

**Registration Number C 6138**

**Sea Pebbles Limited**

**Report and Financial Statements**

**for the year ended 31st December 2016**

# Sea Pebbles Limited

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# Sea Pebbles Limited

## Directors' Report

for the year ended 31st December 2016

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<b>Directors</b>	Joseph Casha Josephine Casha
<b>Registered address</b>	89 The Strand Sliema, SLM 1022

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The directors present their report and the audited financial statements for the year ended 31st December 2016.

### Principal activities

The principal activity of the company is the running of a hotel in Sliema.

### Business review

The profit for the year amounted to € 421,441 (2015 : Profit of € 272,213).

### Dividends and reserves

The results for the year are set out on page 5.

The directors have paid a dividend amounting to € 100,000 and propose to transfer the profit for the year to reserves.

### Events after the reporting period

There were no particular important events affecting the company which occurred since the end of the accounting period.

### Future developments

The directors intend to continue to operate in line with their current business plan.

### Directors

In accordance with the company's Articles of Association, the directors, who held office throughout the year, remain in office.

# Sea Pebbles Limited

## Directors' Report

for the year ended 31st December 2016

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### Directors' responsibilities

The Maltese Companies Act (Cap. 386), requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year, in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). They 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 auditor, Steven Galea CPA, has intimated his willingness to remain in office and a resolution proposing his reappointment will be put before the members at the next annual general meeting.

This report was approved and authorised for issue by the Board of Directors on 25th October 2018, and signed on its behalf by:

  
\_\_\_\_\_  
Joseph Casha  
Director

  
\_\_\_\_\_  
Josephine Casha  
Director

# **Sea Pebbles Limited**

## **Independent Auditor's Report**

To the Members of Sea Pebbles Limited

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### **Opinion**

I have audited the accompanying financial statements of Sea Pebbles Limited, which comprise the Statement of Financial Position as at 31st December 2016, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2016, and 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 prepared in accordance with the requirements of the Companies Act (Cap. 386).

### **Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my 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 I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Other matter**

These financial statements have already been prepared in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations, and were audited by me, wherein I expressed an unmodified opinion on those statements on 27th October 2017.

### **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 IFRSs, and for such internal control as management determines 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Sea Pebbles Limited

## Independent Auditor's Report

To the Members of Sea Pebbles Limited

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### Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.



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**Steven Galea**  
**Certified Public Accountant**

37  
St. Mary Street  
Naxxar NXR 1406  
Malta

Date : 25th October 2018

# Sea Pebbles Limited

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2016

	Notes	2016 €	2015 €
Revenue	2	1,284,324	925,280
Cost of sales		(250,119)	(211,989)
<b>Gross profit</b>		<u>1,034,205</u>	<u>713,291</u>
Administrative expenses		(486,183)	(395,569)
Other operating income	4	54,300	47,300
<b>Operating profit</b>	5	<u>602,322</u>	<u>365,022</u>
Profit on sale of property		-	126,100
<b>Profit on ordinary activities before interest</b>		<u>602,322</u>	<u>491,122</u>
Investment income	6	1,304	64,615
Finance costs	7	(137,695)	(135,092)
<b>Profit before taxation</b>		<u>465,931</u>	<u>420,645</u>
Income tax	8	(44,490)	(148,432)
<b>Profit for the year</b>		<u>421,441</u>	<u>272,213</u>
<b>Other comprehensive income</b>			
Movement on revaluation of property		-	1,128,963
<b>Total comprehensive income</b>		<u>421,441</u>	<u>1,401,176</u>

The notes on pages 9 to 19 form an integral part of these financial statements.

# Sea Pebbles Limited

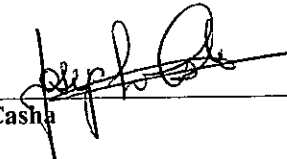
## Statement of Financial Position

at 31st December 2016

	Notes	2016 €	2015 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	16,284,218	15,486,367
Investments in associate	10	-	46,587
		<u>16,284,218</u>	<u>15,532,954</u>
<b>Current assets</b>			
Trade and other receivables	11	489,520	626,162
Current tax recoverable	12	10,186	8,624
Cash at bank and in hand	13	398,787	341,054
		<u>898,493</u>	<u>975,840</u>
<b>Total assets</b>		<u><u>17,182,711</u></u>	<u><u>16,508,794</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up issued share capital	14	465,875	465,875
Revaluation reserve		12,627,849	12,627,849
Retained earnings		1,071,497	750,056
<b>Total equity</b>		<u>14,165,221</u>	<u>13,843,780</u>
<b>Non-current liabilities</b>			
Long-term borrowings	15	2,439,305	2,108,538
Deferred taxation	16	150,618	111,569
		<u>2,589,923</u>	<u>2,220,107</u>
<b>Current liabilities</b>			
Short-term borrowings	15	295,487	365,341
Trade and other payables	17	127,095	79,566
Current tax payable	12	4,985	-
		<u>427,567</u>	<u>444,907</u>
<b>Total liabilities</b>		<u>3,017,490</u>	<u>2,665,014</u>
<b>Total equity and liabilities</b>		<u><u>17,182,711</u></u>	<u><u>16,508,794</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 25th October 2018, and signed on its behalf by:

  
Joseph Casha  
Director

  
Josephine Casha  
Director

The notes on pages 9 to 19 form an integral part of these financial statements.



# Sea Pebbles Limited

## Statement of Changes in Equity for the year ended 31st December 2016

	Called-up issued share capital €	Revaluation reserve €	Retained earnings €	Total €
<b>At 1st January 2015</b>	465,875	11,498,886	527,843	12,492,604
Profit for the year	-	-	272,213	272,213
Other comprehensive income				
- Movement on revaluation of property	-	1,128,963	-	1,128,963
Total comprehensive income	-	1,128,963	272,213	1,401,176
Dividends	-	-	(50,000)	(50,000)
<b>At 31st December 2015</b>	465,875	12,627,849	750,056	13,843,780
Profit for the year	-	-	421,441	421,441
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	421,441	421,441
Dividends	-	-	(100,000)	(100,000)
<b>At 31st December 2016</b>	465,875	12,627,849	1,071,497	14,165,221

# Sea Pebbles Limited

## Statement of Cash Flows

for the year ended 31st December 2016

	2016 €	2015 €
<b>Cash flows from operating activities</b>		
Operating profit	602,322	365,022
Adjustments for:		
Depreciation	164,142	126,801
	<u>766,464</u>	<u>491,823</u>
Working capital changes:		
Movement in trade and other receivables	136,642	(174,031)
Movement in trade and other payables	47,529	(61,920)
	<u>950,635</u>	<u>255,872</u>
Cash flows from operations	950,635	255,872
Interest paid	(137,695)	(135,092)
Dividends received	1,304	64,615
Taxation refunded	-	19,471
Taxation paid	(2,018)	(86,793)
	<u>812,226</u>	<u>118,073</u>
Net cash flows from operating activities	812,226	118,073
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(961,993)	(75,694)
Proceeds from disposal of property, plant and equipment	-	418,900
Disposal of investments	46,587	-
Other investments	-	126,100
	<u>(915,406)</u>	<u>469,306</u>
Net cash flows from investing activities	(915,406)	469,306
<b>Cash flows from financing activities</b>		
Movement in related party loan	(99,540)	-
Movement in bank loan	360,453	(270,991)
Dividends paid	(100,000)	(50,000)
	<u>160,913</u>	<u>(320,991)</u>
Net cash flows from financing activities	160,913	(320,991)
<b>Movement in cash and cash equivalents</b>	<u>57,733</u>	<u>266,388</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Movement in cash and cash equivalents	57,733	266,388
Cash and cash equivalents at start of year	341,054	74,666
	<u>398,787</u>	<u>341,054</u>
Cash and cash equivalents at end of year	398,787	341,054
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	<u>398,787</u>	<u>341,054</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

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### 1. General information

Sea Pebbles Limited is a limited liability company incorporated in Malta. The principal activity of the company is the running of a hotel in Sliema. Its registered office is at 89, The Strand, Sliema, SLM 1022.

### 2. Accounting policies

#### *Accounting convention and basis of preparation*

These financial statements are presented using the €, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Maltese Companies Act (Cap. 386), and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

#### *Property, plant and equipment*

Property, plant and equipment are initially recorded at cost. Except for land and buildings, they are subsequently stated at cost less accumulated depreciation and impairment losses. After initial recognition, land and buildings are stated at fair value.

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

Depreciation is provided at rates intended to write down the cost of the assets on a straight line basis over their expected useful lives. The annual rates used, which are consistent with those applied in the previous year, are as follows:

Buildings	-	2%
Electrical installation	-	10%
Furniture and fittings	-	5%
Equipment	-	10%
Motor vehicles	-	20%
Computer equipment	-	25%

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

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### *Financial assets*

Loans and receivables are stated at fair value, net of any impairment. A provision for impairment of loans and receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of payment. Loans and receivables are considered for impairment on a case by case basis and any provision is based on the directors' assessment of the amount recoverable on each receivable. Any change in value of loans and receivables is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### *Financial liabilities*

The company's financial liabilities include borrowings and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Interest-related charges are recognised as an expense in the period in which they are incurred.

### *Share capital*

Ordinary shares are classified as equity.

Dividends are recognised in the period in which they are declared.

### *Impairment*

The carrying amounts of the company's assets, other than deferred tax assets, are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

### *Leasing and hire purchase commitments*

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Profit or Loss and Other Comprehensive Income so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

### *Foreign currencies*

The financial statements are presented in €, being both the company's functional and presentation currency. Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position. Translation differences are dealt with through the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

### *Revenue*

Revenue represents the invoiced value of goods sold and services rendered, net of taxes. Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction.

### *Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand and balances with banks.

### 3. Critical accounting estimates and judgements

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

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

### 4. Other operating income

	2016	2015
	€	€
Income from restaurant	42,500	42,500
Government grants received	7,000	-
Service charge receivable	4,800	4,800
	<u>54,300</u>	<u>47,300</u>

### 5. Operating profit

	2016	2015
	€	€
Operating profit is stated after charging:		
Staff costs	<i>Note</i> 59,242	48,729
Directors' remuneration	<i>Note</i> 5,225	20,424
Depreciation	164,142	126,801
Auditors' remuneration	2,200	2,150
Government grants	<u>7,000</u>	<u>-</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

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<i>Staff costs</i>	2016	2015
	€	€
Wages and salaries (including directors' remuneration)	59,255	64,838
Social security costs	5,212	4,315
	<u>64,467</u>	<u>69,153</u>

	2016	2015
<b>Number of employees</b>		
The average number of employees (including the directors) during the year was:		
Operations and administration	<u>5</u>	<u>6</u>

<b>6. Investment income</b>	2016	2015
	€	€
Income from associate undertaking	<u>1,304</u>	<u>64,615</u>

<b>7. Finance costs</b>	2016	2015
	€	€
Interest on bank overdraft	677	247
Interest on bank loans	136,732	134,609
Hire purchase interest	286	-
Other interest	-	236
	<u>137,695</u>	<u>135,092</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

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### 8. Income tax

	2016	2015
	€	€
Malta Income Tax :		
Current - for the year	5,441	76,765
Deferred	39,049	71,667
Tax charge for the year	<u>44,490</u>	<u>148,432</u>

The accounting profit and the tax charge for the year are reconciled as follows:

	2016	2015
	€	€
Profit before taxation	<u>465,931</u>	<u>420,645</u>
Tax thereon at 35%	163,076	147,226
Property sales subject to final withholding tax	-	10,015
Expenses disallowed for tax purposes	14,477	14,509
20% further deduction on rental income	-	-
Tax credits	<u>(133,063)</u>	<u>(23,318)</u>
Tax charge for the year	<u>44,490</u>	<u>148,432</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

### 9. Property, plant and equipment

	Land and buildings €	Motor vehicles €	Equipment €	Electrical installation €	Furniture and fittings €	Computer equipment €	Total €
<b>Cost/revaluation</b>							
At 1st January 2015	14,133,481	3,400	314,912	31,365	882,796	36,189	15,402,143
Additions	45,780	-	10,710	-	19,204	-	75,694
Revaluation	1,128,963	-	-	-	-	-	1,128,963
Disposals	(418,900)	-	-	-	-	-	(418,900)
At 31st December 2015	14,889,324	3,400	325,622	31,365	902,000	36,189	16,187,900
At 1st January 2016	14,889,324	3,400	325,622	31,365	902,000	36,189	16,187,900
Additions	517,101	29,661	102,571	166,389	142,843	3,428	961,993
At 31st December 2016	15,406,425	33,061	428,193	197,754	1,044,843	39,617	17,149,893
<b>Depreciation</b>							
At 1st January 2015	101,732	1,360	179,889	15,772	245,981	29,998	574,732
Charge for the year	51,692	680	23,979	2,474	41,947	6,029	126,801
At 31st December 2015	153,424	2,040	203,868	18,246	287,928	36,027	701,533
At 1st January 2016	153,424	2,040	203,868	18,246	287,928	36,027	701,533
Charge for the year	57,441	6,612	30,935	19,113	49,089	952	164,142
At 31st December 2016	210,865	8,652	234,803	37,359	337,017	36,979	865,675
<b>Net book value</b>							
At 31st December 2016	15,195,560	24,409	193,390	160,395	707,826	2,638	16,284,218
At 31st December 2015	14,735,900	1,360	121,754	13,119	614,072	162	15,486,367
At 31st December 2014	14,031,749	2,040	135,023	15,593	636,815	6,191	14,827,411



# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

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### Fair value measurement of the Company's land and buildings

The Company's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's land and buildings as at 12th December 2015 were performed by an independent valuer not related to the Company.

The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

There has been no change to the valuation technique during the year.

Had the Company's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows.

	2016 €	2015 €
Land and buildings	<u>2,567,711</u>	<u>2,108,051</u>

### 10. Investment in associate

	Investment in associate €	Total €
<b>Cost</b>		
At 1st January 2016	46,587	46,587
Disposals	<u>(46,587)</u>	<u>(46,587)</u>
At 31st December 2016	<u>-</u>	<u>-</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

### 11. Trade and other receivables

	2016	2015
	€	€
Directors' current account	438,366	-
Amounts owed by related companies	<i>Note</i> 37,665	618,972
Other receivables	13,489	2,390
Accrued income	-	4,800
Financial assets	<u>489,520</u>	<u>626,162</u>

#### *Related companies*

The amounts owed by related companies are unsecured, interest free and repayable upon demand.

### 12. Current tax recoverable

	2016	2015
	€	€
The tax provision is made up of :		
Balance at beginning of year	8,624	18,067
Provision for the year	(5,441)	(76,765)
Final tax paid	-	51,700
Settlement tax paid	1,562	5,259
Provisional tax paid	-	7,219
Tax repaid	-	(19,471)
Tax paid at source	456	22,615
Balance at end of year	<u>5,201</u>	<u>8,624</u>

### 13. Cash at bank and in hand

As at year-end, the company did not have any restrictions on its cash at bank and in hand.

### 14. Called up issued share capital

	2016	2015
	€	€
<b>Authorised</b>		
200,000 Ordinary shares of €2.329373 each	<u>465,875</u>	<u>465,875</u>
<b>Called up issued and fully paid-up</b>		
200,000 Ordinary shares of €2.329373 each	<u>465,875</u>	<u>465,875</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

### 15. Borrowings

	2016	2015
	€	€
<b>Falling due within one year:</b>		
Bank loans	<i>Note</i> 295,487	265,801
Shareholders' loan	-	99,540
<b>Short-term borrowings</b>	<u>295,487</u>	<u>365,341</u>
<b>Falling due in between two and five years:</b>		
Bank loans	<i>Note</i> 1,146,600	1,089,638
<b>Falling due in five years or more:</b>		
Bank loans	<i>Note</i> 1,292,705	1,018,900
<b>Long-term borrowings</b>	<u>2,439,305</u>	<u>2,108,538</u>

#### *Bank loans*

At 31st December 2016 the company had six bank loans of €1,357,371, €320,589, €403,217, €58,938, €485,885 and €108,791. These loans are repayable in monthly instalments of €14,773, €3,571, €7,709, €3,800, €4,000 and €2,275 respectively, inclusive of interest.

These facilities are secured by a general hypothec over the company's assets, a special hypothec over the company's immovable property, a general hypothecary guarantee over directors' assets, a special hypothecary guarantee over directors' immovable property and by pledges over various insurance policies.

### 16. Deferred taxation

Deferred tax is analysed over the following temporary differences:

	2016	2015
	€	€
Excess of capital allowances over depreciation	150,618	126,550
Unutilised tax credits	-	(14,981)
	<u>150,618</u>	<u>111,569</u>

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

### 17. Trade and other payables

	2016	2015
	€	€
Trade payables	80,252	25,608
Amounts owed to related company	Note 6,484	9,045
Indirect taxes	1,832	8,294
Other payables	15,000	15,000
Accruals	23,527	21,619
	<u>127,095</u>	<u>79,566</u>

#### *Amounts owed to related company*

This amount is unsecured, interest free and is repayable upon demand.

### 18. Risk management objectives and policies

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

The most significant financial risks to which the entity is exposed to are described below.

#### *Credit risk*

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 10, 11 and 13.

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

#### *Liquidity risk*

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

At 31st December 2016 and 31st December 2015, the contractual maturities on the financial liabilities of the company were as summarized below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

# Sea Pebbles Limited

## Notes to the Financial Statements

for the year ended 31st December 2016

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	Less than 6 months 2016 €	From 6 to 12 months 2016 €	From 1 to 5 years 2016 €	More than 5 years 2016 €	Less than 6 months 2015 €	From 6 to 12 months 2015 €	From 1 to 5 years 2015 €	More than 5 years 2015 €
Bank borrowings	145,775	149,712	1,146,600	1,292,705	131,095	134,706	1,089,638	1,018,900

### *Foreign currency risk*

Most of the entity's transactions are carried out in €. Exposure to currency exchange rates arises from the entity's transactions in foreign currencies.

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

### *Interest rate risk*

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

## 19. Ultimate controlling party

The company is controlled by Mr Joseph Casha and Mrs Josephine Casha who own an aggregate of 100% of its issued share capital.

## 20. Capital management policies and procedures

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

## 19. Statutory information

Sea Pebbles Limited is a limited liability company and is incorporated in Malta.

# Sea Pebbles Limited

## Detailed Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2016

	2016		2015	
	€	€	€	€
<b>Revenue</b>		1,284,324		925,280
<b>Cost of sales</b>				
Purchases	250,119		211,989	
		<u>(250,119)</u>		<u>(211,989)</u>
<b>Gross profit</b>		1,034,205		713,291
<b>Administrative expenses</b>		<u>(486,183)</u>		<u>(395,569)</u>
		548,022		317,722
<b>Other operating income</b>				
Income from restaurant	42,500		42,500	
Government grants received	7,000		-	
Service charge receivable	4,800		4,800	
Profit on sale of property	-		126,100	
		<u>54,300</u>		<u>173,400</u>
<b>Operating profit</b>		602,322		491,122
<b>Investment income</b>				
Income from associate undertaking		1,304		64,615
<b>Finance costs</b>				
Interest on bank overdraft	677		247	
Interest on bank loan	136,732		134,609	
Other interest payable	-		236	
Hire purchase interest	286		-	
		<u>(137,695)</u>		<u>(135,092)</u>
<b>Profit on ordinary activities before taxation</b>		<u>465,931</u>		<u>420,645</u>

# Sea Pebbles Limited

## Administrative Expenses

for the year ended 31st December 2016

	2016	2015
	€	€
<b>Administrative expenses</b>		
Wages and salaries	59,242	48,729
Directors' remuneration	5,225	20,424
Licences and permits	8,700	4,481
Insurance	15,218	12,094
Water and electricity	66,495	63,757
Repairs and maintenance	48,157	36,141
Stationery and postages	4,774	797
Advertising	10,169	5,572
Telecommunication costs	9,477	9,208
Transportation expenses	1,739	1,634
Legal and professional	40,156	30,121
Accountancy fees	5,680	3,177
Audit fees	2,200	2,150
Bank charges	43,985	29,190
General expenses	222	503
Penalties	-	91
Subscriptions	602	699
Depreciation on property, plant and equipment	164,142	126,801
	<u>486,183</u>	<u>395,569</u>

This page does not form part of the statutory financial statements.