MISTRAL HOTEL LTD

C 88387

Annual report

For the year ended 31 December 2021

Directors' report

For the year ended 31 December 2021

The directors present their report, together with the audited financial statements of Mistral Hotel Ltd, for the year ended 31 December 2021.

Directors

The directors of the company during the year were:

Clifton Cassar (resigned 30 June 2022)
Duncan Micallef
Joseph Portelli (resigned 30 June 2022)
Francis Agius (appointed 30 June 2022)

Principal activity

The company did not carry any trading activity during the year.

Review of business development and financial position

The results for the year under review are disclosed on page 9, while the financial position of the company as at 31 December 2021 is disclosed on page 8.

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Directors are making an effort to reduce the Company losses.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 2 of the financial statements.

Events after reporting year

No significant events, having an effect on the financial results and position of the company, have taken place after reporting year.

Future developments

No changes are envisaged in company's operations during the forthcoming year.

Dividend

During the year the company did not propose the payment of any dividend.

Reserves

Accumulated losses amounting to €97,253 (2020: retained earnings €5,788) are being carried forward to the next financial year.

Directors' report

For the year ended 31 December 2021 - continued

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) to prepare the financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for;

- Ensuring that the Financial statements have been drawn up in accordance with international Financial Reporting Standards as adopted by the EU;
- Selecting and applying appropriate accounting policies;
- Making accounting estimates that are reasonable in the circumstances;
- Ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). 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.

Auditor

The auditor, CSA Audit Ltd (formerly sole trader Charles Scerri), has intimated his willingness to continue in office. A resolution proposing his re-appointment will be put before the members at the next annual general meeting.

Approved by the directors on 29 July 2022 and signed by:

Francis Agius
Director

Duncan Micallef
Director

Registered address:
CF Busniess Centre, Level 1,
Triq Gort, Paceville,
St. Julians STJ 9023
Malta

CHARLES SCERRI

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Mistral Hotel Ltd

Report on the audit of the financial statements

Opinion

In my opinion:

- Mistral Hotel Ltd's financial statements (the "financial statements") give a true and fair view of the Company's financial position as at 31 December 2021, and of the Company's financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), as adopted by EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What I have audited

Mistral Hotel Ltd's financial statements, set out on pages 7 to 23, comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended; and
- the statement of changes in equity for the year then ended:
- the cash flow statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence

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 of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to my audit of the financial statements in Malta. I have fulfilled my other ethical responsibilities in accordance with these Codes.

Emphasis of Matter - Material uncertainty relating to going concern

Without qualifying my opinion, I draw attention to Note 1.1 in the financial statements which indicates that the company's accumulated losses exceeded the paid-up share capital. As at the same date, current liabilities exceeded current assets. This condition, along with other matters as set forth in Note 1.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and my auditor's report thereon).

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs), as adopted by EU and the Schedule accompanying and forming an integral part of those Regulations, and the requirements of the of the Maltese Companies Act (Cap.386) for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether to due to fraud or error.

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

Auditor's responsibility for the audit of the financial statements

My objectives 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 judgment and maintain professional skepticism 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.

Auditor's responsibility for the audit of the financial statements - continued

- 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 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

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.

CHARLES SCERRI

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Haven Centre Ltd

Report on other Legal and Regulatory Requirements

I also have responsibilities under the Maltese Companies Act (Cap.386) to report to you if, in my opinion:

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

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

Charles Scerri
Certified Public Accountant
The Penthouse, Carolina Court, Giuseppe Cali Street, Ta' Xbiex XBX 1425

29 July 2022

Statement of financial position

	Notes	As at 31 December 2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**2,696,562**	2,473,724
Total non-current assets		**2,696,562**	2,473,724
Current assets			
Trade and other receivables	5	**28,704**	118,923
Cash and cash equivalents	6	**8,994**	1,200
Total current assets		**37,698**	120,123
Total assets		**2,734,260**	2,593,847
EQUITY AND LIABILITIES			
Share capital	7	**1,200**	1,200
(Accumulated losses)/retained earnings		**(97,253)**	5,788
Total Equity		**(96,053)**	6,988
Non-current liabilities			
Borrowings	8	**822,492**	1,000,457
Total non-current liabilities		**822,492**	1,000,457
Current liabilities			
Borrowings	8	**330,000**	197,886
Trade and other payables	9	**1,677,821**	1,388,516
Total current liabilities		**2,007,821**	1,586,402
Total liabilities		**2,830,313**	2,586,859
Total equity and liabilities		**2,734,260**	2,593,847

The notes on pages 12 to 23 are an integral part of these financial statements.

The financial statements on pages 8 to 23 were authorised for issue by the directors on 29 July 2022 and signed by:

Francis Agius
Director

Duncan Micallef
Director

Statement of comprehensive income

		Year ended 31 December	
	Notes	**2021**	2020
		€	€
Administrative expenses	10	**(7,583)**	(3,333)
Other (expenses)/income	11	**(81,968)**	81,968
Finance expenses	13	**(13,490)**	(12,695)
(Loss)/profit for the year		**(103,041)**	65,940
Total comprehensive (loss)/income		**(103,041)**	65,940

The notes on pages 12 to 23 form an integral part of these financial statements.

Statement of changes in equity

	Share Capital €	Accumulated losses €	Total €
Balance at 1 January 2020	1,200	(60,152)	(58,952)
Comprehensive income			
Profit for the year			
- total comprehensive income	-	65,940	65,940
Balance at 31 December 2020	1,200	5,788	6,988
Balance at 1 January 2021	1,200	5,788	6,988
Comprehensive loss			
Loss for the year			
- total comprehensive loss	-	(103,041)	(103,041)
Balance at 31 December 2021	**1,200**	**(97,253)**	**(96,053)**

The notes on pages 12 to 23 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2021 €	2020 €
Cash flows (used in)/from operating activities			
(Loss)/profit for the year		**(103,041)**	65,940
Movements in working capital:			
Trade and other receivables	5	**90,219**	(47,950)
Trade and other payables	9	**289,305**	160,460
Net cash flow from operating activities		**276,483**	178,450
Cash flow used in investing activities			
Property, plant and equipment	4	**(222,838)**	(324,537)
Net Cash flow used in investing activities		**(222,838)**	(324,537)
Cash flow (used in)/from financing activities			
Bank borrowings	8	**(45,851)**	146,087
Net cash flow (used in)/from financing activities		**(45,851)**	146,087
Net movement in cash and cash equivalents		**7,794**	-
Cash and cash equivalents at beginning of year		**1,200**	1,200
Cash and cash equivalents at end of year		**8,994**	1,200

The notes on pages 12 to 23 are an integral part of these financial statements.

Notes to the financial statements

1 Summary of significant accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU and the Maltese Companies Act (Cap.386).

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies (Note 3 - Critical accounting estimates and judgements).

Going concern

At 31 December 2021, the company's accumulated losses exceeded the paid up share capital by €96,053. As at the same date, current liabilities exceeded current assets by €1,970,123 (2020: €1,466,279).

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in existence in the foreseeable future.

The validity of this assumption depends on the company being able to generate sufficient cash flows to absorb its net liabilities. This may also require the continued support of the company's shareholders in helping the company to meet its liabilities as they arise. The directors believe that the required support will be forthcoming from the company's shareholders.

If the company were unable to continue in existence in the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Covid-19

Since early 2020, the world is experiencing an unprecedented crisis caused by the COVID-19 pandemic. The Company considers the effects of the COVID-19 outbreak as the only relevant event arising during the reporting date.

The Company did not trade during the year. The crisis has not resulted in the temporary cessation in the Company's activities. The overall impact of COVID-19 on the Company is therefore expected to be relatively contained in the context of the Company's financial resources and accordingly the directors consider it to be appropriate to prepare these financial statements on a going concern basis.

Notes to the financial statements

1 Summary of significant accounting policies - continued

1.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in euro, which is the Company's functional and presentation currency.

1.3 Property, plant, and equipment

All property, plant and equipment is initially recorded at cost. All property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses, historical cost includes expenditure that directly attributable to the acquisition of the terms.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are changed to profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

	%
Land and Buildings	-
Furniture, fixtures and fittings	-

Plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1 Summary of significant accounting policies - continued

1.5 Financial assets

1.5.1 Classification

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise cash and cash equivalents in the statement of financial position (Note 1.8).

1.5.2 Recognition and measurement

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction cost. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1.5.3 Impairment

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

1 Summary of significant accounting policies - continued

1.5 Financial assets - continued

1.5.3 Impairment - continued

The Company first assesses whether objective evidence of impairment exists. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

1.6 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 1.5.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.8 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.

1 Summary of significant accounting policies - continued

1.9 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are recognised initially at fair value, including transaction costs. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

1.10 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowings cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the profit and loss in the period in which they are incurred.

1.12 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1 Summary of significant accounting policies - continued

1.13 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss).

Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

2 Financial risk management

2.1 Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The parent company's board of directors provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current financial year.

2 Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The company's revenues, purchases and operating expenditures, as well as its financial assets and liabilities, are mainly denominated in euro.

Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

Cash flow and fair value interest rate risk

The company has no significant interest-bearing assets and liabilities, and its income and operating cash flows are substantially independent of changes in market interest rates.

Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

(b) Credit risk

The company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting date, as summarised below. The company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2021	2020
	€	€
Financial assets measured at amortised cost:		
Trade and other receivables (Note 5)	**28,704**	118,923

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

The company monitors the performance of its receivables on a regular basis to identify expected collection losses, which are inherent in the company's receivables, taking into account historical experience. The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned in the previous table is equivalent to their carrying amount as disclosed in the respective notes to the financial statements.

2 **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(b) Credit risk - continued

The company assesses the credit quality of its customers taking into account financial position, past experience and other factors. The loss allowances for financial assets are based on assumptions about risk of default and, with effect from the beginning of the year, expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the company.

The company's receivables comprise mainly of amounts due from related parties which are considered to have a low credit risk, and the loss allowance recognised during the period was therefore limited to the 12 months expected credit losses. Management considers 'low credit risk' for instruments which have a low risk of default and the issuer has a strong capacity to meets its contractual cash flow obligations in the near term. This assessment takes into consideration the financial position, performance and other factors of the counterparty. Management monitors intragroup credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company takes cognisance of the related party relationship with this entity and management does not expect any losses from non-performance or default.

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 7). Prudent liquidity risk management includes maintaining sufficient cash reserves to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function at parent company level which controls the overall liquidity requirements of each company within the company within certain parameters. The company's liquidity risk is actively manged taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the group's committed bank borrowing facilities and intra-group financing that it can access to meet liquidity risk. In this respect, management does not consider liquidity risk to the company as significant taking into account the liquidity management process referred to above.

The carrying amounts of the company's liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements. The company's financial liabilities, balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2 Financial risk management - continued

2.1 Financial risk factors - continued

(d) Interest rate risk

The Company has no significant interest-bearing assets other than cash and cash equivalents, issued at variable rates. Cash and cash equivalents issued at variable rates expose the Company to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

2.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure that borrowings (if any) are adequately serviced and repaid on their contractual maturity date.

The capital of the company is not managed with a view of maintaining a controlled relationship between capital and borrowing since the company does not have external long-term borrowings and it is the directors' view that required additional funding is advanced or backed up by the company's parent.

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are 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 IAS 1.

4 Property, plant and equipment

	Furniture & fittings €	Property €	Total €
Cost			
As at 1 January 2021	-	2,473,724	2,473,724
Additions	114,871	107,967	222,838
As at 31 December 2021	114,871	2,581,691	2,696,562
Net book value as at 31 December 2021	**114,871**	**2,581,691**	**2,696,562**
Net book value as at 31 December 2020	-	2,473,724	2,473,724

No depreciation was charged for the year as the assets are not yet available for use.

5 Trade and other receivables

	2021 €	2020 €
Amounts due from related party	**16,226**	-
Other receivables	**-**	1,585
Indirect taxation	**12,478**	117,338
	28,704	118,923

Amounts due from related party are unsecured, interest free and are repayable on demand.

6 Cash and cash equivalents

For the purposes of the cash flows statements, the year-end cash and cash equivalents comprise the following:

	2021 €	2020 €
Cash at bank	**8,994**	1,200

7 Share capital

	2021 €	2020 €
Authorised		
1,200 Ordinary shares of €1 each	**1,200**	1,200
Issued and fully paid up		
1,200 Ordinary shares of €1 each	**1,200**	1,200

8 Borrowings

	2021 €	2020 €
Non-current		
Bank loans	**822,492**	1,000,457
Current		
Bank overdraft	**-**	2,886
Bank loans	**330,000**	195,000
	330,000	197,886

8 **Borrowings** - continued

As per agreement dated 16 October 2018, the loans are to be repaid in full over a period of 12 years from date of first drawdown. 24 months moratorium was granted on capital payments, while interest is to be met on a monthly basis. The interest rate on the loans is 3-months Euribor rate in addition to a margin of 4.75% per annum.

The bank loans are secured by:

a. Hypotechs over the company's assets.

b. Guarantees provided by the company's shareholders.

9 Trade and other payables

	2021	2020
	€	€
Trade payables	**26,442**	15,615
Amounts due to shareholders	**1,368,703**	1,368,657
Amounts due to related parties	**280,826**	694
Accruals	**1,850**	3,550
	1,677,821	1,388,516

Amounts due to shareholders and to related parties are unsecured, interest free and are repayable on demand.

10 Expenses by nature

	2021	2020
	€	€
Professional fees	**4,700**	1,250

Auditor's remuneration for the year amounted to €1,500 (2020: €1,500).

11 Other (expenses)/income

	2021	2020
	€	€
Other (expenses)/income	**(81,968)**	81,968

12 Finance expenses

	2021	2020
	€	€
Bank charges	13,475	12,650
Bank interest	15	45
	13,490	12,695

13 Tax expense

No provision for current taxation was provided for in the financial statements in view of statutory losses incurred during the year under review.

No provision for deferred taxation was provided for in the financial statements in view of the fact that no temporary differences resulted during the year under review.

14 Contingent liabilities

The company does not have any contingent liability as at 31 December 2021.

15 Related party transactions

Amounts due from and to related parties and amounts due to parent company are disclosed in Notes 5 and 9 to these financial statements.

16 Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

17 Statutory information

Mistral Hotel Ltd is registered in Malta as a limited liability company under the Maltese Companies Act (Cap. 386). The registered office is CF Business Centre, Level 1, Triq Gort, Paceville, St. Julians STJ 9023, Malta.

The ultimate parent of Haven Centre Ltd is CF Estates Ltd., a company registered in Malta.

Detailed Income statement

	Year ended 31 December	
	2021	2020
	€	€
Administrative expenses:		
Accounting fees	**605**	-
Audit fees	**1,500**	1,500
Other expenses	**78**	209
Penalties	**600**	274
Professional fees	**4,700**	1,250
Registration fees	**100**	100
	7,583	3,333
Other income	**-**	81,968
Other expenses	**(81,968)**	-
Finance expenses:		
Bank charges	**13,475**	12,650
Bank interest	**15**	45
	13,490	12,695
(Loss)/profit for the year	**(103,041)**	65,940

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