

Klikk Finance p.l.c (formerly BOE Finance Limited)

Annual Report and Consolidated Financial Statements

for the year ended

31 December 2017

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Klikk Finance p.l.c (formerly BOE Finance Limited)

Directors' Report

for the year ended 31 December 2017

The Directors present their report together with the audited financial statements of Klikk Finance p.l.c. (the Company) and the consolidated financial statements of the Group for the year ended 31 December 2017. The Group comprises the Company and its subsidiary Klikk Limited.

Principal Activity

Klikk Finance p.l.c. was incorporated as a private limited liability company on 12 May 2011 as HMRD Limited and was on 13 January 2016 renamed BOE Finance Limited. Subsequently on 30 June 2017, the Company was converted to a public limited liability company and renamed Klikk Finance p.l.c. Whilst the principal activity of the company relates to carrying on the business of a finance and holding company, the principal activity of the Group is to operate two computer retail outlets servicing both retail and corporate clients, with the outlets situated on the Birkirkara By-Pass and Tal-Barrani Road, Zejtun. Furthermore, the Group develops Bespoke and B2B software solutions to corporate customers.

Review of business and results

During the year under review the Company's objectives remained focused on the operations of its subsidiary Klikk Limited. The principal objective for 2017 was to turnaround the business by restocking adequately its retail outlets through the bond proceeds as well as promoting and repositioning Klikk within the market. To this end, Klikk Finance p.l.c. successfully issued a €2,000,000 bond, whereby the proceeds raised were mainly intended to aid Klikk Limited's working capital.

Progress has been registered following the bond issue, as the Group generated revenue of €4.04 million (2016: €3.4 million) and stock levels increased from €358K as at 31 December 2016 to €715K as at 31 December 2017 thus sustaining the increase in activity of the group. Despite this, the Group sacrificed its margins as it sought to regain lost retailers as well as expanding into corporate clients which predominantly generate lower margins. As a result, the Group generated a gross profit margin of 19.6%, a decrease of 18.5 percentage points over the previous year.

Administrative expenses were €1,143K (2016: €762K) and marketing costs were at €179K (2016: €93K). The comparatively higher costs are directly attributable to the expected growth in operations envisaged to take place between 2017 and 2020, as an increase in overhead expenses is required to support this growth. Moreover, increased marketing activities were required to promote the Klikk Group and reposition itself within the market. The principal increase in administrative expense was due to staff costs, as the Group restructured its operations and accelerated its recruitment programme and in fact recruited 16 employees during the year. Moreover, due to the tougher labour market experienced by the Group, it incurred higher professional fees in engaging these employees.

Consequently, the loss for the year under review amounted to €358K (2016: €103K).

Outlook for 2018

Following a restructuring exercise undertaken by management to address these higher costs, as well increasing its staff complement the Group is now geared to increase its business activity.

Klikk Finance p.l.c (formerly BOE Finance Limited)

Directors' Report (continued) **for the year ended 31 December 2017**

The Directors are pleased to report that in the first two months of the year turnover was 35% higher than that achieved in the first two months of the previous year. As a result, the Directors are expecting that the Group should generate higher turnover for 2018 both in the retail as well as the corporate market, as well as contain its overhead costs.

Dividend and Reserves

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 8.

The Board of Directors does not propose the payment of a dividend. Retained losses carried forward at the reporting date amounted to €393,055 (2016: €121,555) for the Group and €38,773 (2016: €44,961) for the Company.

Directors

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

Mr. Gordon Zammit - Appointed on 5 June 2017 - Chairman

Mr. Joseph Tabone - Appointed on 5 June 2017 - Director

Mr. William Van Buren - Appointed on 5 June 2017 - Non-Executive Director

Mr. Michael Borg Costanzi - Appointed on 5 June 2017 - Non-Executive Director

Mr. Joseph Vella - Resigned on 5 June 2017

Mr. Mark Vella - Resigned on 5 June 2017

Mr. Martin Vella - Resigned on 5 June 2017

Statement of Directors' Responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors of Klikk Finance p.l.c to prepare annual financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit or loss 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 Group and 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 Group and the Company and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of errors, fraud and other irregularities.

Klikk Finance p.l.c (formerly BOE Finance Limited)

Directors' Report (continued) for the year ended 31 December 2017

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 Group and the Company as at 31 December 2017, 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 European Union; and
- the annual report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that the Group and the Company face.

Auditors

A resolution to re-appoint HLB CA Falzon as auditors of the Group and the Company will be proposed at the forthcoming annual general meeting. HLB CA Falzon have expressed their willingness to continue in office.

By order of the Board:



Mr. Gordon Zammit - Chairman



Mr. Joseph Tabone – Director
and CEO

Registered Office:

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

16 March 2018

Independent Auditors' Report
to the shareholders of Klikk Finance p.l.c (formerly BOE Finance Limited)

Report on the Financial Statements for the year ended 31 December 2017

We have audited the individual financial statements of Klikk Finance p.l.c (formerly BOE Finance Limited) ("the Company") and the consolidated financial statements of the Company and its subsidiary (together, "the Group"), set out on pages 8 to 34, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and of the Group's and the Company's financial performance and 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.

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

Key Audit Matters

Key Audit Matters are those matters that are intended to describe the matters selected from those communicated with the directors that, in our professional judgment, were of most significance in our audit of the financial statements as a whole, and in forming our opinion thereon.

We do not provide a separate opinion on these matters. We have determined that there are no such matters on which to report.

Appointment

We were first appointed as auditors by the shareholders on 18 April 2017, and subsequently reappointed at the Company's general meetings for each financial year thereafter. This is our first year auditing the Company.

**Independent Auditors' Report
to the shareholders of Klikk Finance p.l.c (formerly BOE Finance Limited)**

Other Information

The directors are responsible for the other information. The other information comprises of the Directors' Report. Except for our opinion on the Directors' Report in accordance with the Companies Act, Cap. 386 of the Laws of Malta, our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Companies Act, Cap.386 of the Laws of Malta. Based on the work we have performed, in our opinion:

- the information given in the Directors' Report for the period ended 31 December 2017 is consistent with the financial statements ; and
- the Directors' Report has been prepared in accordance with the Companies Act, Cap.386 of the Laws of Malta.

In addition, in light of the knowledge and understanding of the Group and its environment, obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report.

Based on the work we have performed, we have nothing to report in this regard.

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 the International Financial Reporting Standards as adopted by the European Union, and for such internal controls 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 Group'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 Group or to cease operations, or have no realistic alternative to do so.

Auditors' Responsibilities for the Audit of the Financial

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 Auditors' Report that includes our opinion.

Independent Auditors' Report
to the shareholders of Klikk Finance p.l.c (formerly BOE Finance Limited)

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.

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 risk 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' 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 Auditors' Report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Independent Auditors' Report
to the shareholders of Klikk Finance p.l.c (formerly BOE Finance Limited)**

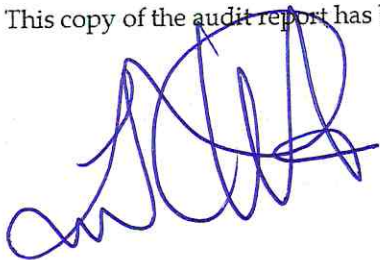
Report on other legal and regulatory requirements

Under the Companies Act, Cap. 386 of the Laws of Malta, we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- proper books of account have been kept by the Group so far as appears from our examination thereof;
- the financial statements are not in agreement with the books of account;
- 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.

This copy of the audit report has been signed by:



Jozef Wallace Galea (Partner)
for and on behalf of
HLB CA Falzon
Certified Public Accountants

16 March 2018

Klikk Finance p.l.c (formerly BOE Finance Limited)

Statement of Comprehensive Income for the year ended 31 December 2017

	Note	The Group		The Company	
		Current €	2016 €	Current €	2016 €
Revenue	6	4,044,923	3,363,577	129,240	46,157
Cost of sales	7	(3,253,428)	(2,556,373)	-	-
Gross profit		<u>791,495</u>	<u>807,204</u>	<u>129,240</u>	<u>46,157</u>
Distribution and selling costs	7	(178,706)	(92,752)	-	-
Administrative expenses	7	(1,143,085)	(761,910)	(54,903)	(21,096)
Other operating charges	7	(7,506)	-	(7,506)	-
Other operating income	6	18,133	26,141	-	-
		<u>(519,669)</u>	<u>(21,317)</u>	<u>66,831</u>	<u>25,061</u>
Finance and similar income	6	4,931	377	-	-
Finance costs	7	(93,195)	(66,745)	(58,030)	(17,842)
(Loss)/profit before tax		<u>(607,933)</u>	<u>(87,685)</u>	<u>8,801</u>	<u>7,219</u>
Income tax credit/(expense)	9	249,478	(15,501)	(2,613)	(8,280)
Profit/(loss) for the year		<u>(358,455)</u>	<u>(103,186)</u>	<u>6,188</u>	<u>(1,061)</u>
Attributable to:					
Equity holders of the parent		(271,500)	(77,655)		
Non-controlling interests		(86,955)	(25,531)		
		<u>(358,455)</u>	<u>(103,186)</u>		
Earnings per share (cents)					
Basic, loss for the year attributable to ordinary equity holders of the parent	18	<u>(0.78)</u>	<u>(0.78)</u>		

The notes on pages 13 to 34 form part of these financial statements.

Klikk Finance p.l.c (formerly BOE Finance Limited)

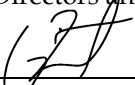
Statement of Financial Position

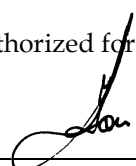
as at 31 December 2017

	Note	The Group		The Company	
		Current	2016	Current	2016
		€	€	€	€
ASSETS					
Non-current assets					
Property, plant & equipment	10	285,486	233,636	11,250	-
Intangible assets	11	-	18,986	-	-
Investment in subsidiary	12	-	-	500,000	500,000
Other non-current financial assets		-	-	1,491,835	-
Trade and other receivables	13	643,983	546,447	364,311	546,447
Deferred tax assets	16	249,507	-	-	-
Goodwill	11	417,951	417,951	-	-
Total non-current assets		1,596,927	1,217,020	2,367,396	1,046,447
Current assets					
Inventories		714,697	357,972	-	-
Trade and other receivables	13	711,527	462,516	355,901	260,794
Current tax recoverable	9	2	-	-	-
Cash and cash equivalents	19	1,721,283	418,063	1,138,631	-
Total current assets		3,147,509	1,238,551	1,494,532	260,794
Total assets		4,744,436	2,455,571	3,861,928	1,307,241
EQUITY AND LIABILITIES					
Equity					
Issued capital	17	350,000	100,000	350,000	100,000
Additional contributed capital	17	848,735	1,179,594	649,368	1,135,163
Retained earnings		(393,055)	(121,555)	(38,773)	(44,961)
Equity attributable to equity holders of the parent		805,680	1,158,039	960,595	1,190,202
Non-controlling interest		(85,136)	1,819	-	-
Total equity		720,544	1,159,858	960,595	1,190,202
Non-current liabilities					
Borrowings	14	2,588,612	180,686	2,588,612	34,639
Total non-current liabilities		2,588,612	180,686	2,588,612	34,639
Current liabilities					
Borrowings	14	628,632	558,858	218,848	69,174
Trade and other payables	15	806,648	548,279	93,873	4,946
Current taxation due	9	-	7,890	-	8,280
Total current liabilities		1,435,280	1,115,027	312,721	82,400
Total liabilities		4,023,892	1,295,713	2,901,333	117,039
Total equity and liabilities		4,744,436	2,455,571	3,861,928	1,307,241

The notes on pages 13 to 34 form part of these financial statements.

The financial statements set out on pages 8 to 34 were approved and authorized for issue by the Board of Directors and signed on its behalf by:


Mr. Gordon Zammit - Chairman


Mr. Joseph Tabone - Director and CEO

16 March 2018

Klikk Finance p.l.c (formerly BOE Finance Limited)

Statement of Changes in Equity for the year ended 31 December 2017

	The Group					
	Issued share capital	Retained earnings	Additional contributed capital	Equity attributable to equity holders of the parent	Non- controlling interest	Total Equity
	€	€	€	€	€	€
Balance as at 1 January 2017						
Opening balance	100,000	(121,555)	1,179,594	1,158,039	1,819	1,159,858
Profit for the year	-	(271,500)	-	(271,500)	(86,955)	(358,455)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>(271,500)</u>	<u>-</u>	<u>(271,500)</u>	<u>(86,955)</u>	<u>(358,455)</u>
Transactions with owners, recorded directly in equity						
Issue of share capital	250,000	-	-	250,000	-	250,000
Reduction in shareholders' capital	<u>-</u>	<u>-</u>	<u>(330,859)</u>	<u>(330,859)</u>	<u>-</u>	<u>(330,859)</u>
Balance as at 31 December 2017	<u>350,000</u>	<u>(393,055)</u>	<u>848,735</u>	<u>805,680</u>	<u>(85,136)</u>	<u>720,544</u>

The notes on pages 13 to 34 form part of these financial statements.

Klikk Finance p.l.c (formerly BOE Finance Limited)

Statement of Changes in Equity (continued) for the year ended 31 December 2017

	The Company			
	Issued capital	Additional contributed capital	Accumulated losses	Total equity
	€	€	€	€
Balance as at 1 January 2016				
Opening balance	1,600	-	(43,900)	(42,300)
Loss for the year	-	-	(1,061)	(1,061)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(1,061)	(1,061)
Transactions with owners, recorded directly in equity				
Issue of share capital	98,400	-	-	98,400
Shareholders' contributions	-	1,135,163	-	1,135,163
Balance as at 31 December 2016	<u>100,000</u>	<u>1,135,163</u>	<u>(44,961)</u>	<u>1,190,202</u>
Balance as at 1 January 2017				
Opening balance	100,000	1,135,163	(44,961)	1,190,202
Profit for the year	-	-	6,188	6,188
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	6,188	6,188
Transactions with owners, recorded directly in equity				
Issue of share capital	250,000	-	-	250,000
Reduction in shareholders' contributions	-	(485,795)	-	(485,795)
Balance as at 31 December 2017	<u>350,000</u>	<u>649,368</u>	<u>(38,773)</u>	<u>960,595</u>

The notes on pages 13 to 34 form part of these financial statements.

Klikk Finance p.l.c (formerly BOE Finance Limited)

Statement of Cash Flows for the year ended 31 December 2017

	Note	The Group		The Company	
		Current €	2016 €	Current €	2016 €
Cash flows from operating activities					
(Loss)/profit before tax		(607,933)	(87,685)	8,801	7,219
Adjustments for:					
Depreciation of property, plant and equipment		54,140	40,082	3,750	-
Amortisation of intangible assets		18,986	18,987	-	-
Allowance for impairment of receivables		18,225	16,439	(2,127)	16,439
Finance income		(4,931)	(377)	-	-
Finance costs		167,975	66,745	55,373	17,842
Working capital changes:					
Increase in inventories		(356,725)	(48,639)	-	-
Increase in receivables		(534,384)	(274,536)	(95,107)	(260,627)
Increase in payables		258,254	67,848	88,927	4,007
Advances/(payments) to from related companies		174,004	(216,526)	-	-
Interest paid on overdraft		(26,282)	(30,863)	-	(8,403)
Other interest paid		(121,451)	(18,870)	(44,014)	(9,439)
Taxation paid		(8,309)	(39)	(8,280)	-
Taxation refunded		388	4,067	-	-
Net cash used in operating activities		<u>(968,043)</u>	<u>(463,367)</u>	<u>7,323</u>	<u>(232,962)</u>
Cash flows from investing activities					
Payments to acquire property, plant and equipment		(105,990)	(892)	(15,000)	-
Payment to acquire investment in subsidiary		-	-	-	(500,000)
Advances/(payments) to other parties		184,263	(562,886)	184,263	(562,886)
Advances to group undertaking		-	-	(1,491,835)	-
Finance income		3,653	259	-	-
Net cash used in investing activities		<u>81,926</u>	<u>(563,519)</u>	<u>(1,322,572)</u>	<u>(1,062,886)</u>
Cash flows from financing activities					
Repayment to banks loans		618,261	(55,853)	822,922	-
Issue of share capital		-	98,400	250,000	98,400
Interest paid on loans		(20,127)	(17,012)	(11,359)	-
Advances (to)/ from related undertaking		30,000	-	30,000	-
Advances (to)/from group undertaking		10,544	-	-	-
Advances/(payments) from shareholders		(246,339)	1,199,920	(485,795)	1,125,861
Other loans advanced		1,917,286	-	1,917,286	-
Net cash from financing activities		<u>2,309,625</u>	<u>1,225,455</u>	<u>2,523,054</u>	<u>1,224,261</u>
Net movement in cash and cash equivalents		1,423,508	198,569	1,207,805	(71,587)
Cash and cash equivalents at beginning of year		(82,181)	(280,750)	(69,174)	2,413
Cash and cash equivalents at end of year	19	<u>1,341,327</u>	<u>(82,181)</u>	<u>1,138,631</u>	<u>(69,174)</u>

The notes on pages 13 to 34 form part of these financial statements.

Klikk Finance p.l.c (formerly BOE Finance Limited)

Notes to the financial statements

for the year ended 31 December 2017

1. Corporate information

The consolidated financial statements of Klikk Finance p.l.c (formerly BOE Finance Limited) and its subsidiary ("the Group") for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the directors on 16 March 2018.

Klikk Finance p.l.c (formerly BOE Finance Limited) ("the Company") is registered in Malta as a public company in terms of the Companies Act, Cap. 386 of the Laws of Malta. The Company's registration number is C 52833. The Company changed its status from private company to public and changed its name to Klikk Finance p.l.c with effect from 14 June 2017.

2. Principal accounting policies

2.1 Basis of preparation and consolidation

These 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. The consolidated financial statements are presented in Euro (€), which is the functional currency of the Group.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2017. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

2.2 Current versus non-current classification

The Group 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.

Klikk Finance p.l.c (formerly BOE Finance Limited)

Notes to the financial statements

for the year ended 31 December 2017

2. Principal accounting policies (continued)

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 Group classifies all other liabilities as non-current.

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

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation charge is provided from the month of acquisition and no depreciation is charged during the month in which the asset is disposed of or scrapped. Depreciation is calculated using the reducing balance method to allocate the cost of assets to their residual values over their estimated useful lives, as follows:

Improvements	5%
Improvements - Zejtun	10%
Lift equipment	10%
Air conditioners	16.67%
Air conditioners - Zejtun	16.67%
Motor vehicles	20%
Computer equipment	25%
Computer software	25%
Furniture and fittings - Zejtun	10%
Office equipment	25%
Furniture and fittings	10%

Depreciation methods, useful life and residual values are reassessed at the reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

2.4 Intangible assets

The Group's intangible fixed asset comprises website development cost which is being amortised on a straight line basis over a period of 4 years, which period is estimated to reflect its useful economic life.

Goodwill arising from business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the

Klikk Finance p.l.c (formerly BOE Finance Limited)

Notes to the financial statements

for the year ended 31 December 2017

2. Principal accounting policies (continued)

procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.5 Investment in subsidiary

A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiary is stated at cost less any impairment loss which may have arisen. Income from the investment is recognised only to the extent of distributions received by the Company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average cost method. The cost of finished goods comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.7 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor or, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Distribution costs'.

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Notes to the financial statements

for the year ended 31 December 2017

2. Principal accounting policies (continued)

2.8 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, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.9 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.

2.10 Dividend distribution

Dividend distribution to the Group's shareholder is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholder.

2.11 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 profit or loss over the period of the borrowings using the effective interest rate method.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.13 Provisions

Provisions are recognised when the Group 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.

2.14 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in 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.

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Notes to the financial statements

for the year ended 31 December 2017

2. Principal accounting policies (continued)

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 period. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax liabilities are recognised for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

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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Notes to the financial statements

for the year ended 31 December 2017

2. Principal accounting policies (continued)

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of Value Added Tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably.

The following recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the transfer of the risks and rewards of ownership which generally coincides with the date of the invoice.

Rendering of services

Revenue from the provision of services is recognised in the year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Investment income

Investment income is accounted for when it is probable that the economic benefits associated with the transaction will flow to the Group and these can be measured reliably.

Dividend income

Dividend income is recognised on the date the Group's right to receive income is established.

2.16 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property, are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Foreign currencies

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange prevailing at the reporting date. Translation differences are dealt with through the statement of comprehensive income.

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Notes to the financial statements

for the year ended 31 December 2017

3. Significant accounting judgements, estimates and assumptions

In preparing the financial statements, the directors are required to make judgments, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

In the opinion of the management, the accounting estimates, assumptions 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 significant in terms of the requirements of IAS 1 (revised)-'Presentation of Financial Statements'.

4. Changes in accounting policies and disclosures

4.1 New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group 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:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in note 16.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

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Notes to the financial statements for the year ended 31 December 2017

4. Changes in Accounting Policies and Disclosures (continued)

The application has no effect on the Group as the Group has no interest in other entities.

4.2 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 Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or before
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IAS 40: Transfers of Investment Property	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

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Notes to the financial statements for the year ended 31 December 2017

5. Segment information

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Year ended 31 December 2017	Lending and financing €	Retail €	Total segments €	Adjustments and eliminations €	Consolidated €
Revenue					
External customers	51,803	3,993,120	4,044,923	-	4,044,923
Total revenue	51,803	3,993,120	4,044,923	-	4,044,923
Income/(expenses)					
Depreciation and amortisation	3,750	69,376	73,126	-	73,126
Segment profit/(loss)	8,801	(616,734)	(607,933)	-	(607,933)
Total assets	3,861,928	2,496,305	6,358,233	(1,613,797)	4,744,436
Total liabilities	(2,901,333)	(2,649,307)	(5,550,640)	1,526,748	(4,023,892)

6. Revenue

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Interest income	55,666	12,994	128,172	12,994
Management fees	1,317	33,163	-	33,163
Sales of goods	3,993,120	3,317,420	-	-
Other income	17,884	26,518	1,068	-
	4,067,987	3,390,095	129,240	46,157

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7. Expenses by nature

7.1 Cost of sales and operating expenses

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Depreciation	54,140	40,082	3,750	-
Amortisation of intangible assets	18,986	18,987	-	-
Auditors' remuneration	3,800	3,300	1,100	1,100
Directors' salaries (note 8)	64,146	41,135	-	-
Wages, salaries and social security contribution (note 8)	620,685	414,134	-	-
Other expenses	3,820,968	2,893,397	57,559	19,996
	<u>4,582,725</u>	<u>3,411,035</u>	<u>62,409</u>	<u>21,096</u>

Auditor's fees

Fees charged by the auditor for services rendered during the financial year ended 31 December 2017 relate to the following:

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Annual statutory audit	<u>3,800</u>	<u>3,300</u>	<u>1,100</u>	<u>1,100</u>

7.2 Finance costs

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Bank overdraft interest	26,397	22,465	-	5
Bank loan interest	20,127	17,012	11,359	-
Other interest	46,671	27,268	46,671	17,837
	<u>93,195</u>	<u>66,745</u>	<u>58,030</u>	<u>17,842</u>

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8. Payroll costs and personnel information

Payroll costs for the financial year ended 31 December 2017 comprised the following:

	The Group	
	Current	2016
	€	€
Wages and salaries (including directors' remuneration)	640,397	434,558
Social security contributions	44,434	20,711
	<u>684,831</u>	<u>455,269</u>

The average number of persons (including the directors) employed by the Group and the Company during the year was as follows:

	The Group	
	Current	2016
Operational	30	20
Administration	11	5
	<u>41</u>	<u>25</u>

9. Taxation

9.1 Tax expense on (loss)/profit on ordinary activities

Provision for income tax has been made at the rate of 35% on the chargeable income for the year except for investment income which is charged at the rate of 15%.

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
<i>Income tax expense:</i>				
Current tax charge	-	(8,280)	-	(8,280)
Final withholding tax at 15%	(29)	(39)	-	-
Total current tax expense	<u>(29)</u>	<u>(8,319)</u>	<u>-</u>	<u>(8,280)</u>
Consideration payable by the company in respect of the tax benefit, attaching to tax losses surrendered by a subsidiary company under the Group Relief provision of the Income Tax Act	-	-	(2,613)	-
Deferred taxation (note 16):				
Credit/(charge) for the year	249,507	(7,182)	-	-
Income tax credit/(expense) for the year	<u>249,478</u>	<u>(15,501)</u>	<u>(2,613)</u>	<u>(8,280)</u>

Klikk Finance p.l.c (formerly BOE Finance Limited)

Notes to the financial statements

for the year ended 31 December 2017

9. Taxation (continued)

9.2 Tax reconciliation

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
(Loss)/Profit before tax	(607,933)	(87,685)	8,801	7,219
Taxation credit thereon	(212,777)	(30,690)	3,080	2,527
<i>Tax effect of:</i>				
- excess if carrying amount of property, plant and equipment over tax base	36,530	19,446	-	-
- expenses non allowed for tax purposes	16,332	14,164	(467)	5,753
- income taxed at different rates	(487)	(93)	-	-
- unabsorbed capital allowances	(73,788)	-	-	-
- unabsorbed tax losses	(12,675)	12,674	-	-
- group relief	(2,613)	-	-	-
Income tax credit/ (expense) for the year	(249,478)	15,501	2,613	8,280

9.3 Current taxation

Taxation due is made up as follows:

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
As at 1 January	7,890	(4,457)	8,280	-
Current tax charge	29	8,319	-	8,280
Tax refund	388	4,067	-	-
	8,307	7,929	8,280	8,280
Payments:				
Provisional tax	(8,280)	-	(8,280)	-
Final withholding tax	(29)	(39)	-	-
Income tax credit/ (expense) for the year	(8,309)	(39)	(8,280)	-
As at 31 December	(2)	7,890	-	8,280

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Notes to the financial statements

for the year ended 31 December 2017

10. Property, plant and equipment

	The Group											
	Improvements	Improvements - Zejtun	Lift Equipment	Air conditioners	Air conditioners (Zejtun)	Motor vehicles	Computer Equipment	Computer Software	Furniture & Fittings - Zejtun	Furniture & Fittings	Office Equipment	Total
	€	€	€	€	€	€	€	€	€	€	€	€
Cost												
As at 1 January 2017	89,142	135,718	7,433	4,136	8,548	21,535	48,138	24,776	40,434	106,288	38,797	524,945
Additions	31,381	-	-	-	-	17,510	-	32,285	-	24,814	-	105,990
As at 31 December 2017	120,523	135,718	7,433	4,136	8,548	39,045	48,138	57,061	40,434	131,102	38,797	630,935
Depreciation												
As at 1 January 2017	36,299	40,621	2,973	3,371	4,275	18,959	42,298	24,439	12,096	80,881	25,097	291,309
Charge for the year	6,026	13,572	743	689	1,425	6,079	3,080	8,408	4,043	9,592	483	54,140
As at 31 December 2017	42,325	54,193	3,716	4,060	5,700	25,038	45,378	32,847	16,139	90,473	25,580	345,449
Net book amount												
As at 1 January 2017	52,843	95,097	4,460	765	4,273	2,576	5,840	337	28,338	25,407	13,700	233,636
As at 31 December 2017	78,198	81,525	3,717	76	2,848	14,007	2,760	24,214	24,295	40,629	13,217	285,486

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for the year ended 31 December 2017

11. Intangible assets

The Group

11.1 Website development cost

	Current €
Cost	
As at 1 January and 31 December 2017	<u>75,946</u>
Amortisation	
As at 1 January 2017	56,960
Charge for the year	<u>18,986</u>
As at 31 December 2017	<u>75,946</u>
Net book amount	
As at 1 January 2017	<u>18,986</u>
As at 31 December 2017	<u>-</u>

Website development cost has been written off in equal annual instalments over its estimated useful life of 4 years.

11.2 Goodwill

	Current €
Cost	
As at 1 January and 31 December 2017	<u>417,951</u>

12. Investment in subsidiary

The Company

	Current €
Cost	
As at 1 January and 31 December 2017	<u>500,000</u>

Undertaking / Registered Office	Number, class and nominal value of shares held	Percentage of issued shares held
Klikk Limited	108,243 shares of Ordinary A at €2.29/share (par value: €2.50/share), fully paid up	75%
Design House, Dun Karm Street, Birkirkara By-Pass, Birkirkara BKR 4019	110,157 shares of Ordinary B at €2.29/share (par value: €2.50/share), fully paid up	75%
The company is set up to act as importer, exporter, wholesaler, retailer, purchaser, seller, dealer, distributor, agent and supplier of computer equipment, peripherals, software and other related products.		

Klikk Finance p.l.c (formerly BOE Finance Limited)

Notes to the financial statements for the year ended 31 December 2017

13. Trade and other receivables

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Current				
Trade receivables	641,885	430,154	336,955	259,059
Amount received in advance	11,944	12,604	-	-
Other receivables	275	-	-	-
Amount owed by related companies	24,330	10,957	-	-
Indirect taxation	12,104	-	12,104	-
Accrued income and prepayments	20,989	8,801	6,842	1,735
Total current trade and other receivables	711,527	462,516	355,901	260,794
Non-current				
Other receivables	643,983	546,447	364,311	546,447
Total trade and other receivables	1,355,510	1,008,963	720,212	807,241

The trade receivables of the Company bear interest at 8% and are generally on terms of 6 to 60 months. As at year end, there are no past due accounts.

The trade receivables of the subsidiary are non-interest bearing and are generally on terms of 30 to 90 days.

Amount owed by related companies are interest free, unsecured and payable on demand. These amounts resulted from trading activities.

As at 31 December 2017, the aging analysis of trade receivables is, as follows:

	Total	< 30 days	Past due but not impaired	
			30-90 days	> 90 days
	€	€	€	€
2017	1,285,868	931,470	97,965	256,433
2016	976,601	812,896	46,605	117,100

Refer to note 20 on credit risk of trade receivables, which explains how the Group manages and measures the credit quality of trade receivables.

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Notes to the financial statements

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13. Trade and other receivables (continued)

As at 31 December 2017, trade receivables at nominal value of €34,664 were impaired and fully provided for. Movement in the provision for impairment of trade receivables were as follows:

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Impairment on trade receivables				
As at 1 January 2017	16,439	-	16,439	-
Increase/(decrease) in provision	18,225	16,439	(2,127)	16,439
As at 31 December 2017	34,664	16,439	14,312	16,439

14. Borrowings

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Current				
Bank overdrafts (note 19)	379,956	500,244	-	69,174
Bank loans	151,596	58,614	151,596	-
Amount due to related companies	97,080	-	67,252	-
Total current borrowings	628,632	558,858	218,848	69,174
Non-current				
Bank loans	671,326	146,047	671,326	-
Amount due to related companies	-	34,639	-	34,639
Bonds	1,917,286	-	1,917,286	-
Total non-current borrowings	2,588,612	180,686	2,588,612	34,639
Total borrowings	3,217,244	739,544	2,807,460	103,813

The amount owed to related companies are interest free, unsecured and have no fixed repayment date.

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and liquidity risk, see note 20.

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for the year ended 31 December 2017

15. Trade and other payables

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Current				
Amount received in advance	16,660	6,240	-	-
Trade payables	467,950	274,434	19,530	-
Indirect taxes and social security contributions	209,379	234,498	2,100	3,521
Accrual and prepaid income	57,948	29,445	48,979	1,425
Other payables	993	3,662	-	-
Deferred income	53,718		23,264	-
Total current borrowings	806,648	548,279	93,873	4,946

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 20.

16. Deferred taxation

The Group

	Current	2016
	€	€
Deferred tax asset		
As at 1 January	-	7,182
Credit in profit or loss	249,507	(7,182)
As at 31 December	<u>249,507</u>	<u>-</u>

Deferred income taxes are calculated on all temporary differences under the liability method using a principal rate of 35% (2015: 35%).

The balance of deferred taxation as at 31 December 2017 represents:

	Current	2016
	€	€
Tax effect of temporary differences relating to:		
Excess of capital allowances over depreciation	(18,892)	-
Unabsorbed capital allowances	73,788	-
Unrelieved tax losses	187,488	-
Provision for doubtful debts	7,123	-
	<u>249,507</u>	<u>-</u>

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17. Equity

17.1 Issued capital

The Company

	The Company	
	Current	2016
	€	€
Authorised:		
500,000 (2016: 100,000) Ordinary shares of €1 each	500,000	100,000
Issued and fully paid up:		
350,000 (2016: 100,000) Ordinary shares of €1 each	350,000	100,000

17.2 Additional contributed capital

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
As at 1 January	1,179,594	-	1,135,163	-
Shareholders' contributions	-	1,179,594	-	1,135,163
Reduction in shareholders' contributions	(530,226)	-	(485,795)	-
As at 31 December	649,368	1,179,594	649,368	1,135,163

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18. Earnings per share

Earnings-per-share is based on the profit for the year attributable to the owners of the Group divided by the weighted average number of ordinary shares in issue during the year.

	The Group	
	Current	2016
	€	€
Loss attributable to ordinary equity holders of the parent for basic earnings	(271,500)	(77,655)
Weighted average number of ordinary shares in issue (note 17)	350,000	100,000
Earnings per share (cents)		
Basic, loss for the year attributable to ordinary equity holders of the parent	(0.78)	(0.78)

There is no difference between the basic and diluted earnings per share as the Group has no potential dilutive ordinary shares.

19. Cash and cash equivalents

	The Group		The Company	
	Current	2016	Current	2016
	€	€	€	€
Cash at bank and in hand	1,721,283	418,063	1,138,631	-
Overdrawn bank current accounts (note 14)	(379,956)	(500,244)	-	(69,174)
As at 31 December	1,341,327	(82,181)	1,138,631	(69,174)

20. Financial risk management objectives and policies

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

The Group is exposed to market risk, credit risk and liquidity risk.

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

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20. Financial risk management objectives and policies (continued)

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. The Group is only exposed to interest rate risk.

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.

Except as disclosed in note 14, the Group's borrowings are non-interest bearing. Borrowings issued at fixed rates, consist primarily of bank loans which are carried at amortised cost, and therefore do not expose the Group to cashflow and fair value 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 Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks.

The Group exercises a prudent credit control policy, and accordingly, it is not subject to any significant exposure or concentration of credit risk.

The Group banks only with local financial institutions with high quality standard or rating. The Group's operations are principally carried out in Malta and most of the Group's revenue originates from clients based in Malta.

Liquidity risk

The Group 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 Group's obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

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The Group

Year ended 31 December 2017

	Less than 1 year	1 to 5 years	> 5 years	Total
Interest bearing loans and borrowings	531,552	540,719	130,607	1,202,878
Non-interest bearing loans and borrowings	97,080	-	-	97,080
Trade and other payables	806,648	-	-	806,648
Bonds and debentures			1,917,286	1,917,286
	<u>1,435,280</u>	<u>540,719</u>	<u>2,047,893</u>	<u>4,023,892</u>

Year ended 31 December 2016

	Less than 1 year	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	558,858	146,047	-	704,905
Non-interest bearing loans and borrowings	-	34,639	-	34,639
Trade and other payables	556,169	-	-	556,169
	<u>1,115,027</u>	<u>180,686</u>	<u>-</u>	<u>1,295,713</u>

Fair value risk

As at 31 December 2017, the carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables and non-current borrowings 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 expected 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 Group.

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017.

21. Commitments and contingencies

Guarantees

As at the reporting date, the Group had given guarantees to third parties in the normal course of business amounting to €7,000 (2016: €22,375).

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22. Related party disclosures

All companies forming part of the Group are related parties. The following significant transactions were carried out with related parties:

	Current	2016
	€	€
Interest income	<u>77,437</u>	<u>-</u>
Related party purchases	<u>93,909</u>	<u>1,539</u>

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in note 8.

23. Events after the reporting period

As at reporting date, the Group there is no significant transactions that occurred that needs to be disclosed as at 31 December 2017.