



Company Registration No.:- C 52833

C 52833/14

BOE Finance Limited
(formerly HMRD Limited)

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Annual Report and Financial Statements
for the year ended
31 December 2015

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RR/4S/2844/AF/E

BOE Finance Limited (formerly HMRD Limited)

Directors' Report for the year ended 31 December 2015

The Board of Directors is hereby presenting its annual report together with the audited financial statements of the company for the year ended 31 December 2015.

Directors

The Directors of the company since the beginning of the year up to the date of this report were:

Mr. Martin Vella

Mr. Mark Vella

Mr. Joseph Vella

Principal activity

The company has been principally engaged in carrying out research or experimental development on tiles and medical equipment. Subsequent to the reporting date, the objective of the company was changed as described below under 'Events after the reporting date'.

Review of business

The company did not trade during the current financial year.

Results

The results for the year are set out in the statement of comprehensive income on page 5.

Dividend

The Board of Directors does not propose the payment of a dividend.

Events after reporting date


Subsequent to the reporting date, on 13 January 2016, the company changed its name from HMRD Limited to BOE Finance Limited. The Memorandum and Articles of Association were substituted as well, wherein the new objective of the company will be to lend or advance money, with or without security, as may be required in connection with Company's business.

Auditors

The Auditors, have informed us that during 2016, they will merge their practice with that of Corporate Auditors. The combined firm, CA Falzon has intimated their willingness to continue in office. A resolution for their reappointment will be proposed at the annual general meeting.

By order of the Board:



Mr. Martin Vella - Director

Mr. Mark Vella - Director

Registered Office

Hal Mann, The Factory,
Mosta Road,
Lija LJA 9016

8 April 2016

BOE Finance Limited (formerly HMRD Limited)

Statement of Directors' Responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors of BOE Finance Limited to prepare annual 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 the year in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union.

In preparing such 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 year to another;
- make judgments and estimates that are reasonable and prudent; and
- account for income and charges relating to the accounting year on the accruals 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 have been properly prepared in accordance with the provisions of the Companies Act, Cap. 386 of the Laws of Malta.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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Independent Auditors' Report

to the shareholders of BOE Finance Limited (formerly HMRD Limited)

We have audited the accompanying financial statements of BOE Finance Limited ('the Company'), set on pages 5 to 17, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

As described in the Statement of Directors' Responsibilities on page 2 the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act, Cap. 386 of the Laws of Malta, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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**Independent Auditors' Report
to the shareholders of BOE Finance Limited (formerly HMRD Limited)
continued**

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as of 31 December 2015, 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; and
- have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

Report on other legal and regulatory requirements

We have responsibilities under the Companies Act, Cap. 386 of the Laws of Malta, to report to you if in our opinion:

- the information given in the Directors' Report 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;
- we have not received all the information and explanations we require for our audit;
- if 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.

Alfred Falzon C.P.A., F.I.A., F.C.C.A., C.S.A.
HLB Falzon & Falzon
Certified Public Accountants

8 April 2016

BOE Finance Limited **(formerly HMRD Limited)**

Statement of Comprehensive Income **for the year ended 31 December 2015**

	Note	Current €	2014 €
Revenue		-	24,190
Administrative expenses	6	(2,311)	(4,942)
Non-operating (loss)/operating profit		(2,311)	19,248
Finance costs		-	(1)
(Loss)/profit before tax		(2,311)	19,247
Income tax expense	8	-	(6,736)
(Loss)/profit for the year		(2,311)	12,511
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(2,311)	12,511

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

BOE Finance Limited (formerly HMRD Limited)

Statement of Financial Position as at 31 December 2015

	Note	Current €	2014 €
ASSETS			
Current assets			
Other receivables	9	167	116
Cash and cash equivalents	13	2,413	10,840
Total current assets		<u>2,580</u>	<u>10,956</u>
Total assets		<u>2,580</u>	<u>10,956</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital	12	1,600	1,600
Accumulated losses		(43,900)	(41,589)
Total equity		<u>(42,300)</u>	<u>(39,989)</u>
Non-current liabilities			
Borrowings	10	43,941	42,402
Current liabilities			
Other payables	11	939	1,807
Current taxation due	8	-	6,736
Total current liabilities		<u>939</u>	<u>8,543</u>
Total liabilities		<u>44,880</u>	<u>50,945</u>
Total equity and liabilities		<u>2,580</u>	<u>10,956</u>

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

The financial statements on pages 5 to 17 were authorised for issue by the Board and were signed on its behalf by:



Mr. Martin Vella - Director

8 April 2016



Mr. Mark Vella - Director

BOE Finance Limited
(formerly HMRD Limited)

Statement of Changes in Equity
for the year ended 31 December 2015

	Issued capital	Accumulated	Total
	€	losses	€
Balance as at 1 January 2014			
Opening balance	1,600	(54,100)	(52,500)
Profit for the year	-	12,511	12,511
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12,511	12,511
Balance as at 31 December 2014	1,600	(41,589)	(39,989)
Balance as at 1 January 2015			
Opening balance	1,600	(41,589)	(39,989)
Loss for the year	-	(2,311)	(2,311)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(2,311)	(2,311)
Balance as at 31 December 2015	1,600	(43,900)	(42,300)

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

BOE Finance Limited (formerly HMRD Limited)

Statement of Cash Flows for the year ended 31 December 2015

	Note	Current €	2014 €
Cash flows from non-operating/operating activities			
(Loss)/profit before tax		(2,311)	19,247
Adjustments for:			
Finance cost		-	1
Working capital changes:			
(Increase)/decrease in receivables		(51)	175
Decrease in payables		(868)	(14,452)
Interest paid on overdrawn bank current account		-	(1)
Taxation paid		(6,736)	-
Net cash (used in)/from non-operating/operating activities		(9,966)	4,970
Cash flows from financing activities			
(Repayments to)/advances from related undertaking		(3,461)	5,000
Advances from shareholder		5,000	-
Net cash from financing activities		1,539	5,000
(Decrease)/increase in cash and cash equivalents		(8,427)	9,970
Cash and cash equivalents at beginning of year		10,840	870
Cash and cash equivalents at end of year	13	2,413	10,840

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

BOE Finance Limited

(formerly HMRD Limited)

Notes to the Financial Statements **for the year ended 31 December 2015**

1. Corporate information

BOE Finance Limited is registered in Malta as a limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The company's registration number is C 52833.

2. Principal accounting policies

a) Basis of accounting

The company's financial statements are prepared under the historical cost convention and are in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta.

b) Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and short-term deposits as defined above.

d) 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.

BOE Finance Limited (formerly HMRD Limited)

e) Borrowings

Borrowings are recognised initially 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 value is recognised in the profit or loss over the period of the borrowings using the effective interest rate method.

f) Other payables

Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

g) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

h) Taxation

Tax is recognised in the profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is also dealt with in other comprehensive income or in equity, as appropriate.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Value Added Tax

Revenue, expenses and assets are recognised net of Value Added Tax, except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case Value Added Tax is recognised as part of the acquisition of the asset or as part of the expense item, as applicable;
- where receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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3. Critical accounting estimates and judgements

In the process of applying the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements. At the reporting date there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Changes in accounting policies and disclosures

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard and amendment is described below:

Annual Improvements 2010-2012 Cycle

These improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these financial statements. They include:

- ***IAS 24 Related Party Disclosures***

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Standards issued but not yet effective

The 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 standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. Subject to endorsement by the EU, IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Company plans to adopt the new standard on the required effective date. During 2015, the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its balance sheet and equity.

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IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Subject to endorsement by the EU, either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Company performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Company is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and Other Comprehensive Income (OCI) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

5. Going concern

During the year ended 31 December 2015, the company incurred a loss before tax of €2,311 (31 December 2014: profit before tax of €19247). As at 31 December 2015, the company's total liabilities exceeded its total assets by €42,300 (2014: €39,989). The financial statements have been prepared on a going concern basis, since in the opinion of the directors, the company will continue to operate in the foreseeable future with the financial support from the company's shareholders. The shareholders have confirmed that this support will be forthcoming.

6. Expenses by nature

	Current €	2014 €
Auditors' remuneration	615	585
Wages and salaries (note 7)	-	3,643
Other expenses	1,696	714
	<u>2,311</u>	<u>4,942</u>

BOE Finance Limited

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Auditors' fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2015 and 2014 relate to the following:

	Current €	2014 €
Annual statutory audit	615	585
Tax advisory and compliance services	185	185
	<u>800</u>	<u>770</u>

7. Staff costs and employee information

Staff costs for the year comprised the following:

	Current €	2014 €
Wages and salaries	-	3,382
Social security contributions	-	261
	<u>-</u>	<u>3,643</u>

The average number of persons employed by the company during the year was as follows:

	Current No.	2014 No.
Administration (including directors)	<u>-</u>	<u>1</u>

8. Income tax

8.1 Tax credit/(expense) on (loss)/profit on ordinary activities

	Current €	2014 €
<i>Income tax expense:</i>		
Current tax charge	-	(6,736)
Total current tax expense	<u>-</u>	<u>(6,736)</u>
Income tax expense for the year	<u>-</u>	<u>(6,736)</u>

No provision for income tax has been made as the company did not trade during the current financial year.

BOE Finance Limited (formerly HMRD Limited)

8.2 Current taxation

Taxation due is made up as follows:

	Current €	2014 €
As at 1 January	6,736	-
Current tax expense	-	6,736
	<u>6,736</u>	<u>6,736</u>
<i>Payments:</i>		
Settlement tax	(6,736)	-
	<u>(6,736)</u>	<u>-</u>
As at 31 December	<u>-</u>	<u>6,736</u>

9. Other receivables

	Current €	2014 €
Indirect taxation	<u>167</u>	<u>116</u>

10. Borrowings

	Current €	2014 €
Non-current borrowings		
Amounts due to related undertaking	34,639	38,100
Shareholder's loans	<u>9,302</u>	<u>4,302</u>
Total non-current borrowings	<u>43,941</u>	<u>42,402</u>
Total borrowings	<u>43,941</u>	<u>42,402</u>

The amounts owed to related undertaking and shareholder's loans are unsecured, interest free and have no fixed repayment date.

11. Other payables

	Current €	2014 €
Current liabilities		
Other payables	-	742
Accruals	<u>939</u>	<u>1,065</u>
Total current liabilities	<u>939</u>	<u>1,807</u>

BOE Finance Limited (formerly HMRD Limited)

12. Issued capital

	Current €	2014 €
Authorised:		
1,600 Ordinary shares of €1 each	1,600	1,600
	Current €	2014 €
Issued and fully called-up:		
1,600 Ordinary shares of €1 each	1,600	1,600

13. Cash and cash equivalents

The cash and cash equivalents comprise the following statement of financial position amount:

	Current €	2014 €
Cash at bank	2,413	10,840

14. Financial risk management objectives and policies

The Company's principal financial assets comprise other receivables and cash and cash equivalents. Its principal financial liabilities comprise other payables and borrowings.

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk include borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's borrowings are non-interest bearing and therefore is not exposed to interest rate risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities including deposits with banks.

The company banks only with local financial institutions with high quality standard or rating.

BOE Finance Limited (formerly HMRD Limited)

Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Fair value risk

As at 31 December 2015 and 2014, the carrying amounts of other receivables, cash and cash equivalents and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their realisation. The fair values of non-current borrowings are not materially different from their carrying amounts in the statement of financial position.

Capital management

Capital includes the equity attributable to the shareholders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

15. Related party transactions

The following company and BOE Finance Limited (formerly HMRD Limited) are related by virtue of having a common shareholder:

	Percentage of shares held by common shareholder	
	Current	2014
Hal Mann Vella Limited	100	100

The following transactions were carried out with the related party:

	Current	2014
	€	€
<i>Expenditure for goods and services</i>		
Purchases of goods and services from related party	1,539	-

Balances with related party are shown separately in note 10 to the financial statements.

BOE Finance Limited (formerly HMRD Limited)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the reporting date are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2014: €Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

16. Ultimate controlling party

The ultimate controlling parties are Mr. Martin Vella, Mr. Mark Vella, Mr. Joseph Vella, Mr. Paul Vella, Mr. Simon Vella, Ms. Miriam Schembri, Ms. Veronica Ciappara and Hal Mann Vella Group plc, each owning 12.5% of the issued share capital.

BOE Finance Limited
(formerly HMRD Limited)

Schedules to the Financial Statements

I. Administrative expenses

	Current	2014
	€	€
Office salaries	-	3,382
Social security contributions	-	261
Fines and penalties	26	-
Bank charges	41	134
Professional fees	1,489	340
Research and development	-	100
Registration fee	140	140
Auditors' remuneration	615	585
	<u>2,311</u>	<u>4,942</u>

II. Finance costs

	Current	2014
	€	€
Interest paid on overdrawn bank current account	<u>-</u>	<u>1</u>