

**Registration Number C 92104**

**AX REAL ESTATE LIMITED**

**Annual Report and Financial Statements**

**for the year ended 31 October 2020**

# AX REAL ESTATE LIMITED

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# **AX REAL ESTATE LIMITED**

## **Directors' Responsibilities**

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The Maltese Companies Act (Cap. 386), 1995 requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the entity and of the profit or loss of the entity for that period. In preparing these the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the entity 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 entity 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 entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of AX Real Estate Limited

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of AX Real Estate Limited (the “Company”), set on pages 5 to 17, which comprise the Statement of Financial Position as at 31 October 2020, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 October 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS as adopted by the EU”) and the Companies Act, Cap. 386 of the Laws of Malta.

#### **Basis for opinion**

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

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors for the financial statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the EU and the Companies Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of AX Real Estate Limited – continued

### **Report on the audit of the financial statements - continued**

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of AX Real Estate Limited – continued

### **Report on other legal and regulatory requirements**

*Matters on which we are required to report by the Companies Act*

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

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



*The partner in charge of the audit resulting in this independent auditor's report is  
Christopher Balzan for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

17 May 2021

## AX REAL ESTATE LIMITED

### Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 October 2020

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		2020	2019
	Notes	€	(5 months) €
Revenue		243,673	19,355
Administrative expenses		<u>(17,648)</u>	<u>(1,273)</u>
<b>Profit before taxation</b>	4	226,025	18,082
Income tax	5	<u>(68,228)</u>	<u>(3,946)</u>
<b>Profit for the year/period</b>		<u>157,797</u>	<u>14,136</u>
<b>Total comprehensive income</b>		<u>157,797</u>	<u>14,136</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

# AX REAL ESTATE LIMITED

## Statement of Financial Position

at 31 October 2020

	Notes	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	6	6,349,418	5,216,051
Loans	7	-	9,465
		<u>6,349,418</u>	<u>5,225,516</u>
<b>Current assets</b>			
Trade and other receivables	8	115,133	18,682
<b>Total assets</b>		<u>6,464,551</u>	<u>5,244,198</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up issued share capital	9	1,200	1,200
Capital contribution		3,500,000	-
Retained earnings		171,933	14,136
<b>Total equity</b>		<u>3,673,133</u>	<u>15,336</u>
<b>Non-current liabilities</b>			
Long-term borrowings	10	-	5,157,186
<b>Current liabilities</b>			
Trade and other payables	11	2,791,418	67,730
Current tax payable		-	3,946
		<u>2,791,418</u>	<u>71,676</u>
<b>Total liabilities</b>		<u>2,791,418</u>	<u>5,228,862</u>
<b>Total equity and liabilities</b>		<u>6,464,551</u>	<u>5,244,198</u>

The financial statements were approved and authorised for issue by the Board of Directors on 17 May 2021, and signed on its behalf by:

  
\_\_\_\_\_  
Ms Denise Micallef Xuereb  
Director

  
\_\_\_\_\_  
Mr Angelo Xuereb  
Director

The notes on pages 9 to 17 form an integral part of these financial statements.

# AX REAL ESTATE LIMITED

## Statement of Changes in Equity for the year ended 31 October 2020

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	Called-up issued share capital	Capital contribution	Retained earnings	Total
	€	€	€	€
Profit for the period	-	-	14,136	14,136
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	14,136	14,136
Issue of share capital	1,200	-	-	1,200
<b>At 31 October 2019</b>	<b>1,200</b>	<b>-</b>	<b>14,136</b>	<b>15,336</b>
<b>At 1 November 2019</b>	<b>1,200</b>	<b>-</b>	<b>14,136</b>	<b>15,336</b>
Profit for the year	-	-	157,797	157,797
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	157,797	157,797
Capital contribution	-	3,500,000	-	3,500,000
<b>At 31 October 2020</b>	<b>1,200</b>	<b>3,500,000</b>	<b>171,933</b>	<b>3,673,133</b>

# AX REAL ESTATE LIMITED

## Statement of Cash Flows

for the year ended 31 October 2020

	2020	2019
	€	€
<b>Cash flows from operating activities</b>		
Profit before taxation	226,025	18,082
Working capital changes:		
Movement in trade and other receivables	(86,986)	(18,682)
Movement in trade and other payables	(139,039)	67,730
Net cash flows from operating activities	-	67,130
<b>Cash flows from financing activities</b>		
Movement in related party loan	-	(68,330)
Issue of share capital	-	1,200
Net cash used in financing activities	-	(67,130)
<b>Movement in cash and cash equivalents</b>	-	-
<b>Reconciliation of net cash flow to movement in net funds</b>		
Movement in cash and cash equivalents	-	-
Cash and cash equivalents at start of year/period	-	-
Cash and cash equivalents at end of year/period	-	-
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	-	-

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

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### 1. General information

AX Real Estate Limited is a limited liability company incorporated in Malta. The company owns and leases immovable property. Its registered office is at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta.

AX Real Estate Limited was incorporated on 6 June 2019 and accordingly, the comparative figures cover the period to 31 October 2019.

### 2. Accounting policies

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

These financial statements are presented using the Euro, 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 (Chap. 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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).

As at 31 October 2020, the company's current liabilities exceeded its current assets by €2,676,285 (2019: €52,994). The company has the financial support from its ultimate parent undertaking to meet its obligations as and when they fall due.

On 11 March 2020, the World Health Organisation (WHO) declared the COVID-19 outbreak to be a global pandemic. The directors believe that this pandemic does not have a significant impact on the company's operations or position. After taking into account the above, based on information available at the time of approving these financial statements, the directors have reasonable expectation that the company will meet all its obligations as and when they fall due over the foreseeable future and therefore, that the going concern basis adopted for the preparation of these financial statements is appropriate.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

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### 2. Accounting policies (continued)

#### *New and revised standards that are effective for the current year*

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

The application of IFRS 16 did not have a material impact on the entity's financial statements since the broad mechanics of lessor accounting remained unchanged under IFRS 16.

#### *New and revised standards that are issued but not yet effective*

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 1 November 2020. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

#### *Investment property*

Investment property is property held to earn rentals or for capital appreciation or both. Owned investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost can be measured reliably. Investment property is initially recognised at cost, including transaction costs.

Subsequent to initial recognition, investment property is stated at fair value unless the investment property is classified or included in a disposal group that is classified as held for sale, in which case, the investment property is measured at the lower of its carrying amount and fair value less costs to sell. Gains or losses arising from changes in fair value of investment property are recognised in profit and loss in the period in which the changes arise. The fair value movement on investment property, net of tax, is reclassified in the statement of changes in equity from retained earnings to the investment property reserve.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal of proceeds, if any, and the carrying amount, and are recognised in the statement of comprehensive income in the period of derecognition.

#### *Investment property reserve*

The investment property reserve consists of the cumulative net movement in the fair value of investment property until the asset is derecognised. This amount is taken net of deferred tax.

#### *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.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

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### 2. Accounting policies (continued)

#### *Financial assets (continued)*

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 on value of loans and receivables is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Financial assets are recognised when the entity becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

#### *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 of financial assets*

Impairment calculations for financial assets use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of this impairment model include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit or loss. In applying this forward-looking approach, a distinction is made between: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1), financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2) and financial assets that have objective evidence of impairment at the reporting date (stage 3). '12-month expected credit losses' are recognised for the first category and whole 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense is calculated on net income, adjusted for non-temporary differences between taxable and accounting income. The tax effect of temporary differences, arising from items brought into account in different periods for income tax and accounting purposes, is carried in the Statement of Financial Position as deferred tax debits or credits. Such deferred tax balances are calculated on the liability method taking into account the estimated tax that will be paid or recovered when the temporary differences reverse. Deferred tax debits are only carried forward if there is a reasonable expectation of realisation. Deferred tax debits, arising from tax losses yet to be recovered, are only carried forward if there is a reasonable assurance and to the extent that future taxable income will be sufficient to allow the benefit of the tax loss to be realised or to the extent of the net credits in the deferred tax balance.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

### 2. Accounting policies (continued)

#### *Foreign currencies*

The financial statements are presented in Euro, being both the company's functional and presentation currency. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro 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.

#### *Revenue*

Revenue represents the invoiced value of services rendered, net of taxes. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction. Revenue is recognised either at a point in time or over time, when the entity satisfies performance obligations by providing the promised services to its customers.

### 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 IAS 1 (revised).

### 4. Profit before taxation

	2020	2019
	€	(5 months) €
Profit before taxation is stated after charging:		
Auditor's remuneration	1,250	1,000

### 5. Income tax

	2020	2019
	€	(5 months) €
Malta Income Tax:		
Current - for the year/period	1,628	3,946
- losses surrendered by parent company	66,600	-
	<u>68,228</u>	<u>3,946</u>

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

### 5. Income tax (continued)

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

	2020	2019
	€	(5 months) €
Profit before taxation	<u>226,025</u>	18,082
Tax thereon at 35%	79,109	6,329
Tax effect of permanent differences	<u>(10,881)</u>	(2,383)
Tax charge for the year/period	<u>68,228</u>	3,946

### 6. Investment property

#### Freehold land and buildings €

#### Fair value

Additions	5,216,051
At 1 November 2019	5,216,051
Additions	1,133,367
At 31 October 2020	<u>6,349,418</u>

The fair value of the investment property is based on a valuation carried out by an independent architect, dated 23 January 2017 and 19 January 2018, which the directors still consider to be reflective of the fair value of the property as at 31 October 2020. The architect is qualified and has experience in valuation of properties. During the year ended 31 October 2020, the company's additions to investment property amounted to €1,133,367. The fair value of these additions is assumed to be equal to the cost of acquisition. Details of the investment property and the information about the fair value hierarchy as at 31 October 2020 are as follows:

Type of property	Level 3	Total
	€	€
Commercial property	6,349,418	6,349,418
<b>Total</b>	<b>6,349,418</b>	<b>6,349,418</b>

There were no transfers between the hierarchy levels during the year. For investment property categorised under Level 3 of the fair value hierarchy, the following techniques and inputs were used:

Type of property	Technique	Inputs
Commercial property	Market approach	The value of the property is based on the selling price of a similar commercial property.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

### 7. Non-current financial assets

Non-current financial assets referred to related party loans which were unsecured, interest-free and had no fixed date of repayment. The entity determines the expected credit loss allowance on the related party loans based on a probability of default of 0.16% and a loss given default of 100%.

### 8. Trade and other receivables

	2020	2019
	€	€
Trade receivables	21,613	17,482
Indirect taxes	92,320	-
Other receivables	1,200	1,200
Financial assets	<u>115,133</u>	<u>18,682</u>

### 9. Called up issued share capital

	2020	2019
	€	€
Authorised		
1,200 ordinary shares of €1 each	<u>1,200</u>	<u>1,200</u>
Called up issued and fully paid-up		
1,200 ordinary shares of €1 each	<u>1,200</u>	<u>1,200</u>

Each ordinary share gives the right to one vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

During the year ended 31 October 2020, an amount payable by the company to its parent has been capitalised into a contribution, which is irrevocable in nature and therefore, may not at any time be reduced or cancelled, whether wholly or partially, by the parent company.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

### 10. Borrowings

		2020	2019
		€	€
<b>Falling due in five years or more:</b>			
Related party loans	<i>Note</i>	-	5,157,186
<b>Long-term borrowings</b>		-	5,157,186

#### *Related party loans*

Related party loans are unsecured, interest-free and have no fixed date of repayment.

### 11. Trade and other payables

		2020	2019
		€	€
Indirect taxes		-	10,729
Amounts payable to parent company	<i>Note</i>	196,798	-
Amounts payable to related parties	<i>Note</i>	2,576,733	-
Other payables		4,000	-
Accruals		1,250	11,750
Deferred income		12,637	45,251
		<b>2,791,418</b>	<b>67,730</b>

#### *Amounts payable to parent company and related parties*

Amounts payable to parent company and related parties are unsecured, interest-free and have no fixed date of repayment. Discussions are underway within the group on the restructuring of the amounts owed.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

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### 12. 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 7 and 8.

The company continuously monitors defaults of customers and other counterparts 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.

#### *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 31 October 2020, there were no contractual maturities on the financial liabilities of the entity.

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.

#### *Foreign currency risk*

Most of the entity's transactions are carried out in Euro. 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 Euro.

#### *Interest rate risk*

The entity's exposure to interest rate risk is limited as it does not have any borrowings bearing variable interest rates.

# AX REAL ESTATE LIMITED

## Notes to the Financial Statements

for the year ended 31 October 2020

### 13. Related parties

The company had the following related party transactions.

	2020	2019
	€	(5 months) €
<i>Transactions with other related parties:</i>		
Transfer of property and other additions	1,040,146	2,156,051
Repairs and maintenance	2,258	-
Sales	96,250	8,021
	<hr/>	
	2020	2019
	€	€
<i>Transactions with parent company:</i>		
Transfer of property and other additions	89,920	3,060,000
	<hr/>	

### 14. Ultimate controlling party

The parent company of AX Real Estate Limited is AX Group p.l.c., which is incorporated in Malta. The individual financial statements of the company are incorporated in the group financial statements of AX Group p.l.c., the registered address of which is AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta. The ultimate controlling party is Mr Angelo Xuereb, who holds a controlling interest in the equity of the ultimate parent company.

### 15. 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.

## AX REAL ESTATE LIMITED

### Detailed Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 October 2020

	2020	2019
	€	(5 months) €
<b>Revenue</b>		
Rent receivable – related parties	96,250	8,021
Rent receivable – third parties	147,423	11,334
	<u>243,673</u>	<u>19,355</u>
<b>Administrative expenses</b>		
Registration fees	335	273
Professional fees	2,154	-
Insurance	2,000	-
Maintenance	11,758	-
Auditor's remuneration	1,250	1,000
Bank charges	7	-
Other charges	144	-
	<u>(17,648)</u>	<u>(1,273)</u>
<b>Profit on ordinary activities before taxation</b>	<u>226,025</u>	<u>18,082</u>

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