

KATARI HOLDINGS LIMITED

Annual Report

For the year ended 31 December 2021

KATARI HOLDINGS LIMITED

**Annual Report and Financial Statements
For the year ended 31 December 2021**

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KATARI HOLDINGS LIMITED

General information

Registration

KATARI HOLDINGS LIMITED is registered in Malta as a limited liability company under the Companies Act, (Cap. 386) with registration number C70860.

Director

Mr Paul Attard

Company secretary

Mr Paul Attard

Registered office

GAP HOLDINGS HEAD OFFICE,
Censu Scerri Street, Tigne,
Sliema SLM 3060
Malta

Banker

APS Bank plc
17/18 Republic Street
Valletta, VLT 1111
Malta

Auditor

Paul Mifsud
14, Triq I-Isqof Pace
Mellieha MLH 1067
Malta

KATARI HOLDINGS LIMITED

Director's responsibilities

For the year ended 31 December 2021

Company law requires the director to prepare financial statements for each financial period 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 period. In preparing these financial statements, the director is required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply 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 director is 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.

KATARI HOLDINGS LIMITED

Income Statement

For the year ended 31 December 2021

	Note	2021 €	2020 €
Revenue		1,851,939	1,069,429
Cost of sales		(643,430)	-
Gross profit		1,208,509	1,069,429
Administrative expenses		(488,970)	(625,283)
Finance costs		(354,834)	(259,358)
Profit before tax	3	364,705	184,788
Income tax expense		-	-
Profit for the year		364,705	184,788

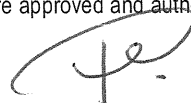
KATARI HOLDINGS LIMITED

Balance Sheet

As at 31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	15,753,292	17,591,270
Current assets			
Inventory	5	2,929,248	-
Trade and other receivables	6	1,547,273	1,051,730
Cash and bank balances		225,126	453,527
		4,701,647	1,505,257
Total assets		20,454,939	19,096,527
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Revaluation reserve		7,590,006	6,090,006
Retained earnings		328,175	(36,530)
		8,918,181	7,053,476
Liabilities			
Non-current liabilities			
Borrowings	7	9,326,194	8,980,359
Trade and other payables	8	1,610,040	2,240,705
		10,936,234	11,221,064
Current liabilities			
Borrowings	7	597,424	413,067
Trade and other payables	8	3,100	408,920
		600,524	821,987
Total equity and liabilities		20,454,939	19,096,527

The financial statements set out on pages 3 to 12 were approved and authorised for issue by the sole director on 14 September 2022 and duly signed by:



Paul Attard
Director

KATARI HOLDINGS LIMITED

Notes to the financial statements

For the year ended 31 December 2021

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

The financial statements of KATARI HOLDINGS LIMITED ("the Company") have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). The financial statements have been prepared on the historical cost basis. These financial statements present information about the Company as an individual undertaking.

1.2 Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency.

2 Significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, land and buildings are carried under the revaluation model while other items of property, plant and equipment are carried under the cost model. Revaluations are made for the entire class of land and buildings at least every five years or with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

KATARI HOLDINGS LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.1 Property, plant and equipment (continued)

Land and buildings is not depreciated. The rates of depreciation used for other items of property, plant and equipment are the following:

- Equipment	- 15% per annum straight line
- Furniture and fixtures	- 10% per annum straight line

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

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

2.2 Inventories

Inventories represent assets held for resale and is measured at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.3 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

KATARI HOLDINGS LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.3 Financial assets, financial liabilities and equity (continued)

i. Trade and other receivables

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment;

ii. Trade and other payables

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

iii. Loans from related undertaking and shareholder

The Company's loans from related undertaking and shareholder are initially measured at fair value plus transaction costs that are directly attributable to the issue of the loan. After initial recognition, the Company's loans from related undertaking and shareholder are measured at amortised cost.

iv. Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity. Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

2.4 Impairment

The Company's property, plant and equipment and financial assets are tested for impairment.

i. Property, plant and equipment

The carrying amounts of the Company's property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

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Notes to the financial statements (continued) For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.4 Impairment (continued)

The carrying amounts of Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

ii. *Financial assets*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. 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, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.5 Cash and cash equivalents

Cash comprises demand deposits.

2.6 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 period 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.

KATARI HOLDINGS LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.6 Income taxes (continued)

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.

2.7 Income

Rendering of services

Revenue is derived from the provision of old people care, management services and rental charges. Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably.

3 Profit before tax

3.1 Total remuneration paid to the Company's auditor during the year amounts:

	2021	2020
	€	€
Audit fees	2,500	2,000

KATARI HOLDINGS LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

4 Property, plant and equipment

	Land and buildings €	Equipment €	Furniture and fittings €	Total €
At 1 January 2021				
Cost/fair value	11,465,362	3,279,918	3,254,720	18,000,000
Accumulated depreciation	-	(245,994)	(162,736)	(408,730)
Net book amount	11,465,362	3,033,924	3,091,984	17,591,270
Year ended 31 December 2021				
Opening net book amount	11,465,362	3,033,924	3,091,984	17,591,270
Revaluation	1,500,000	-	-	1,500,000
Reclassification	-	-	(2,929,248)	(2,929,248)
Depreciation	-	(245,994)	(162,736)	(408,730)
Closing net book amount	12,965,362	2,787,930	-	15,753,292
At 31 December 2021				
Cost/fair value	12,965,362	3,279,918	-	16,245,280
Accumulated depreciation	-	(491,988)	-	(491,988)
Net book amount	12,965,362	2,787,930	-	15,753,292

5 Inventory

	2021 €	2020 €
Inventory held for resale	2,929,248	-

KATARI HOLDINGS LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

6 Trade and other receivables

	2021	2020
	€	€
Other receivables	885,859	307,442
Accrued income	68,368	270,833
Amounts due from related undertakings	593,046	473,455
	<u>1,547,273</u>	<u>1,051,730</u>

Amounts due from related undertakings are unsecured, interest free and repayable on demand. The consideration will be paid in cash.

7 Borrowings

	2021	2020
	€	€
<i>Non-current liabilities</i>		
Bank loans	9,326,194	8,980,359
<i>Current liabilities</i>		
Bank loans	597,424	385,703
Bank overdrawn amount	-	27,364
	<u>597,424</u>	<u>413,067</u>

The bank loans are secured by specific and general hypothecs over the assets of the company and by guarantees given by the shareholder.

KATARI HOLDINGS LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2021

8 Trade and other payables

	2021	2020
	€	€
<i>Non-current liabilities</i>		
Amounts due to related undertakings	1,610,040	2,240,705
<i>Current liabilities</i>		
Amounts due to shareholder	-	715
Accruals	3,100	408,205
	<u>3,100</u>	<u>408,920</u>

Amounts due to related undertakings are unsecured, interest free and have no fixed date of repayment. The consideration will be paid in cash.

9 Related party disclosures

9.1 Transactions with related parties

	Note	Transaction value for		Balance outstanding as at	
		the year ended		31 December	
		2021	2020	2021	2020
		€	€	€	€
Financing transactions					
Amounts due from/(to) related undertaking	6,8	750,256	452,025	(1,016,994)	(1,767,250)
Amounts due to shareholder	8	715	69,674	-	(715)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of KATARI HOLDINGS LIMITED.

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of KATARI HOLDINGS LIMITED (the Company), set out on pages 3 to 12, which comprise the balance sheet as at 31 December 2021, the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Company as at 31 December 2021, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) and have been properly 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 information

The director is responsible for the other information. The other information comprises the general information and the director's responsibilities.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Paul J Mifsud

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Responsibilities of the Director

The director is responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, 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 director either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 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 the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 director 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.

Paul J Mifsud

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Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been properly prepared in accordance with the Companies Act (Chap. 386), enacted in Malta, which permits compliance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations, for qualifying entities as prescribed in those regulations.



Paul Mifsud
Certified Public Accountant
14, Triq l-Isqof Pace
Mellieħa
Malta

14 September 2022

The Schedule on the page that follows does not form part of the financial statements

KATARI HOLDINGS LIMITED

Schedule I –Administrative Expenses For the year ended 31 December 2021

<i>Administrative expenses</i>	2021	2020
	€	€
Auditor's remuneration	2,500	2,000
Bank charges	26,167	68,244
Cleaning expenses	-	17,213
Depreciation	408,730	408,730
Insurance	-	13,515
Miscellaneous expenses	5,000	6,323
Professional fees	46,473	89,399
Registration fee	100	100
Repairs	-	5,317
Security services	-	14,442
	<hr/>	<hr/>
	488,970	625,283