

YACHT LIFT MALTA OPERATIONS LIMITED

ANNUAL REPORT

For the year ended 30 September 2023

Company Registration No: C 92887

YACHT LIFT MALTA OPERATIONS LIMITED

Company Information

Directors : Mr Giuseppe Christopher Farrugia
Capt Daniel Gatt

Company number : C 92887

Registered office : 129-130
Ta' Xbiex Seafront
Ta' Xbiex, XBX 1028
Malta

Auditors : CLA Malta
The Core
Valley Road
Msida, MSD 9021
Malta

Banker : WAMO
Technique Building
132-140 Goswell Road
Unit 3, London
United Kingdom, EC1V 7DY

YACHT LIFT MALTA OPERATIONS LIMITED

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YACHT LIFT MALTA OPERATIONS LIMITED

Report of the Directors

For the year ended 30 September 2023

The directors present their report and the audited financial statements of Yacht Lift Malta Operations Limited (the Company) for the year ended 30 September 2023.

Country of Incorporation

The company was registered on 8 August 2019 and is incorporated in Malta as a private limited liability company under the Merchant Shipping (Shipping Organisation – private companies) Regulations 2004, Legal Notice 223, and qualifies as a shipping organisation in terms of article 84Z of the Merchant Shipping Act.

Principal Activity

The main object of the company is to provide services to the yachting industry.

Review of Business

The loss for the year amounted to € 394,963 (2022: € 400,194). The Parent Company Yacht Lift Malta PLC issued € 2,000,000 5.5% secured callable Bonds having a nominal value of €100 each. These funds were used to finance the purchase and installation of a floating dry dock platform known as 'Yacht Lift' situated at Marina Di Valletta Pieta.

Dividends and Reserves

The directors do not recommend the payment of a dividend.

Future Developments

The directors intend to continue to operate in line with the current business plan and therefore do not foresee significant changes to future operations.

Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks: liquidity risk and credit risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board provides principles for overall 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 and preceding financial years.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that services are made to customers with an appropriate credit history.

Report of the Directors (continued)

For the year ended 30 September 2023

Events Subsequent to the Statement of Financial Position Date

The Directors evaluated subsequent events from 1 October 2023 through 3 March 2025, the date the financial statements are approved. Through such assessment, it was determined that third party investors will be investing in the Group.

Directors

The following have served as directors of the company during the period under review:

Mr Giuseppe Christopher Farrugia
Capt Daniel Gatt

In accordance with the company's Articles of Association the present directors remain in office.

Directors' Interest

The directors' beneficial interest in the shares of the Company on 30 September 2023 is 12 ordinary shares having a nominal value of €1 each and 20% paid up held equally by Capt Daniel Gatt and Mr Giuseppe Christopher Farrugia. The Directors are also the Ultimate Beneficial Owners of Yacht Lift Malta P.L.C. being the Parent company.

Financial Reporting Framework

The directors have resolved to prepare the Company's financial statements for the year ended 30 September 2023 in accordance with International Financial Reporting Standards as adopted by the EU.

Auditors

CLA Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Mr Giuseppe Christopher Farrugia
Director

Capt Daniel Gatt
Director

3 March 2025

Directors' Responsibilities

For the year ended 30 September 2023

The Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and holding company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible to ensure that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company at 30 September 2023, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

YACHT LIFT MALTA OPERATIONS LIMITED**Independent Auditors' Report**

To the shareholders of Yacht Lift Malta Operations Limited

Qualified Opinion

We have audited the financial statements of Yacht Lift Malta Operations Limited (the Company), set out on pages 7 to 32, which comprise the statement of financial position as at 30 September 2023, 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, except for the effects of the matter described in the Basis For Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2023, 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 EU and have been prepared in accordance with the requirements of the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386).

Basis for Qualified Opinion

The Company's trade and other payables are carried in the statement of financial position at EUR 3,332,822. Management has not carried out the necessary reconciliations within the accounting system, and payments are sometimes made directly from other sources. By consequence, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of trade and other payables as at 30 September 2023. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

YACHT LIFT MALTA OPERATIONS LIMITED**Independent Auditors' Report (continued)****Material Uncertainty Related to Going Concern**

We draw attention to Note 15 in the financial statements, which indicates that the Company incurred a net loss of EUR 394,963 during the year ended 30 September 2023 and, as of that date, the Company's total liabilities exceeded its total assets by EUR 1,687,679. As stated in Note 15, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on 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 Report of the Directors and the Directors' Responsibilities. Our opinion on the financial statements does not cover this information. 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.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, the requirements of the Merchant Shipping (Shipping organisations – private companies) Regulations, 2004 and the requirements of the Maltese Companies Act (Cap. 386) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

YACHT LIFT MALTA OPERATIONS LIMITED

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386) enacted in Malta to report to you if, in our opinion:

- The information given in the Report of the Directors is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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



Joseph Gauci (Partner) for and on behalf of

CLA Malta
Certified Public Accountants

Msida
Malta

3 March 2025

YACHT LIFT MALTA OPERATIONS LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 September 2023

	Notes	2023 €	2022 €
Revenue		122,147	163,629
Direct costs		(22,606)	(33,279)
Gross profit		99,541	130,350
Administrative expenses	6	(584,995)	(564,467)
Operating loss		(485,454)	(434,117)
Finance costs	6	(93,168)	(113,366)
Loss before tax		(578,622)	(547,483)
Income tax	7	183,659	147,289
Loss for the year		(394,963)	(400,194)
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(394,963)	(400,194)

YACHT LIFT MALTA OPERATIONS LIMITED

Statement of Financial Position

As at 30 September 2023

	Notes	2023 €	2022 €
Assets			
Non-current assets			
Property, plant and equipment	8	1,077,646	1,256,533
Deferred tax assets	8	598,587	414,928
Total non-current assets		<u>1,676,233</u>	<u>1,671,461</u>
Current assets			
Trade and other receivables	9	9,357	18,800
Cash and cash equivalents	9	22,610	51,924
Total current assets		<u>31,967</u>	<u>70,724</u>
Total assets		<u>1,708,200</u>	<u>1,742,185</u>
Liabilities			
Non-current liabilities			
Borrowings	9	29,558	60,611
Total non-current liabilities		<u>29,558</u>	<u>60,611</u>
Current liabilities			
Borrowings	9	33,249	10,491
Trade and other payables	9	3,332,822	2,963,799
Current tax liabilities		250	-
Total current liabilities		<u>3,366,321</u>	<u>2,974,290</u>
Total liabilities		<u>3,395,879</u>	<u>3,034,901</u>
Net liabilities		<u>(1,687,679)</u>	<u>(1,292,716)</u>
Equity			
Issued capital	10	240	240
Accumulated losses	10	(1,687,919)	(1,292,956)
Total deficiency		<u>(1,687,679)</u>	<u>(1,292,716)</u>

The financial statements on pages 7 to 32 were approved and authorised for issue by the Board on 3 March 2025 and were signed on its behalf by:

Mr Giuseppe Christopher Farrugia
Director

Capt Daniel Gatt
Director

YACHT LIFT MALTA OPERATIONS LIMITED

Statement of Changes in Equity

For the year ended 30 September 2023

	Issued capital €	Accumulated losses €	Total €
Changes in equity for 2022			
Balance at 1 October 2021	240	(892,762)	(892,522)
Loss for the year	-	(400,194)	(400,194)
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2022	240	(1,292,956)	(1,292,716)
	<hr/>	<hr/>	<hr/>
Changes in equity for 2023			
Balance at 1 October 2022	240	(1,292,956)	(1,292,716)
Loss for the year	-	(394,963)	(394,963)
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Balance at 30 September 2023	240	(1,687,919)	(1,687,679)
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YACHT LIFT MALTA OPERATIONS LIMITED

Statement of Cash Flows

For the year ended 30 September 2023

	Note	2023 €	2022 €
Cash flows from operating activities			
Loss before tax		(578,622)	(547,483)
Adjustments for:			
Depreciation		178,887	178,679
Finance charge		3,909	4,518
Fines		250	-
Interest expense		88,142	108,848
Operating loss before working capital changes:		(307,434)	(255,438)
Movement in receivables		9,439	23,444
Movement in payables		310,477	(5,795)
Cash generated from/ (used in) operations		12,482	(237,789)
Tax paid		-	-
Net cash generated from/(used in) operating activities		12,482	(237,789)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(17,165)
Net cash used in investing activities		-	(17,165)
Cash flows from financing activities			
Advances (to)/from related company		(345,132)	3,706
Advances from related parties		187,457	302,256
Advances from third parties		115,879	-
Net cash (used in)/generated from financing activities		(41,796)	305,962
Net movement in cash and cash equivalents		(29,314)	51,008
Cash and cash equivalents at beginning of year		51,924	916
Cash and cash equivalents at end of year	9.2	22,610	51,924

Notes to the Financial Statements

For the year ended 30 September 2023

1 REPORTING ENTITY

Yacht Lift Malta Operations Limited is a limited liability company domiciled and incorporated in Malta. Its ultimate controlling parties are Mr. Giuseppe Christopher Farrugia and Capt Daniel Gatt. The company's registered office and principal activity of the Company are disclosed in the introduction to the annual report.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Merchant Shipping (Shipping Organisations – Private Companies) Regulations, 2004 and the Maltese Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention. They were authorised for issue by the Company's board of directors 3 March 2025.

Details of the Company's accounting policies are included in Note 14.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the company's accounting policies. Estimates and judgments 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 judgments 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.

3 FUNCTIONAL AND PRESENTATION CURRENCY

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

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND IFRS SUSTAINABILITY DISCLOSURE STANDARDS**Standards and interpretations applied during the current year**

Amendments and interpretations applicable for the first time in 2023 shown here under have been implemented. The application of the below standards and interpretations do not have an impact on the financial statements of the Company.

Standard	Subject of amendment	Effective date
<i>IFRS 4 Insurance Contracts</i>	Amendments regarding the expiry date of the deferral approach	1 January 2023
<i>IFRS 17 Insurance Contracts</i>	Original issue Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023 1 January 2023
<i>IAS 1 Presentation of Financial statements</i>	Amendment regarding the disclosure of accounting policies	1 January 2023
<i>IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</i>	Amendments regarding the definition of accounting estimates	1 January 2023
<i>IAS 12 Income Taxes</i>	Amendments regarding deferred tax on leases and decommissioning obligations Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	1 January 2023 1 January 2023

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AND IFRS SUSTAINABILITY DISCLOSURE STANDARDS (continued)**Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Subject of amendment	Effective date
<i>IFRS 7 Financial Instruments: Disclosures</i>	Amendments regarding supplier finance arrangements	1 January 2024
<i>IFRS 16 Leases</i>	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
<i>IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information</i>	Original issue	1 January 2024
<i>IFRS S2 Climate-related Disclosures</i>	Original issue	1 January 2024
<i>IAS 1 Presentation of Financial statements</i>	Amendments regarding the classification of liabilities	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
	Amendments regarding the classification of debt with covenants	1 January 2024
<i>IAS 7 Statement of Cash Flows</i>	Amendments regarding supplier finance arrangements	1 January 2024

The directors are of the opinion that the adoption of these Standards (where applicable) will not have a material impact on the financial statements.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

5 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Estimation of current tax payable and current tax expense – note 7;
- Estimated useful life of property, plant and equipment – note 8;
- Leases: whether an arrangement contains a lease – note 9;
- Leases classification – note 9.

6 OTHER INCOME AND EXPENSE ITEMS**6.1 Breakdown of expenses by nature**

	2023 €	2022 €
Directors' remuneration	76,800	79,300
Wages and salaries (note 6.2)	42,924	78,833
Depreciation	138,103	137,895
Depreciation – right of use	40,784	40,784
Audit fees	3,200	3,200
Other expenses	283,184	224,455
	<hr/>	<hr/>
	584,995	564,467
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Notes to the Financial Statements (continued)

For the year ended 30 September 2023

6 OTHER INCOME AND EXPENSE ITEMS (continued)**6.2 Wages and salaries**

	2023 €	2022 €
Gross wages and social security	42,924	78,833
Average number of employees	4	6

6.3 Finance costs

	2023 €	2022 €
Bank charges	1,117	-
Finance charges on finance lease	88,142	108,848
Interest on loan to related company	3,909	4,518
	93,168	113,366

7 INCOME TAX EXPENSE**7.1 Income Tax Expense**

	2023 €	2022 €
Current tax		
Current tax on taxable income for the year	-	-
Total current tax expense	-	-
Deferred tax:		
Deferred tax income for the year	(183,659)	(147,289)
Total deferred tax asset	(183,659)	(147,289)
Total income tax expense recognised in the current year	(183,659)	(147,289)

Notes to the Financial Statements (continued)
For the year ended 30 September 2023

7 INCOME TAX EXPENSE (continued)

7.2 Reconciliation of income tax expense

	2023 €	2022 €
Loss before tax	(578,622)	(547,483)
Theoretical tax at 35%	(202,518)	(191,619)
Tax effect of expenses not subject to tax:		
Disallowable expenses	3,330	4,758
Fines and penalties	4,157	-
Loss transferred to parent company	-	28,756
IFRS16 permanent difference	11,372	10,816
Income tax income recognised in profit or loss	(183,659)	(147,289)

YACHT LIFT MALTA OPERATIONS LIMITED

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

8 NON-FINANCIAL ASSETS AND LIABILITIES

8.1 Property, plant and equipment

	Plant and Machinery	Computer Equipment	Tools	Office equipment	Electrical, plumbing & sanitary	Furniture and Fittings	Motor boats	Right of use assets	Total
	€	€	€	€	€	€	€	€	€
<u>Cost</u>									
At 1 October 2021	1,320,317	598	18,445	1,843	3,281	3,022	13,775	309,441	1,670,722
Additions	7,976	-	714	-	-	8,475	-	-	17,165
At 30 September 2022	1,328,293	598	19,159	1,843	3,281	11,497	13,775	309,441	1,687,887
At 1 October 2022	1,328,293	598	19,159	1,843	3,281	11,497	13,775	309,441	1,687,887
Additions	-	-	-	-	-	-	-	-	-
At 30 September 2023	1,328,293	598	19,159	1,843	3,281	11,497	13,775	309,441	1,687,887
<u>Depreciation</u>									
At 1 October 2021	132,032	150	1,844	865	209	296	2,315	114,964	252,675
Charge for the year	132,830	149	1,910	460	230	939	1,377	40,784	178,679
At 30 September 2022	264,862	299	3,754	1,325	439	1,235	3,692	155,748	431,354
At 1 October 2022	264,862	299	3,754	1,325	439	1,235	3,692	155,748	431,354
Charge for the year	132,830	150	1,916	460	219	1,150	1,378	40,784	178,887
At 30 September 2023	397,692	449	5,670	1,785	658	2,385	5,070	196,532	610,241
<u>Carrying amounts</u>									
At 30 September 2023	930,601	149	13,489	58	2,623	9,112	8,705	112,909	1,077,646
At 30 September 2022	1,063,431	299	15,405	518	2,842	10,262	10,083	153,693	1,256,533

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

8 NON-FINANCIAL ASSETS AND LIABILITIES (continued)**8.1.1 Leased assets**

Property includes the following amounts where the Company is a lessee under a finance lease (refer to note 9.4 for further details):

	2023 €	2022 €
Leased property		
Cost	309,441	309,441
Accumulated depreciation	(196,532)	(155,748)
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Net book amount	112,909	153,693
	<hr/>	<hr/>

8.1.2 Depreciation method and useful lives

Items of property, plant and equipment are recognised at historical costs less depreciation. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of the residual values, over the estimated useful lives or, in the case of leasehold property the shorter lease term as follows:

	%
Plant and machinery	10
Motor boats	10
Office equipment	25
Computer equipment	25
Electrical, plumbing and sanitary	7
Tools	10
Furniture and fittings	10

8.2 Deferred tax assets

	2023	2022
The balances comprises temporary differences attributable to:		
Tax losses	€ 598,587	€ 414,928
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

8 NON-FINANCIAL ASSETS AND LIABILITIES (continued)**8.2 Deferred tax assets (continued)**

	Tax losses €	Total €
At 1 October 2022	414,928	414,928
Credited:		
- to profit or loss	183,659	183,659
	<hr/>	<hr/>
At 30 September 2023	598,587	598,587
	<hr/>	<hr/>

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The company holds the following financial instruments:

	Notes	2023 €	2022 €
Financial assets			
Trade and other receivables	9.1	9,357	18,800
Cash and cash equivalents	9.2	22,610	51,924
		<hr/>	<hr/>
		31,967	70,724
		<hr/>	<hr/>
Financial liabilities			
Trade and other payables	9.3	3,332,822	2,963,799
Borrowings	9.4	62,807	71,102
		<hr/>	<hr/>
		3,395,629	3,034,901
		<hr/>	<hr/>

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**9.1 Trade and other receivables**

	2023	2022
	€	€
Current assets		
Trade receivables	5,055	14,673
Other receivables	1,200	1,203
Prepayment	3,102	2,924
	<hr/>	<hr/>
	9,357	18,800
	<hr/>	<hr/>

9.2 Cash and cash equivalents

	2023	2022
Current assets		
Cash at bank and in hand	€ 22,610	€ 51,924
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9.2.1 Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2023	2022
	€	€
Balances as above	22,610	51,924
	<hr/>	<hr/>
Balances per statement of cash flows	22,610	51,924
	<hr/>	<hr/>

9.3 Trade and other payables

	2023	2022
	€	€
Current liabilities		
Trade payables	211,248	81,375
Other payables	-	1,000
Vat payable	10,431	12,336
FSS/NI payable	175,711	124,908
Accruals	487,022	342,110
Amounts due to related company (note)	1,855,956	2,112,949
Amounts due to shareholders (note)	278,940	95,486
Amounts due to related parties (note)	197,635	193,635
Amounts due to third parties (note)	115,879	-
	<hr/>	<hr/>
	3,332,822	2,963,799
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Notes to the Financial Statements (continued)

For the year ended 30 September 2023

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**9.3 Trade and other payables (continued)**Borrowings from related company

Borrowings obtained from related company are unsecured, have a 6% interest rate and repayable on demand.

Further information relating to amounts due to related company and key management personnel is set out in note 13.

Amounts due to related parties, shareholders and third parties

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

9.4 Borrowings

	2023 €	2022 €
Secured		
Current liabilities		
Leased liabilities (note)	33,249	10,491
	<hr/>	<hr/>
	33,249	10,491
	<hr/>	<hr/>
Non-current liabilities		
Leased liabilities (note)	29,558	60,611
	<hr/>	<hr/>
	29,558	60,611
	<hr/>	<hr/>
Total borrowings	<hr/>	<hr/>
	2,511,217	2,473,172
	<hr/>	<hr/>

Notes:

Finance lease:

The Company leases properties with a carrying amount of € 62,807 under finance leases.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

10 EQUITY**10.1 Share Capital**

	2023	2022
<u>Authorised</u>		
1,200 ordinary shares of €1 each	€ 1,200	€ 1,200
	<hr/>	<hr/>
<u>Called-up, issued and 20% paid up</u>		
1,200 ordinary shares of €1 each	€ 240	€ 240
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared by time to time and are entitled to one vote per share at shareholder's meetings of the company.

10.2 Accumulated Losses

Movement in accumulated losses were as follows:

	€
At 1 October 2021	(892,762)
Net loss for the year	(400,194)
	<hr/>
At 30 September 2022	(1,292,956)
	<hr/>
At 1 October 2022	(1,292,956)
Net loss for the year	(394,963)
	<hr/>
At 30 September 2023	(1,687,919)
	<hr/>

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

11 FINANCIAL RISK MANAGEMENT

The company's risk management is carried out by the board of directors. There are written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidities.

11.1 Market risk**(i) Cash flow and fair value interest rate risk**

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financial position and cash flows. As at the reporting date, the Company has fixed and variable interest-bearing liabilities. Fixed interest-bearing liabilities consists of finance lease liability whilst exposure to variable interest-bearing liabilities consists of bank overdrafts. As at the consolidated statement of financial position date, the Company's exposure to changes in interest rates on bank overdrafts held with financial institutions was limited as the level of borrowings with variable interest-bearing liabilities is immaterial with the level of borrowing with a fixed rate interest rate.

11.2 Credit risk

Credit risk arises from credit exposure to customers and amounts held with financial institutions (note 9). The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	2023 €	2022 €
Trade and other receivables	6,255	15,876
Cash at bank	22,610	51,927
	<hr/>	<hr/>
	28,865	67,803
	<hr/>	<hr/>

With respect to amounts receivable, the Company assesses on an ongoing basis the credit quality of the third party tenants, taking into account financial position, past experience and other factors. The Company manages credit limits and exposures actively in a practical manner such that there are no material past due amounts receivable from third party tenants as at the reporting date.

The Company has no significant concentration of credit risk arising from third parties. As at 30 September 2023 and 2022, no trade receivables were impaired.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

11 FINANCIAL RISK MANAGEMENT (continued)**11.3 Liquidity risk**

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (note 9). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amounts €	Contractual cash flows €	On demand €	Within one year €	Between two and five years €	After five years €
At 30 September 2023						
Trade and other payables	397,390	397,390	397,390	397,390	-	-
Finance lease	62,807	62,807	33,249	33,249	29,558	-
Amounts due to third parties	115,879	115,879	115,879	115,879	-	-
	<u>576,076</u>	<u>576,076</u>	<u>546,518</u>	<u>546,518</u>	<u>29,558</u>	<u>-</u>
At 30 September 2022						
Trade and other payables	219,619	219,619	219,619	219,619	-	-
Finance lease	71,102	71,702	10,491	10,491	60,611	-
	<u>290,721</u>	<u>290,721</u>	<u>230,110</u>	<u>230,110</u>	<u>60,611</u>	<u>-</u>

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

12 CAPITAL MANAGEMENT**12.1 Risk Management**

The company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

13 RELATED PARTY TRANSACTIONS**13.1 Parent entity**

The company is a partially-owned subsidiary of Yacht Lift Malta P.L.C., the Company's parent company. The registered office of the parent company is situated at 129-130, Ta' Xbiex Seafront, Ta' Xbiex XBX 1028, Malta. The ultimate beneficial owners are Mr Giuseppe Christopher Farrugia and Capt Daniel Gatt.

It is the responsibility of the parent company to prepare consolidated financial statements (if no exemptions exist) of the Company. If financial statements are prepared, these should be filed and available for public inspection at the Registrar of Companies in Malta.

13.2 Related party transactions and balances

	Note	Transaction value		Balance outstanding	
		Year ended		As at 30 September	
		2023	2022	2023	2022
		€	€	€	€
<u>Financing transactions</u>					
Amounts due to shareholders	13.3	183,454	108,621	278,940	95,486
Amounts due to related parties	13.3	4,000	193,635	197,635	193,635
Amounts due to related company	13.3	(256,993)	112,558	1,855,956	2,112,949
		<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

13 RELATED PARTY TRANSACTIONS (continued)

- 13.3 The amounts due to shareholders and related parties are unsecured, interest free and repayable on demand, while the amounts due to related company Yacht Lift Malta P.L.C. are unsecured, have a 6% interest rate and repayable on demand.

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES

14.1 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

14.1 Income Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

14.2 Borrowing Costs

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

14.3 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (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.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

14.4 Leases

14.4.1 The Company as a Lessee

For any new contracts entered into on or after 1 January 2018, the Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either identified in the contract or implicitly specified by being identified at the time asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use. The company assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

14.4 Leases (continued)

14.4.1 The Company as a Lessee (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

14.4.2 The Company as a lessor

- The Company's accounting policy under IFRS 16 has not changed from the comparative period.
- As a lessor the Company classifies its leases as either operating or finance leases.
- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Company as a lessee

Finance Leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

14.4 Leases (continued)

The Company as a lessee (continued)

Finance Leases (continued)

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note 8 in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element is charged to profit or loss, as finance costs over the period of the lease.

The Company as a lessor

Operating Leases

Rental income is recognised on a straight-line basis over the term of the lease.

14.5 Property, Plant and Equipment

The Company's accounting policy for land and buildings is explained in note 8.1.2. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

14.5 Property, Plant and Equipment (continued)

Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the Company are disclosed in note 8.1.2.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Company's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

14.6 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

14.7 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Notes to the Financial Statements (continued)

For the year ended 30 September 2023

14 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

14.7 Borrowings (continued)

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

14.8 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. Dividends are recognised as liability in the period in which they are declared.

15 GOING CONCERN

The Company incurred a net loss of EUR 394,963 during the year ended 30 September 2023 and, as of that date, the Company's total liabilities exceeded its total assets by EUR 1,687,679. The Company encountered other operational difficulties that hindered the operations significantly.

The Company obtained additional financing through its shareholders to offset the issues that created uncertainty related to going concern and is currently in discussion with outside investors to rectify the long-term financial position of the company. In view of these measures and the projected future operations of the Company, the Directors remain convinced that, at this time, it is appropriate to adopt the going concern basis in preparing the financial statements.

**The Schedules and Appendices on the pages that follow do not form
part of the financial statements**

YACHT LIFT MALTA OPERATIONS LIMITED

Statement of Profit or Loss and Other Comprehensive Income – Schedule

For the year ended 30 September 2023

	2023 €	2022 €
Revenue	122,147	163,629
Direct costs	(22,606)	(33,279)
Gross profit	99,541	130,350
Administrative expenses		
Registration fee	(85)	(85)
Advertising and marketing	(634)	(1,851)
Professional fees	(10,324)	(5,623)
Commissions	(3,693)	(153)
Accountancy fees	(4,023)	(10,453)
Management fees	(135,000)	(135,000)
Audit fees	(3,200)	(3,200)
Directors remuneration	(76,800)	(79,300)
Wages and salaries and social contributions	(42,924)	(78,833)
Utilities	-	(200)
Office expenses	(333)	(515)
Berthing permits	(13,215)	(18,023)
Consumables	(13,895)	(10,077)
Water & electricity	(8,413)	(9,514)
Fines and penalties	(13,653)	-
Insurance	(21,226)	(16,183)
Depreciation	(138,101)	(137,896)
Depreciation- right of use	(40,785)	(40,784)
Repairs and maintenance	(16,303)	(3,280)
Fuel	(3,127)	(2,993)
Entertainment	-	(129)
Tools	(308)	(270)
Telephone expenses	(3,682)	(4,025)
Travelling expenses	-	(408)
Printing fees	(59)	(201)
Cleaning expenses	-	(601)
Clothing costs	-	(508)
Other expenses	-	(896)
Sundry expenses	-	(640)
Computer expenses	(12,261)	(203)
Yacht registration	(550)	(523)
Freight and courier	-	(1,819)
Recruitment fees	-	(281)
Subcontracting	(9,042)	-
Consulting fee	(686)	-
Legal fee	(2,836)	-
Subscriptions	(322)	-
Casual wages	(9,515)	-
	(584,995)	(564,467)