Company Registration Number: C60989

ACCOUNTING SERVICES LTD.

Annual Report

For the year ended 31 December 2018

Contents

General Information

Registration

Accounting Services Ltd. is registered in Malta as a limited liability company under the Companies Act, (Cap. 386) with registration number C 60989.

Director

Adrian Sciberras

Company secretary

Adrian Sciberras

Registered address:

Abacus Business Centre,
Level 1, Dun Karm Street,
B'Kara Bypass,
Birkirkara BKR 9037
Malta

Auditors

Busuttil & Micallef
Nr. 11, "L-Ufficcji"
Misrah 28 ta' Frar 1883
Birkirkara BKR1501
Malta

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the Member of Accounting Services Ltd.

Report on the Audit of the Financial Statements

We have audited the financial statements of Accounting Services Ltd. (the company), set out on pages 6 to 19, which comprise the balance sheet as at 31 December 2018, the income statement, 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 balance sheet of the company as at 31 December 2018, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

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

Other Information

The director is responsible for the other information. The other information comprises the General Information. Our opinion on the financial statements does not cover this 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Director

The director is responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report – continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that 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 Auditor's Report – continued

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

Hector Spiteri
Partner

For and on behalf of
Busuttil & Micallef
Certified Public Accountants

Nr. 11, "L-Ufficcji"
Misrah 28 ta' Frar 1883
Birkirkara
BKR1501
Malta

16 April 2019

Income Statement

	Notes	2018 €	2017 €
		Year ended 31 December	
Revenue		**679,343**	512,678
Direct costs		**(391,413)**	(365,954)
Gross profit		**287,930**	146,724
Administrative expenses		**(179,556)**	(117,432)
Finance costs		**(8,198)**	(3,507)
Investment income		**38**	-
Profit before tax	3	**100,214**	25,785
Income tax expense	4	**(36,384)**	(540)
Profit for the year		**63,830**	25,245

Balance Sheet

	Notes	As at 31 December 2018 €	2017 €
ASSETS			
Non-current assets			
Intangible asset	6	**8,943**	13,414
Property, plant and equipment	7	**45,110**	58,117
Deferred tax asset		**5,816**	1,271
		59,869	72,802
Current assets			
Trade and other receivables	8	**606,262**	304,604
Cash and bank balances		**42,594**	147,552
Current tax asset		**70**	70
		648,926	452,226
Total assets		**708,795**	525,028

Balance Sheet - continued

	Notes	As at 31 December 2018 €	2017 €
EQUITY AND LIABILITIES			
Equity			
Share capital		**100,000**	100,000
Profit and loss account		**16,505**	4,675
		116,505	104,675
Non-current liabilities			
Interest-bearing borrowings	9	**330,311**	325,175
Current liabilities			
Borrowings	9	**-**	35,000
Trade and other payables	10	**221,056**	60,178
Tax payable		**40,923**	-
		261,979	95,178
Total liabilities		**592,290**	420,353
Total equity and liabilities		**708,795**	525,028

The financial statements set out on pages 6 to 19 were approved, authorised for issue and signed by the sole director on 16 April 2019.

Adrian Sciberras
Director

Notes to the Financial Statements

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

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

1.2 Functional and presentation currency

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

2 Significant accounting policies

2.1 Intangible assets

Intangible assets comprise of a web-site.

Web-site is capitalised on the basis of the costs incurred to bring the web-site to use. These costs are amortised over their estimated useful lives of 4 years. Costs associated with maintaining the web-site are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy 2.4).

2.2 Property, plant and equipment

Recognition and measurement

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

2 **Significant accounting policies** – continued

2.2 **Property, plant and equipment** – continued

Recognition and measurement – continued

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

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

Depreciation

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

The rates of depreciation used for other items of property, plant and equipment are the following:

- Computer equipment - 25% per annum straight line
- Office equipment - 25% per annum straight line
- Furniture and fittings - 10% per annum straight line
- Motor vehicles - 20% per annum straight line

Depreciation method, useful life and residual value

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

Derecognition of property, plant and equipment

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

2 Significant accounting policies – continued

2.3 Financial assets, financial liabilities and equity

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

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

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

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

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

Trade and other receivables

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

Trade and other payables

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

Bank borrowings

Subsequent to initial recognition, interest bearing loans are measured at the amortised cost using the effective interest method. Bank loans are carried at their face value due to their market rate of interest.

Subsequent to initial recognition, interest bearing bank overdrafts are carried at their face value due to their short term maturities

2 Significant accounting policies – continued

2.3 Financial assets, financial liabilities and equity – continued

Share capital issued by the company

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

2.4 Impairment

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

Property, plant and equipment

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

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

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

2 Significant accounting policies – continued

2.5 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the company's cash management, and are presented in current liabilities in the balance sheet.

2.6 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

2.7 Provisions

A provision is recognised when, as a result of a past event, the company has a present obligation that can be estimated reliably and it is probable that the company will be required to transfer economic benefits in settlement. Provisions are recognised as a liability in the balance sheet and as an expense in profit or loss or, when the provision relates to an item of property, plant and equipment, it is included as part of the cost of the underlying asset.

2 Significant accounting policies – continued

2.8 Income

Rendering of services

Revenue is derived from professional and related services and is recognised when the service is rendered.

2.9 Borrowing costs

Borrowing costs, including those costs that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised as an expense in profit or loss in the period in which they are incurred.

2.10 Employee benefits

The company contributes towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are incurred.

2.11 Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated at year end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in profit or loss.

3 Profit before tax

3.1 Total remuneration paid to the company's auditors during the year amounts to:

	2018	2017
	€	€
Audit fees	**2,000**	2,000

3.2 The average number of persons employed by the company during the year was as 15 (2017: 14).

4 Income tax

	2018 €	2017 €
Current tax:		
At 35%	**44,344**	7,199
Micro invest tax credit	**(3,415)**	(7,199)
Deferred tax charge	**(4,545)**	540
	36,384	540

5 Dividend

	2018 €	2017 €
Ordinary shares		
Final dividend	**53,000**	20,571
Cents per share (net)	**0.52**	0.205

The director has announced a gross dividend of €80,000 payable on 31 December 2018 to the ordinary shareholder. This dividend is being paid out of tax profits resulting in a total net dividend to the ordinary shareholder of €52,000 equivalent to €0.205 per share.

6 Intangible assets

	Web-site €	Total €
Movements for the year ended 31 December 2018		
Opening net book amount	13,414	13,414
Amortisation charge	(4,471)	(4,471)
Closing net book amount	8,943	8,943
At 31 December 2018		
Cost	17,885	17,885
Accumulated amortisation	(8,942)	(8,942)
Net book amount	**8,943**	**8,943**

7 Property, plant and equipment

	Computer equipment €	Office equipment €	Furniture and fixtures €	Motor vehicles €	Total €
At 1 January 2018					
Cost	21,721	18,965	68,515	14,284	123,485
Accumulated depreciation	(17,613)	(17,386)	(24,655)	(5,714)	(65,368)
Net book amount	**4,108**	**1,579**	**43,860**	**8,570**	**58,117**
Year ended 31 December 2018					
Opening net book amount	4,108	1,579	43,860	8,570	58,117
Additions	-	928	-	-	928
Depreciation charge	(2,148)	(2,079)	(6,852)	(2,856)	(13,935)
Closing net book amount	1,960	428	37,008	5,714	45,110
At 31 December 2018					
Cost	21,721	19,893	68,515	14,284	124,413
Accumulated depreciation	(19,761)	(19,465)	(31,507)	(8,570)	(79,303)
Net book amount	**1,960**	**428**	**37,008**	**5,714**	**45,110**

8 Trade and other receivables

	2018	2017
	€	€
Trade receivables	**88,257**	78,608
Amounts due from related parties (Note)	**63,633**	28,197
Amounts due from shareholder (Note)	**172,675**	99,878
Amounts due from UBO	**124,674**	-
Other receivables	**155,362**	97,021
Prepayments	**1,661**	900
	606,262	304,604

Note:

Amounts due from related parties, UBO and shareholder are unsecured, interest free and repayable on demand.

9 Interest-bearing borrowings

		2018	2017
		€	€
9.1	*Non-current*		
	Amounts due to related party (Note i)	**29,000**	25,000
	Other loan (Note ii)	**301,311**	300,175
		330,311	325,175
9.2	*Current*		
	Other loan	-	35,000

Notes:

i) The amount due to related party is unsecured, interest free and is not repayable within the next twelve months from the balance sheet date.

ii) Other loan is unsecured, bears interest at 8% per annum and is repayable by 31 December 2023.

10 Trade and other payables

	2018	2017
	€	€
Current		
Trade payables	**17,850**	20,306
Other payables	**171,227**	36,297
Accruals	**2,937**	3,575
Amounts due to related party (Note)	**29,042**	35,000
	221,056	95,178

Note:

Amounts due to related party are unsecured, interest free and repayable on demand.

11 Related party disclosure

Transactions with related parties

Year end balances owed by or to parent com pant, related companies and other related parties, resulting mainly in connection with sales and purchases transactions, are disclosed in notes 6 and 10 to these financial statements.

The following transactions were carried out with related parties:

	2018	2017
	€	€
Sales of services		
Related companies	**212,141**	115,303
Amounts due to/(from) shareholder		
Beginning of the year	**(99,878)**	1,850
Movements during the year	**(124,797)**	(101,728)
Dividend	**52,000**	-
End of the year	**(172,675)**	(99,878)
Advances to related party		
Beginning of the year	**25,000**	25,000
Movements during the year	**4,000**	-
End of the year	**29,000**	25,000

11 Related party disclosure – continued

The following transactions were carried out with related parties: - continued

	2018 €	2017 €
Other loan		
Beginning of the year	**35,000**	25,000
Loan advances during the year	**(9,000)**	10,000
	26,000	35,000
Amounts due from other companies		
Beginning of the year	**(28,197)**	(34,669)
Movements during the year	**(32,395)**	6,472
	(60,592)	(28,197)
Amounts due from UBO		
Movements during the year	**(124,674)**	-

12 Comparative information

Certain comparative information has been reclassified to conform with the current year's disclosure to the purpose of fairer presentation.

Direct costs

	2018 €	2017 €
Commission payable	**10,591**	8,684
Director's remuneration	**30,000**	24,000
Other direct costs	**26,110**	6,690
Professional fees	**4,853**	6,709
Subcontracting	**31,366**	44,636
Salaries	**250,659**	231,057
Services	**34,153**	42,740
Training cost	**3,681**	1,438
	391,413	365,954

Finance costs

	2018 €	2017 €
Interest paid	**8,198**	3,507

Administrative expenses

	2018	2017
	€	€
Advertising and promotions	**63,045**	33,022
Amortisation	**4,471**	4,471
Audit fee	**2,000**	2,000
Bank charges	**749**	746
Cleaning expenses	**3,121**	3,227
Depreciation	**13,935**	19,880
Fines and penalties	**130**	-
Insurance	**3,657**	4,186
IT Expenses	**16,225**	11,810
Legal fees	**-**	233
Gain on disposal	**-**	(255)
Miscellaneous expenses	**(30)**	329
Miscellaneous motor expenses	**191**	95
Office expenditure	**6,068**	7,455
Postage	**421**	790
Printing and stationery	**1,703**	1,956
Provisional for bad debt	**4,453**	(1,680)
Rent	**20,700**	21,700
Repairs and maintenance	**4,713**	2,010
Registration fee	**400**	400
Telephone expenses	**9,050**	7,257
Travelling expenses	**166**	220
Unrealised difference on exchange	**21,765**	(3,534)
Realised gain on exchange	**310**	-
Water and electricity	**2,313**	1,114
	179,556	117,432