C 9518

# JAYS LIMITED

## ANNUAL REPORT
For the year ended 31 December 2018

**JAYS LIMITED**

**ANNUAL REPORT**
For the year ended 31 December 2018

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**JAYS LIMITED**

**COMPANY STATUTORY INFORMATION**

| | |
|---|---|
| Company Name: | Jays Limited |
| Company Registration No. : | C 9518 |
| Registered Office: | The Pergola,<br>Adenau Street<br>Mellieha<br>Malta |
| Company Shareholders: | Jays Investments Limited<br>Dr. Albert Grech LL.D. |
| Company Directors: | Mr. John Grima<br>Mr. Alex Grima<br>Mr. Jonathan Grima |
| Company Secretary: | Mr. John Grima |
| Company Auditors: | 'Parker Randall Turner'<br>13, Curate Fenech Street<br>Birzebbuga<br>BBG 2032<br>Malta |
| Company Bankers: | Bank of Valletta plc<br>Corporate Centre,<br>Canon Road,<br>St. Venera, SVR9030<br>Malta |

## JAYS LIMITED

## DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**JAYS LIMITED**

**INCOME STATEMENT**
For the year ended 31 December 2018

| | Notes | 2018 € | 2017 € |
|---|---|---|---|
| **REVENUE** | 2 | 363,101 | 281,032 |
| Direct costs | | (262,075) | (183,940) |
| **GROSS PROFIT** | | 101,026 | 97,092 |
| Provision for impairment loss | | (111,334) | - |
| | | (10,308) | 97,092 |
| Administrative expenses | | (8,104) | (3,761) |
| | | (18,412) | 93,331 |
| Other income | | 4,358 | 1,091 |
| **(LOSS)/ PROFIT FOR THE YEAR BEFORE INTEREST PAYABLE** | | (14,054) | 94,422 |
| Interest payable and similar charges | | (40,988) | (45,290) |
| **(LOSS)/ PROFIT FOR THE YEAR BEFORE TAXATION** | 3 | (55,042) | 49,132 |
| Taxation | 4 | (32,454) | (29,108) |
| **(LOSS)/ PROFIT FOR THE YEAR AFTER TAXATION** | | € (87,496) | € 20,024 |

**JAYS LIMITED**

**BALANCE SHEET**
At 31 December 2018

| | Notes | 2018 € | 2017 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments | 5 | 1,162 | 59,512 |
| Property, plant and equipment | 6 | - | - |
| Investment property | 7 | 12,870,939 | 10,840,852 |
| Amounts due from related parties | 9 | 175,067 | 92,372 |
| Trade and other receivables | 9 | 619,000 | 180,096 |
| | | 13,666,168 | 11,172,832 |
| **Current Assets** | | | |
| Inventories | 8 | - | 12,800 |
| Trade and other receivables | 9 | 162,377 | 303,771 |
| | | 162,377 | 316,571 |
| **Total assets** | | € 13,828,545 | € 11,489,403 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 (a) | 1,398 | 1,398 |
| Revaluation reserve | 10 (b) | 8,794,616 | 6,989,898 |
| Retained earnings | 10 (c) | 220,393 | 254,897 |
| | | 9,016,407 | 7,246,193 |
| **Non-Current Liabilities** | | | |
| Interest-bearing loans and borrowings | 11 | 665,323 | 737,762 |
| Amounts due to related parties | 11 | 2,753,209 | 2,257,464 |
| Deferred taxation | 12 | 1,080,525 | 874,113 |
| | | 4,499,057 | 3,869,339 |
| **Current Liabilities** | | | |
| Interest-bearing loans and borrowings | 13 | 56,130 | 59,986 |
| Trade and other payables | 13 | 256,951 | 313,885 |
| | | 313,081 | 373,871 |
| **Total equity and liabilities** | | € 13,828,545 | € 11,489,403 |

The financial statements set out on pages 3 to 16 were approved and authorised for issue by the Board on 17 October 2019 and signed on its behalf by:

**John Grima**
**Managing Director**

**Alex Grima**
**Director**

JAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

## 1. BASIS OF PREPARATION

### (a) Basis of measurement and statement of compliance

The financial statements of Jays Limited 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"). These financial statements present information about the Company as an individual undertaking.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Unquoted investments

Unquoted Investments are stated at the cost in accordance with section 9 and 10 of the General Accounting Principles for Small and Medium Entities. Income from investments is accounted for to the extent of dividends received, if any.

### (b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided for using the straight line method at rates intended to write down the cost of fixed assets over their expected useful lives. The annual rates used are the following:

| | % |
|---|---|
| Plant & equipment | 16.67 |
| Office equipment | 20 |
| Motor vehicle | 20 |
| Furniture and fittings | 10 |

### (c) Impairment

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognized as an expense in the income statement. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Investment property

An investment property is property held by the company to earn rentals or for capital appreciation or both. Investment property is recognised in the financial statements at Fair Value. Depreciation is charged on the cost of buildings at 0.5 % per annum. For the purpose of assessing impairment, assets are grouped in the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, management estimates expected future cashflows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses are recognized immediately in the income statement. Impairments losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss that had been previously recognized is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

Revaluations are performed by a professional qualified architect with sufficient regularity such that the carrying amount does not differ materially from that which would have been determined using fair values at the end of the reporting period. Any surpluses arising in such revaluation are recognized directly in equity as a fair value reserve unless they reverse a revaluation decrease from the same asset previously recognized in the income statement. In such case the increase is credited in profit and loss to the extent of the decrease previously charged. Any deficiencies resulting from decreases in value are deducted from the fair value reserve to the extent that the balance held in this reserve, relating to a previous revaluation of that asset, is sufficient to absorb this, with any remaining balances being charged to the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost of work in progress comprise direct raw materials, other direct costs and related overheads.

### (f) Trade and other payables

Trade and other creditors are stated at their nominal value.

### (g) Trade and other receivables

Trade and other debtors are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

### (h) Related parties

Related parties are those persons or bodies of persons who have control or have significant influence over the operating and financial decisions of the company as defined under Section 20 – Related party disclosures of the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015.

### (i) Bank and Other Borrowings

Bank and other borrowings are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are shown with accruals to the extent that they are not settled in the period in which they arise.

### (j) Borrowing Costs

Borrowing costs are capitalised on the project under development. Such costs will continue to accrue with the development of the project until the finalisation thereof.

### (k) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### (m) Current and deferred taxation

Tax expense recognized in the income statement comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and / or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profits, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the company and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Change in deferred tax assets or liabilities are recognized in other comprehensive income or a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the company's activities. Revenue is disclosed net of value-added tax, returns, rebates and discounts. The company recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

## 3. (LOSS)/ PROFIT FOR THE YEAR

| | 2018 | 2017 |
|---|---|---|
| 3.1 Total remuneration paid to the Company's auditors during the year is composed of: | | |
| Audit fee | € 1,500 | € 1,100 |

3.2 The average number of persons employed by the Company during 2018 was 26 (2017:24)

## 4. TAXATION

| | 2018 | 2017 |
|---|---|---|
| Malta tax at 35 % (note) | € 32,454 | € 29,108 |

Note:

| | 2018 € | 2017 € |
|---|---|---|
| (Loss)/ profit for the year before taxation | (55,042) | 49,132 |
| Tax at the applicable rate of 35% | (19,265) | 17,196 |
| Tax effect on depreciation not allowed for tax purposes | 11,912 | 11,912 |
| Tax effect on disallowed expenses | 39,807 | - |
| | € 32,454 | € 29,108 |

## 4. TAXATION (continued)

No deferred taxation has been reflected in the financial statements since no temporary differences have resulted during the year under review.

## 5. INVESTMENTS

| | Holding<br>% | 2018<br>€ | 2017<br>€ |
|---|---|---|---|
| **TS Consultants Limited**<br>499 ordinary shares of € 2.329373 each, fully paid-up | 99% | 1,162 | 1,162 |
| **J X Limited**<br>25,000 ordinary shares of € 2.329373 each, fully paid-up | 50% | 58,234 | 58,234 |
| Provision for impairment | | (58,234) | - |
| **Comptrade Limited**<br>250 ordinary shares of € 2.329373 each, 20% paid-up | 50% | 116 | 116 |
| Provision for impairment | | (116) | - |
| | | € 1,162 | € 59,512 |

## 6. PROPERTY, PLANT AND EQUIPMENT

| | Motor Vehicle<br>€ | Plant & Equipment<br>€ | Furniture & Fittings<br>€ | Total<br>€ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 January and 31 December 2018 | € 5,823 | € 144,303 | € 38,751 | € 188,877 |
| **DEPRECIATION** | | | | |
| At 1 January and 31 December 2018 | € 5,823 | € 144,303 | € 38,751 | € 188,877 |
| **NET BOOK VALUE** | | | | |
| At 31 December 2018 | € - | € - | € - | € - |
| **NET BOOK VALUE** | | | | |
| At 31 December 2017 | € - | € - | € - | € - |

JAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2018

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost of fully depreciated assets still in use at year end amounted to € 188,877, on which depreciation otherwise chargeable amounted to € 29,195.

## 7. INVESTMENT PROPERTY

| | Land & Buildings<br>€ |
|---|---|
| **COST** | |
| At 1 January 2018 | 10,995,341 |
| Revaluation | 2,064,122 |
| | € 13,059,463 |
| **DEPRECIATION** | |
| At 1 January 2018 | 154,489 |
| Charge for year | 34,035 |
| At 31 December 2018 | € 188,524 |
| **NET BOOK VALUE** | |
| At 31 December 2018 | € 12,870,939 |
| At 31 December 2017 | € 10,840,852 |

Investment properties were revalued on the basis of an open market valuation on 11 September 2019 by Mr. D.H. Camilleri, Eur.Ing, A & CE, Architect and Civil Engineer. The revaluation of assets was reflected in the financial statements for the year ended 31 December 2018.

## 8. INVENTORIES

| | 2018 | 2017 |
|---|---|---|
| Works in progress | € - | € 12,800 |

JAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2018

## 9. TRADE AND OTHER RECEIVABLES

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| **Amounts due after more than one year:** | | |
| Advances to directors (note a) | - | 180,096 |
| Amounts due from related parties (note b) | 175,067 | 92,372 |
| Payment on account on purchase of property (note c) | 619,000 | - |
| | € 794,067 | € 272,468 |
| **Amounts due within one year:** | | |
| Trade debtors | 169 | 166 |
| Accrued income | 162,208 | 286,082 |
| Advance payments to suppliers | - | 17,523 |
| | € 162,377 | € 303,771 |

**Notes:**

### (a) Advances to directors

Advances to directors are unsecured, interest free and have no fixed date of repayment.

### (b) Amounts due from related parties

Amounts due from related parties are unsecured, interest free and have no fixed date of repayment. This has been reflected net of provisions for impairment on related party balances of € 52,984.

### (c) Payment on account on purchase of property

The payment on account of € 619,000 represents payments in relation to the purchase of immovable property situated in Mellieha. The final contract is envisaged to take place in 2020.

JAYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

### 10. EQUITY AND RESERVES

| | 2018 € | 2017 € |
|---|---|---|
| **(a) Share capital** | | |
| Authorised | | |
| 1,200 ordinary shares of € 2.329373 each | € 2,795 | € 2,795 |
| Issued, allotted and fully paid | | |
| 600 ordinary shares of € 2.329373 each | € 1,398 | € 1,398 |

**(b) Fair value reserve**

| | 2018 € | 2017 € |
|---|---|---|
| Opening balance | 6,989,898 | 7,012,570 |
| Increase in revaluation | 2,064,122 | - |
| Deferred tax on revaluation | (206,412) | - |
| Transfer from revaluation reserve to income statement | (52,992) | (22,672) |
| Closing balance | € 8,794,616 | € 6,989,898 |

**(c) Retained earnings**

| | 2018 € | 2017 € |
|---|---|---|
| Opening balance | 254,897 | 212,201 |
| Movement for the year | (87,496) | 20,024 |
| Transfer from revaluation reserve to income statement | 52,992 | 22,672 |
| Closing balance | € 220,393 | € 254,897 |

### 11. NON-CURRENT LIABILITIES

| | 2018 € | 2017 € |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Bank Loan I (note i) | 6,688 | 6,260 |
| Bank Loan II (note ii) | 13,884 | 12,991 |
| Bank Loan III (note iii) | 20,880 | 19,541 |
| Bank Loan IV (note iv) | 14,678 | 13,736 |
| Third party loan (note v) | - | 7,458 |
| | 56,130 | 59,986 |

## 11. NON-CURRENT LIABILITIES (continued)

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| **Amounts falling due between two to five years :** | | |
| Bank Loan I | 30,442 | 28,490 |
| Bank Loan II | 63,190 | 59,128 |
| Bank Loan III | 95,036 | 88,941 |
| Bank Loan IV | 66,806 | 62,521 |
| | 255,474 | 239,080 |
| **Amounts falling due after more than five years:** | | |
| Bank Loan I | 48,686 | 59,264 |
| Bank Loan II | 102,564 | 124,575 |
| Bank Loan III | 151,812 | 184,837 |
| Bank Loan IV | 106,787 | 130,006 |
| Amounts due to related parties (note vi) | 2,753,209 | 2,257,464 |
| | 3,163,058 | 2,756,146 |
| | 3,474,662 | 3,055,212 |
| Less: Current instalments due on bank loans (note 13) | (56,130) | (59,986) |
| | € 3,418,532 | € 2,995,226 |

Notes:

(i) Bank loan I is secured by a general hypothec over the company's assets supported by a special hypothec and special privilege over plots of land in Mellieha, and by joint and several hypothecary guarantees over personal property of the shareholders. The loan is payable by monthly instalments of € 1,570 inclusive of interest at the rate of 5.45% per annum between May to November with interest only being charged and settled between December to April.

(ii) Bank loan II is secured by a general hypothec over the company's assets supported by a special hypothec and special privilege over plots of land in Mellieha, and by joint and several hypothecary guarantees over personal property of the shareholders. The loan is payable by monthly instalments of € 3,270 inclusive of interest at the rate of 5.45% per annum between May to November with interest only being charged and settled between December to April.

## 11. NON-CURRENT LIABILITIES (continued)

(iii) Bank loan III is secured by a general hypothec over the company's assets supported by a special hypothec and special privilege over plots of land in Mellieha, and by joint and several hypothecary guarantees over personal property of the shareholders. The loan is payable by monthly instalments of € 4,900 inclusive of interest at the rate of 5.45% per annum between May to November with interest only being charged and settled between December to April.

(iv) Bank loan IV is secured by a general hypothec over the company's assets supported by a special hypothec and special privilege over plots of land in Mellieha, and by joint and several hypothecary guarantees over personal property of the shareholders. The loan is payable by monthly instalments of € 3,445 inclusive of interest at the rate of 5.45% per annum between May to November with interest only being charged and settled between December to April.

(v) Third party loan is payable in monthly instalments of € 3,202 inclusive of interest at 6% per annum and has no fixed date of repayment. The loan was fully repaid during the year under review.

(vi) Amounts due to related parties are unsecured, interest-free and have no fixed date of repayment.

## 12. DEFERRED TAX

| | 2018 € | 2017 € |
|---|---|---|
| Opening balance | 874,113 | 874,113 |
| Deferred tax movement on revaluation of property | 206,412 | - |
| | € 1,080,525 | € 871,113 |

## 13. CURRENT LIABILITIES

| | 2018 € | 2017 € |
|---|---|---|
| Current portion due on loans (note 11) | 56,130 | 59,986 |
| Trade creditors | 47,506 | 88,329 |
| Valued added tax payable | 104,229 | 105,946 |
| Payments on account | - | 49,553 |
| Taxation payable (note) | 98,658 | 66,204 |
| Accruals | 6,558 | 3,853 |
| | € 313,081 | € 373,871 |

## 13. CURRENT LIABILITIES (continued)

Note:

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Brought forward | 66,204 | 37,096 |
| Tax charge for the year | 32,454 | 29,108 |
| Closing balance | € 98,658 | € 66,204 |

## 14. RELATED PARTIES

### (a) Transactions

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| **Income** | | |
| Rent receivable | 135,061 | 131,127 |
| Staff Secondment | 228,040 | 149,905 |
| Gross commissions receivable | 130,964 | 76,257 |

### (b) Balances

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| Advances to directors | - | 180,096 |
| Amounts due from related parties | 175,067 | 92,372 |
| Amounts due to related parties | 2,753,209 | 2,257,464 |

## 15. CONTINGENT LIABILITIES

| | 2018 | 2017 |
|---|---|---|
| Guarantees given in relation to related company | € 5,136,770 | € 2,618,087 |

JAYS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

To the Shareholders of Jays Limited – Report on Audit of the Financial Statements.

### Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Jays Limited from pages 3 to 16, which comprise the balance sheet as at 31 December 2018 and the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of Jays Limited 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 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 Auditors' Responsibilities for the Audit of the Financial Statement 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.
the amounts we had to rely on representations given by the directors.

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

**Responsibilities of the Directors (continued)**

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. 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 directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 company to cease to continue as a going concern.

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

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

JAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (continued)

**Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been properly prepared in accordance with the Companies Act, 1995 (Chap 386) enacted in Malta which permits compliance 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), for qualifying entities as prescribed in those regulations.

**Arthur Douglas Turner – Partner**
**On behalf of Parker Randall Turner**

'Parker Randall Turner'
13, Curate Fenech Street
Birzebbugia BBG 2032
Malta

17 October 2019

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

## SCHEDULE I – DETAILED INCOME STATEMENT
For the year ended 31 December 2018

| | Page | 2018 € | 2017 € |
|---|---|---|---|
| **REVENUE** | | | |
| Lease income | | 135,061 | 131,127 |
| Staff secondment | | 228,040 | 149,905 |
| | | 363,101 | 281,032 |
| Direct costs | 22 | (262,075) | (183,940) |
| **GROSS PROFIT** | | 101,026 | 97,092 |
| Provision for impairment loss | | (111,334) | - |
| | | (10,308) | 97,092 |
| **OTHER INCOME** | | | |
| Net commissions receivable | | 1,236 | 1,091 |
| Other interest receivable | | 3,122 | - |
| | | 4,358 | 1,091 |
| **OPERATING (LOSS)/ PROFIT** | | (5,950) | 98,183 |
| Administrative and other expenses | 22 | (8,104) | (3,761) |
| **(LOSS)/ PROFIT FOR THE YEAR BEFORE INTEREST PAYABLE** | | (14,054) | 94,422 |
| Interest payable and similar charges | 22 | (40,988) | (45,290) |
| **(LOSS)/ PROFIT FOR THE YEAR BEFORE TAXATION** | | € (55,042) | € 49,132 |

JAYS LIMITED

## SCHEDULE II - DETAILED INCOME STATEMENT SCHEDULES
For the year ended 31 December 2018

| | 2018 | 2017 |
|---|---|---|
| | € | € |
| **DIRECT COSTS** | | |
| Depreciation | 34,035 | 34,035 |
| Direct wages | 228,040 | 149,905 |
| - to page 21 | € 262,075 | € 183,940 |
| **ADMINISTRATIVE EXPENSES** | | |
| Auditors' remuneration | 1,500 | 1,100 |
| Fines and penalties | 2,400 | - |
| Legal and professional fees | 4,017 | 2,470 |
| Office expenses | 47 | 51 |
| Registration fees | 140 | 140 |
| - to page 21 | € 8,104 | € 3,761 |
| **INTEREST PAYABLE AND SIMILAR CHARGES** | | |
| Interest on bank loans | 40,960 | 42,718 |
| Other interest | - | 1,688 |
| Bank charges | 28 | 884 |
| - to page 21 | € 40,988 | € 45,290 |