>	<u>(625,437)</u>	<u>(2,640,827)</u>
<b>Net cash used in investing activities</b>		<b>(620,637)</b>	<b>(2,639,627)</b>	<b>(625,437)</b>	<b>(2,640,827)</b>
<b>Cash from financing activities</b>					
Amounts advanced by subsidiary	17	-	-	24,556	113,298
Amounts advanced by shareholders	17	21,511	85,118	21,511	85,118
Movement in bank loan	17	(3,320)	7,997	(3,320)	10,158
		<u>18,191</u>	<u>93,115</u>	<u>42,747</u>	<u>208,574</u>
<b>Net cash generated from financing activities</b>		<b>18,191</b>	<b>93,115</b>	<b>42,747</b>	<b>208,574</b>
<b>Decrease in cash and cash equivalents</b>		<b>(30,540)</b>	<b>(2,613,444)</b>	<b>(33,495)</b>	<b>(2,555,345)</b>
Cash and cash equivalents at beginning of year		162,807	2,776,251	(239,528)	2,315,817
Cash and cash equivalents at end of year	20	<u>132,267</u>	<u>162,807</u>	<u>(273,023)</u>	<u>(239,528)</u>

The accounting policies and explanatory notes on pages 14 to 42 form an integral part of these financial statements.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

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**1. Going concern**

The measures taken by management and the change in strategy within the Group during this financial year, has seen an increase in revenue from Eur1.05million to Eur2.99million. This has resulted in an increase in operating profit from Eur100,290 to Eur811,344 (the Group). After accounting for depreciation, amortisation and net finance costs during the year ended 30 June 2021, the Group incurred a loss of Eur285,963 (in 2020; a group loss of Eur357,346) but the equity remains positive at Eur2,162,917 (in 2020; Eur2,448,880). The Board of directors believe that it remains appropriate to prepare these financial statements on a going concern basis.

**2. Corporate information**

The consolidated financial statements of Luxury Living Technologies Limited ("the Company") and its subsidiaries ("the Group") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution approved by the Board of Directors on 15 October 2021. Luxury Living Technologies Limited is registered in Malta as a limited liability company under the Companies Act, 1995, with its registered office at Greentek Business Complex, New Street in Triq il-Hofor, Qormi, Malta.

**3. Significant accounting policies**

**3.1 Basis of measurement and statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, Cap. 386 of the Laws of Malta. The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value as stated in particular notes to the financial statements.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's and the Group's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believe to be reasonable under the circumstances. The consolidated financial statements are presented in Euro (€), which is the functional and presentation currency of the Company and the Group.

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

**3.2 Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. A list of these entities is disclosed under note 9 of these financial statements. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Significant accounting policies (cont.)

3.2 Basis of Consolidation (cont.)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

3.3 New or revised standards, interpretations and amendments adopted

The Company adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS interpretations Committee and endorsed by the EU. The adoption of these new or revised standards, interpretations and amendments did not have a material impact on these financial statements, other than IFRS 16 which is noted below.

**Implementation of IFRS 16**

In the current year, the entity applied IFRS 16, 'Leases' that is effective for periods that begin on or after 1 January 2019. IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 superseded the lease guidance of IAS 17 and the related interpretations.

The application of IFRS 16 is being accounted for retrospectively during the year under review together with a prior year adjustment to reflect the first year implementation for the year-ended 30 June 2020.

3.3.1 *New or revised standards, interpretations and amendments issued but not yet effective*

Several new or revised standards, interpretations and amendments were in issue and endorsed by the EU but are not yet effective for the current financial period. The Company has not early adopted the new or amended standards in preparing these financial statements. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

3. Summary of significant accounting policies (cont.)

3.4 Property, plant & equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When a revaluation surplus is recorded in OCI, it is credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

PV farms	5% per annum
Improvements to buildings	2% per annum
Motor vehicles	20% per annum
Furniture & fittings	10% per annum
Other equipment	10% per annum
Computer equipment	25% per annum

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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### 3. Summary of significant accounting policies (cont.)

#### 3.5 Intangible assets

##### 3.5.1 *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a proportionate basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### 3.5.2 *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### 3.6 Impairment

##### *Property, plant and equipment and intangible assets*

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, then the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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### 3. Summary of significant accounting policies (cont.)

#### 3.7 Inventories

Inventories are stated at the lower of cost and net realisable value, and mainly includes photovoltaic farms which are in the course of construction. Consequently, costs include material, labour, borrowing costs and any other costs directly attributable to the photovoltaic farms. Once photovoltaic farms are connected to the grid, these are transferred from inventory to property, plant and equipment.

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

#### 3.8 Investment in subsidiaries

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiaries is stated at cost less any impairment loss which may have arisen. Income from the investment is recognised only to the extent of distributions received from the Company from post-acquisition profits. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of the cost of investment.

#### 3.9 Leased assets

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

##### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.9 Leased assets (cont.)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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### 3.10 Financial instruments – initial recognition and subsequent measurement

#### i) Financial assets

##### Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

The company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9.

Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IFRS 9 are satisfied. The company has not designated any financial assets at fair value through profit or loss.

The company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the company may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

i) Financial assets(cont.)

**Financial assets at fair value through profit or loss (cont.)**

These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognised in the consolidated statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

ii) Impairment of financial assets

The company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the consolidated statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss and other comprehensive income.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

iii) Financial liabilities

**Initial recognition and measurement**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

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

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

**Financial liabilities at fair value through profit or loss**

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

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

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

Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.10 Financial instruments – initial recognition and subsequent measurement (cont.)

iii) Financial liabilities (cont.)

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

**iv) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**v) Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

**3.11 Trade and other receivables**

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

**3.12 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.13 Cash and cash equivalents

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.14 Share capital

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

3.15 Revenue

Revenue from contracts with customers is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognised:

The Group is in the business of selling, providing maintenance and installation of photovoltaic panels and water softening and purifying systems and related ancillary products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5.

*Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which generally coincides with the date of the invoice. In case of commercial sales, the Group considers whether there are other premises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

*Rendering of services*

Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue from the provision of maintenance support services is recognised in proportion to the stage of completion of the transaction at the balance sheet date.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

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3. Summary of significant accounting policies (cont.)

3.15 Revenue (cont.)

*Warranty obligations*

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**Contract balances**

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

*Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

*Provision of services*

Revenue from the provision of services is recognised in the year in which the services are rendered, by reference to the completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided.

*Interest and investment income*

Interest income is accounted for when it is probable that the economic benefits associated with the transaction will flow to the Group and these can be measured reliably.

*Dividend income*

Dividend income is recognised on the date the Group's right to receive income is established.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

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### 3. Summary of significant accounting policies (cont.)

#### 3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.17 Foreign currencies

Translations denominated in foreign currencies are translated at the exchange rate ruling on the date of the transactions. Monetary receivables and payables denominated in foreign currencies are translated at the rates of exchange prevailing at each reporting date. Translation differences are dealt within the consolidated statement of profit or loss and other comprehensive income.

#### 3.18 Taxes

##### Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the consolidated statement of financial position date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

##### Deferred tax

Deferred tax is provided using the consolidated statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 3.19 Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

3. Summary of significant accounting policies (cont.)

3.20 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property, are capitalised as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed.

4. Judgement in applying accounting policies and key sources of estimation uncertainty

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

In the opinion of the management, except for the above, the accounting estimates, assumptions 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 significant in terms of the requirements of IAS 1 (revised) – ‘Presentation of Financial Statements’.

5. Revenue

	The Group		The Company	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Revenue from sale of PV equipment	2,261,116	383,201	2,261,116	383,201
Revenue from feed-in-tariffs	610,685	467,207	610,685	467,207
Revenue from sale of goods	119,196	150,060	119,196	150,060
Revenue from services rendered	-	46,769	-	46,769
Total revenue	<u>2,990,997</u>	<u>1,047,237</u>	<u>2,990,997</u>	<u>1,047,237</u>



Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 6. Loss before taxation

The loss before tax has been arrived at after deducting the following expenses:

	The Group		The Company	
	2021	<i>As restated</i> 2020	2021	<i>As restated</i> 2020
	EUR	EUR	EUR	EUR
Depreciation on property, plant and equipment	275,964	218,322	275,964	218,322
Depreciation on right-of-use asset	166,419	154,466	166,419	154,466
Amortisation on bond issue cost	8,736	8,736		
Interest on finance liability	116,484	106,899	116,484	106,899
Audit fee	7,544	7,600	5,000	5,000
Staff costs (note 7)	186,957	257,846	186,957	257,846
Directors' remuneration (note 7)	165,591	147,069	155,591	132,069

**Finance cost**

	The Group		The Company	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Interest on loan from subsidiary (note)	-	-	415,800	209,263
Interest on bond borrowings	400,000	193,463	-	-
Interest on bank borrowings	54,071	52,470	54,071	52,470
Interest on lease liability	116,484	106,899	116,484	106,899
	<u>570,555</u>	<u>352,832</u>	<u>586,355</u>	<u>368,632</u>

**Finance income**

	The Group		The Company	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Interest income from bank	<u>233</u>	<u>16</u>	<u>233</u>	<u>16</u>

Notes to the consolidated financial statements  
For the year ended 30 June 2021

7. Staff costs and employee information

Staff costs for the year comprised of the following:

	The Group		The Company	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Wages and salaries	267,252	343,279	267,252	343,279
Directors' remuneration	169,591	147,069	155,591	132,069
Social security contributions	31,710	31,842	31,710	31,842
	<u>468,553</u>	<u>522,190</u>	<u>454,553</u>	<u>507,190</u>

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

	The Group	
	2021 Eur	2020 Eur
Operational	12	18
Administration	5	4
	<u>17</u>	<u>22</u>

8. Income tax

8.1 Amounts recognised in profit and loss

	The Group		The Company	
	2021 Eur	2020 Eur	2021 Eur	2020 Eur
Current tax expense	(1,324)	-	-	-
Final withholding tax	(36)	(2)	(36)	(2)
Over/(under) provided tax	3,985	-	(1,221)	-
Deferred tax adjustment	<u>(101,884)</u>	<u>268,354</u>	<u>(102,399)</u>	<u>268,354</u>
	<u>(99,259)</u>	<u>268,352</u>	<u>(103,656)</u>	<u>268,352</u>



Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 8. Income tax (cont.)

8.2 The tax expense for the year can be reconciled to the results of the consolidated statement of profit or loss and other comprehensive income as follows:

	The Group		The Company	
	2021 Eur	2020 Eur	2021 Eur	2020 Eur
Loss before taxation for the year	(186,704)	(625,698)	(183,115)	(679,394)
Income tax (expense)/credit	(99,259)	268,352	(103,656)	268,352
Loss after tax from continued operations	<u>(285,963)</u>	<u>(357,346)</u>	<u>(286,771)</u>	<u>(411,042)</u>
Tax at the applicable rate of 35%	65,346	218,994	64,090	237,788
Tax effect of:				
Disallowed expenses	(198,356)	40,712	(195,776)	(28,213)
Absorbed capital allowances	57,990	-	57,990	-
Increase in unabsorbed capital allowances and tax losses	254,437	36,014	253,922	86,145
Different tax rates	(47)	(4)	(47)	(4)
Difference between NBV and WDV	(356,321)	(27,364)	(356,321)	(27,364)
Other allowable deductions	73,707	-	73,707	-
Over/(under)-provided tax in prior year	3,985	-	(1,221)	-
	<u>(99,259)</u>	<u>268,352</u>	<u>(103,656)</u>	<u>268,352</u>

## 9. Investment in subsidiaries

	The Company	
	2021 Eur	2020 Eur
As at beginning of year	51,200	50,000
Additional investment	4,800	1,200
As at end of year	<u>56,000</u>	<u>51,200</u>

The subsidiaries as at 30 June 2021 are shown below:

	Registered office	% shares held	2021 Eur
Luxury Living Finance p.l.c. C 85987	Greentek Business Complex New Street in Triq il-Hofor, Qormi	99.99%	50,000
TG Solar Limited C 88888	Greentek Business Complex New Street in Triq il-Hofor, Qormi	100%	1,200
Holstein Solar Farm Limited C 97134	Greentek Business Complex New Street in Triq il-Hofor, Qormi	100%	1,200

Notes to the consolidated financial statements  
For the year ended 30 June 2021

9. Investment in subsidiaries (cont.)

The subsidiaries as at 30 June 2021 are shown below (cont.):

	Registered office	% shares held	2021 Eur
JD Solar Farm Limited C 98418	Greentek Business Complex New Street in Triq il-Hofor, Qormi	100%	1,200
Tal-Qampiena Solar Farm Limited C 98452	Greentek Business Complex New Street in Triq il-Hofor, Qormi	100%	1,200
Kafe Solar Farm Limited C 98786	Greentek Business Complex New Street in Triq il-Hofor, Qormi	100%	1,200

The share capital and reserves of the subsidiaries at reporting date stood as follows:

	2021 Eur	2020 Eur
Ordinary share capital	56,000	51,200
Retained earnings	49,977	63,359
	<u>105,977</u>	<u>114,559</u>

10. Intangible assets

	The Group		The Company	
	2021 Eur	2020 Eur	2021 Eur	2020 Eur
Development and operational rights on property	2,831,000	2,831,000	2,831,000	2,831,000
Goodwill on acquisition of Smoochie brand	303,600	303,600	303,600	303,600
	<u>3,134,600</u>	<u>3,134,600</u>	<u>3,134,600</u>	<u>3,134,600</u>



Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 11. Right-of-use assets

The Company	Total
As reported at 30 June 2020	-
As restated	Eur
Cost	
Initial application of IFRS 16 following restatement	1,982,533
Prepayments	60,501
<b>Balance as at 30 June 2020</b>	<b>2,043,034</b>
Accumulated depreciation	
As at 1 July 2019	-
Accumulated depreciation	(154,466)
<b>Balance as at 30 June 2020</b>	<b>(154,466)</b>
<b>Carrying amount as at 30 June 2020</b>	<b>1,888,568</b>
Cost	
As at 1 July 2020	2,043,034
Additions	230,464
Prepayments	6,600
<b>Balance as at 30 June 2021</b>	<b>2,280,098</b>
Accumulated depreciation	
As at 1 July 2020	(154,466)
Depreciation for the year	(166,419)
<b>Balance as at 30 June 2021</b>	<b>(320,885)</b>
<b>Carrying amount as at 30 June 2021</b>	<b>1,959,213</b>

Note: The Company leases a number of roofs. The terms of the leases range from 9 to 23 years, the earliest commencing in 2017.

The Company implemented the new IFRS 16 during the year under review with a prior year adjustment to reflect its impact retrospectively. In the previous year's financial statements, this was not deemed to be material.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

12. Property, plant and equipment	PV farms Eur	Improv. to buildings Eur	Motor vehicles Eur	Furniture & fittings Eur	Other equipment Eur	Computer equipment Eur	Total Eur
<b>As at 1 July 2020</b>							
Cost	4,410,944	-	89,562	20,775	104,226	29,771	4,655,278
Accumulated depreciation	(256,720)	-	(48,057)	(6,300)	(18,800)	(18,413)	(348,290)
<b>Closing net book value</b>	<b>4,154,224</b>	<b>-</b>	<b>41,505</b>	<b>14,475</b>	<b>85,426</b>	<b>11,358</b>	<b>4,306,988</b>
<b>As at 30 June 2021</b>							
Opening net book value	4,154,224	-	41,505	14,475	85,426	11,358	4,306,988
Additions	187,248	398,314	24,657	1,610	3,305	5,502	620,637
Depreciation charge	(229,910)	(7,968)	(19,020)	(2,238)	(10,753)	(6,075)	(275,964)
<b>Closing netbook value</b>	<b>4,111,562</b>	<b>390,346</b>	<b>47,142</b>	<b>13,847</b>	<b>77,979</b>	<b>10,785</b>	<b>4,651,661</b>
<b>As at 30 June 2021</b>							
Cost	4,598,192	398,314	114,219	22,385	107,532	35,273	5,275,915
Accumulated depreciation	(486,630)	(7,968)	(67,077)	(8,538)	(29,553)	(24,488)	(624,254)
<b>Closing net book value</b>	<b>4,111,562</b>	<b>390,346</b>	<b>47,142</b>	<b>13,847</b>	<b>77,979</b>	<b>10,785</b>	<b>4,651,661</b>



Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 13. Inventories

	The Group		The Company	
	2021	2020	2021	2020
	Eur	Eur	Eur	Eur
Finished goods and work in progress	<u>2,056,640</u>	<u>2,733,778</u>	<u>2,056,640</u>	<u>2,733,778</u>

## 14. Trade and other receivables

## 14.1 Non-current assets

	The Group		The Company	
	2021	2020	2021	2020
	Eur	Eur	Eur	Eur
Trade receivables	<u>188,191</u>	<u>1,138,648</u>	<u>188,191</u>	<u>1,138,648</u>
Deferred cost	-	<u>510,320</u>	-	<u>510,320</u>
	<u>188,191</u>	<u>1,648,968</u>	<u>188,191</u>	<u>1,648,968</u>

## 14.2 Current assets

	The Group		The Company	
	2021	<i>As restated</i> 2020	2021	<i>As restated</i> 2020
	Eur	Eur	Eur	Eur
<b>Current</b>				
Trade receivables	<u>342,676</u>	<u>508,560</u>	<u>342,676</u>	<u>508,560</u>
Accrued income	<u>1,057,500</u>	-	<u>1,057,500</u>	-
Other receivables	<u>60,878</u>	<u>85,090</u>	<u>60,878</u>	<u>85,090</u>
VAT recoverable	-	<u>24,287</u>	-	<u>24,287</u>
Deferred cost	-	<u>64,972</u>	-	<u>64,972</u>
Prepayments	<u>17,423</u>	<u>34,375</u>	<u>17,423</u>	<u>34,375</u>
Advance payments	<u>199,588</u>	<u>91,626</u>	<u>199,588</u>	<u>91,626</u>
Related party balances (note)	<u>581,244</u>	<u>577,008</u>	<u>586,262</u>	<u>577,008</u>
	<u>2,259,309</u>	<u>1,385,918</u>	<u>2,264,327</u>	<u>1,385,918</u>

Note: The amounts due from shareholders and related parties are unsecured, interest free and repayable on demand.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 15. Deferred taxation

*Recognised deferred taxation*

Deferred taxation is attributable to the following:

The Company	Assets		Liabilities		Net	
	2021 Eur	2020 Eur	2021 Eur	2020 Eur	2021 Eur	2020 Eur
<i>Tax effect of:</i>						
Unabsorbed capital allowances and trading losses	816,635	562,714	-	-	816,635	562,714
Excess of capital allowances over depreciation	-	-	(494,389)	(138,069)	(494,389)	(138,069)
As at 31 December	<u>816,635</u>	<u>562,714</u>	<u>(494,389)</u>	<u>(138,069)</u>	<u>322,246</u>	<u>424,645</u>
The Group	Assets		Liabilities		Net	
	2021 Eur	2020 Eur	2021 Eur	2020 Eur	2021 Eur	2020 Eur
<i>Tax effect of:</i>						
Unabsorbed capital allowances and trading losses	817,150	562,714	-	-	817,150	562,714
Excess of capital allowances over depreciation	-	-	(494,389)	(138,069)	(494,389)	(138,069)
As at 31 December	<u>817,150</u>	<u>562,714</u>	<u>(494,389)</u>	<u>(138,069)</u>	<u>322,761</u>	<u>424,645</u>

## 16. Share capital

	The Group		The Company	
	2021 Eur	2020 Eur	2021 Eur	2020 Eur
<b>Authorised</b>				
2,931,000 Ordinary shares of Eur1 each	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>
<b>Issued and fully paid up</b>				
2,931,000 Ordinary shares of Eur1 each	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>



Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 17. Borrowings

	The Group		The Company	
	2021	2020	2021	2020
	Eur	Eur	Eur	Eur
<b>Non-current liabilities</b>				
5% Secured Bonds 2028 (note 17.1)	7,938,154	7,929,418	-	-
Bank loan I (note 17.2)	450,652	491,062	450,652	491,062
Bank loan II (note 17.2)	438,624	-	438,624	420,079
Bank loan III and IV (note 17.2)	14,588	-	14,588	-
Loan due to subsidiary (note 17.4)	-	-	7,918,521	7,918,521
	<u>8,842,018</u>	<u>8,420,480</u>	<u>8,822,385</u>	<u>8,829,662</u>
<b>Current liabilities</b>				
Bank overdraft (note 17.3)	491,456	340,907	491,456	340,907
Bank loan I (note 17.2)	87,990	88,256	87,990	88,256
Bank loan II (note 17.2)	34,364	453,909	34,364	33,830
Bank loan III and IV (note 17.2)	5,149	1,460	5,149	1,460
Amount due to subsidiary (note 17.5)	-	-	137,854	113,298
Due to shareholders (note 17.5)	105,248	83,737	105,248	83,737
	<u>724,207</u>	<u>968,269</u>	<u>862,061</u>	<u>661,488</u>
<b>Total</b>	<u>9,566,225</u>	<u>9,388,749</u>	<u>9,684,446</u>	<u>9,491,150</u>

Note 17.1 – Debt securities represent finance which was raised through the issue of bonds by one of the companies within the Group in prior years. The Secured Bonds shall constitute the general, direct and unconditional obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Secured Bonds shall be guaranteed in respect of both the interest and the principal amount due under said Secured Bonds by the Guarantor in terms of the Guarantee. The Secured Bonds shall rank with priority in relation to the Pledged Shares. Pursuant to the Pledge Agreement, the Pledgor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as Beneficiaries, a pledge over the shares held in Luxury Living Technologies Limited. The Pledge will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds. Interest on the 5% Secured Bonds 2028 is payable annually in arrears, on 29 July of each year.

Note 17.2 The bank loans are secured by a general hypothec over the Company's present and future assets, guarantees given by the Company and group companies and by pledge over the affiliate's insurance policies in the name of the Company covering properties. The interest and repayments for each respective loan are as per below:

- Bank loan I and II - bear interest at 3.8% and 3.6% per annum respectively (in 2020; 3.8% and 3.6% per annum respectively) and are repayable in monthly instalments of Eur8,985 and Eur4,135 respectively inclusive of interest (in 2020; Eur8,985 and Eur4,135 inclusive of interest).
- Bank loan III and IV – these are repayable in monthly instalments of Eur151 and Eur76 respectively. These loans were part of the COVID-19 assistance granted by the bank with no interest and with a 6-month moratorium period.

The current portion of the bank loans which are repayable within twelve months are disclosed as 'current liabilities'.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

17. Borrowings (cont.)

Note 17.3: The bank overdraft limited to Eur500,000 (in 2020; Eur500,000) bears interest at 2.25% per annum (in 2020; 2.25% per annum) and is repayable on demand. The bank overdraft is secured by a general hypothec over the Company's present and future assets.

Note 17.4 – The loan due to subsidiary relates to the transfer of funds from the subsidiary to the parent company, generated by the issue of bonds. This loan is unsecured, carries interest at 5.25% per annum and is repayable in full by not later than 30 June 2028.

Note 17.5 - The amount due to the shareholders and the current portion of the amount due to subsidiary is unsecured, interest free and repayable on demand.

18. Finance liabilities

	The Company	
	<i>(As restated)</i>	
	2021	2020
	Eur	Eur
<b>Gross lease payments</b>		
<i>Non-current liabilities</i>		
Due after more than five years	1,344,663	1,315,615
Due after more than one year but within five years	586,907	513,048
	<u>1,931,570</u>	<u>1,828,663</u>
<i>Current liabilities</i>		
Due within one year	121,334	78,931
	<u>2,052,904</u>	<u>1,907,594</u>

The carrying amount of lease liability recognised during the year is as follows:

	The Company	
	<i>(As restated)</i>	
	2021	2020
	Eur	Eur
Opening balance	1,907,594	-
Implementation of IFRS 16 following restatement	-	1,982,533
Additions	230,464	-
Interest	116,484	106,899
Lease payments	(201,638)	(181,838)
	<u>2,052,904</u>	<u>1,907,594</u>
Closing balance		



Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 18. Finance liabilities

	The Company	
	<i>(As restated)</i>	
	2021	2020
	Eur	Eur
The following are the amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases:		
Interest expense	116,484	106,899
Depreciation expense	166,419	154,466
	<u>282,903</u>	<u>261,365</u>

## 19. Trade and other payables

	The Group		The Company	
	2021	2020	2021	2020
	Eur	Eur	Eur	Eur
Trade payables	459,381	429,427	459,381	429,427
Advance deposits	34,546	46,681	34,546	46,681
Accruals	712,860	1,180,769	316,346	795,795
Indirect taxation	158,650	67,041	158,650	67,041
VAT liability	14,247	-	14,247	-
Deferred income	-	535,996	-	535,996
Other payables	28,702	15,121	20,399	6,818
	<u>1,408,386</u>	<u>2,275,035</u>	<u>1,003,569</u>	<u>1,881,758</u>

## 20. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents at the end of the year comprised of the following:

	The Group		The Company	
	2021	2020	2021	2020
	Eur	Eur	Eur	Eur
Cash and bank balances (note)	623,723	503,714	218,433	101,379
Bank overdraft	(491,456)	(340,907)	(491,456)	(340,907)
	<u>132,267</u>	<u>162,807</u>	<u>(273,023)</u>	<u>(239,528)</u>

Note: As at year end the Company holds bank guarantees amounting to Eur8,000 in favour of the Planning Authority and the Building Regulation Office that should have expired on the 10<sup>th</sup> January 2021 and 11<sup>th</sup> January 2021 respectively but these amounts were not released as at year-end 30 June 2021.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

## 21. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

The Company is ultimately owned by Mr. Jean Paul Busuttill and therefore all companies up to the ultimate beneficial owner, as well as other companies outside the Group which are owned by Mr. Jean Paul Busuttill are considered to be related parties. Trading transactions between the companies include items which are normally encountered in a group context.

Luxury Living Technologies Limited is the parent company of the entities listed in Note 9.

### *Transactions with related parties*

	The Company	
	2021	2020
	Eur	Eur
<b>Expenditure</b>		
Management fee charged by subsidiary	30,000	90,000
Interest payable on loan due to subsidiary	415,800	415,800
Rent payable to related parties	94,800	75,833
<b>Loans and Advances</b>		
Advances/repayments from shareholders	21,511	85,118
Advances to/repayment by related parties	9,254	558,681
Advances to subsidiary	24,556	113,298

Year-end balances from related party transactions are disclosed in Notes 14 and 17. Key management personnel compensation consisting of directors' remuneration has been disclosed in note 7.

## 22. Contingent liabilities

As at 30 June 2021, the Company had a guarantee in favour of Luxury Living Finance p.l.c. in relation to the issue of Eur8,000,000 5% Secured Bonds 2028.

In addition, the Company also has a cash guarantee of Eur100,000 held by APS Bank plc as a performance guarantee on two tenders issued by the Ministry of Energy.

## 23. Financial Risk Management

The group and company are exposed to credit risk and liquidity risk through its use of financial instruments which result from its operating and investing activities. The Company is not exposed to currency risk and the directors consider interest rate risk exposure to be minimal due to fixed interest rates stipulated on interest bearing liabilities. Note 17 incorporates interest rates and maturity information with respect to the Company's main interest-bearing liabilities.

The group's and company's risk management is coordinated by the director and focuses on actively securing the group's and company's short to medium term cash flows by minimizing the exposure to financial instruments.



Notes to the consolidated financial statements  
For the year ended 30 June 2021

23. Financial Risk Management (cont.)

The most significant financial risks to which the group and company are exposed to are described below.

*Credit risk*

Financial assets which potentially subject the Company to concentrations of credit risk consist trade and other receivables and cash at bank (Note 14 and 20).

The Company's cash at bank is placed with high quality financial statements.

The Company's receivables consist mainly of trade and other receivables. Customer credit risk is managed by the Group's management subject to the Group's established policy procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on each customer's credit limits. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at the reporting date on an individual basis. The Group exercises a prudent credit control policy. In the previous year, the Company entered into commercial contracts with clients totaling Eur1.5 million. Given that this revenue will be receivable directly through the feed-in-tariffs generated by the installed photovoltaic panels, the credit risk in this respect is limited.

*Liquidity risk*

The group's and company's exposure to liquidity risk arises from their obligations to meet financial liabilities, which comprise principally of borrowings and trade and other payables (Refer to notes 17 and 19). 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 company's obligations when they become due.

At 30 June 2021 and 30 June 2020, the contractual maturities on the financial liabilities of the group were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the consolidated statement of financial position.

	The Group		The Company	
	2021	2020	2021	2020
	Eur	Eur	Eur	Eur
<i>Borrowings</i>				
Less than 6 months	63,985	43,797	63,985	43,797
From 6 months to 12 months	662,126	924,471	784,980	1,037,770
More than 1 year	8,818,603	8,420,480	8,820,481	8,409,583
	<u>9,544,714</u>	<u>9,388,748</u>	<u>9,669,446</u>	<u>9,491,150</u>

*Foreign currency risk*

Most of the group's and company's transactions are carried out in Euro. Exposure to currency exchange rates arise from the group's and company's transactions in foreign currencies.

The company's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.

Notes to the consolidated financial statements  
For the year ended 30 June 2021

23. Financial Risk Management (cont.)

*Interest rate risk*

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

24. Capital management policies and procedures

The group and the company's capital management objectives are to ensure their ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The group and the company monitor the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

25. Restatement of prior year balance

The implementation of IFRS 16 was recorded during the year under review with a prior year adjustment to account for the right-of-use asset and the lease liability and the implication on the opening retained earnings. As a result of the adjustment, the following financial statement line items were affected:

The Company/ The Group	2020 (as reported) Eur	Adjustments Eur	2020 (as restated) Eur
<b><u>Statement of Financial Position</u></b>			
<b>Assets</b>			
Right-of-use assets	-	1,888,568	1,888,568
Prepayments	94,876	(60,501)	34,375
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Finance lease liabilities	-	1,828,663	1,828,663
<i>Current liabilities</i>			
Finance lease liabilities	-	78,931	78,931
<b><u>Statement of profit or loss and other comprehensive income</u></b>			
<b>The Company</b>			
Net loss increase for the year	(331,515)	(79,527)	(411,042)
<b>The Group</b>			
Net loss increase for the year	(277,819)	(79,527)	(357,346)

26. Events after the reporting date

As at reporting date, there are no significant transactions to be reported.



## Cost of sales

For the year ended 30 June 2021

	The Group		The Company	
	30 Jun 21	<i>As restated</i> 30 Jun 20	30 Jun 21	<i>As restated</i> 30 Jun 20
The Company	Eur	Eur	Eur	Eur
<b>Cost of Sales</b>				
Opening Inventory	2,733,778	2,422,049	2,733,778	2,422,079
Add purchases	644,665	355,368	644,665	561,875
Less Closing Inventory	(2,056,640)	(2,527,241)	(2,056,640)	(2,733,778)
	<u>1,321,803</u>	<u>250,176</u>	<u>1,321,803</u>	<u>250,176</u>
<i>Direct costs</i>				
Gross wages and SS contributions	236,106	125,412	236,106	125,412
Depreciation:				
Smoochies Improvements to factory	7,966	-	7,966	-
Smoochies Motor vehicle	4,000	1,000	4,000	1,000
Smoochies Other equipment	5,127	5,000	5,127	5,000
Smoochies Furniture & fittings	500	500	500	500
Other direct costs	63,754	66,252	63,754	66,252
Water and electricity	5,688	3,106	5,688	3,106
	<u>323,141</u>	<u>201,270</u>	<u>323,141</u>	<u>201,270</u>
<b>Total cost of sales</b>	<u>1,644,944</u>	<u>451,446</u>	<u>1,644,944</u>	<u>451,446</u>