MCP COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

Company Reg. No. C 13656

MCP COMPANY LIMITED

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MCP COMPANY LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Director:

Mr. Saviour Ellul

The director presents herewith his annual report together with the audited financial statements of MCP Company Limited (the "Company") for the year ended 31 December 2023.

Principal Activities

The principal activity of the Company, which has remained unchanged from the previous accounting year, is that of operating car parking facilities.

Review of Business and Financial Position

During the year, the level of business was generally maintained and the Company posted an operating profit. After accounting for the net results on joint operations, net finance costs and taxation, the Company registered a profit for the year. The Company's financial position, which was already strong, was further bolstered by a revaluation of its Floriana car park, which valuation was carried out in May 2024. The director is confident that the present level of activities will be sustained for the foreseeable future.

Principal Risks and Uncertainties

The Company is mainly exposed to operational and market risk relating to the demand for car parking to maintain occupancy of its car parks. In order to manage and minimise the impact of these risks, the Company maintains strong relationship with its patrons resulting in repeat renewals of memberships from year to year. These include long established relationships with a number of firms operating from Valletta. The strategic location of the Company's car park just outside Valletta and the high number of cars being used in Malta help support demand for the Company's car parking facilities.

The Company constantly looks for ways to improve services being offered to customers in order to increase the number of returning customers. These include the operation of a shuttle service during office and shop hours around Valletta. A major project which is nearing completion, is also being undertaken to improve the car park's facilities.

The Company has implemented a number of monitoring and control structures in order to ensure proper handling of cash and minimise risks of customers avoid paying car park fees due. These include the use of technology to enable contactless payments and monitor cars entering and exiting the car park.

Future Developments

The Company is expected to maintain the car park occupancy at prior year levels in the coming year, and with the car park extension complete, income from outlets within the car park complex are expected to increase.

Going Concern

The director, after due consideration of the Company's profitability and financial position, confirms that the Company is in a position to continue operating as a going concern for the foreseeable future.

Results, Dividends and Reserves

The results for the year and the movement on the reserves are as set out on pages 7 and 9 of the financial statements respectively. No dividends were proposed or paid during the year and no final dividends are being proposed to be declared.

MCP COMPANY LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Director

The director listed on page 1 served in office throughout the year. In accordance with the Company's Articles of Association, the director at date of this report is to remain in office.

Auditors

Baker Tilly Malta have intimated their willingness to continue in office. A proposal to reappoint Baker Tilly Malta as auditors of the Company will be put to the General Meeting.

Approved and signed by the sole director on 8 August 2024.

Mr. Saviour Ellul
Director

MCP COMPANY LIMITED

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the director to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

In preparing these financial statements, the 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 judgement 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 assets and liabilities;
- 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 sole director determine 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.

Signed by the sole director on 8 August 2024.

Mr. Saviour Ellul
Director

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Pieta' PTA 9041
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCP COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements set out on pages 7 to 33 which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have been properly prepared in accordance with the Companies Act, 1995 (Chapter 386, 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 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 director's report.

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 director's report, we also considered whether the director's report includes the disclosures required by Article 177 of the Companies Act (Cap. 386).

Based on the work performed, in our opinion:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with the Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the director's report and other information. We have nothing to report in this regard.

Baker Tilly Malta trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Baker Tilly Malta is registered as a civil partnership of Certified Public Accountants authorised to provide audit services in Malta in terms of the Accountancy Profession Act. A list of the partners, as well as the principals authorised to sign reports on behalf of the firm is available at www.bakertilly.mt

bakertilly

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCP COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 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 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 judgement 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 management.

- Conclude on the appropriateness of management'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, then 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 those charged with governance 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 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 MEMBERS OF MCP COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Other Legal and Regulatory Requirements
We also have responsibilities under the Companies Act, 1995 (Chapter 386, Laws of Malta), to report to you if, in our opinion:

- Adequate accounting records have not been kept;
- The financial statements are not in agreement with the accounting records;
- We have not received all the information and explanations we required for our audit;

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

This copy of the audit report has been signed by
Donald Saut for and on behalf of
Baker Tilly Malta
Registered Auditors
Level 5
Ross Marina Building
216, Marina Seafront
Pieta' PTA 9041
Malta

8 August 2024

MCP COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		Euro	Euro
Revenue	4	**2,127,240**	2,194,921
Direct Operational Costs		**(855,561)**	(1,004,084)
Gross Contribution		**1,271,679**	1,190,837
Selling and Promotional Overheads		**(18,256)**	(20,022)
Administrative Overheads		**(271,059)**	(248,314)
Other Operating Income		**39,999**	330
Operating Profit	5	**1,022,363**	922,831
Share of Profits/(Losses) on Joint Operations	6	**7,754**	18,568
Share of Profits due to Third Parties	6	**(16,503)**	(16,790)
Net Results on Joint Operations	6	**(8,749)**	1,778
Finance Income	7	**58,396**	78,143
Finance Costs	7	**(504,681)**	(301,227)
Net Finance Costs	7	**(446,285)**	(223,084)
Profit before Taxation		**567,329**	701,525
Tax Expense	8	**513,696**	(354,374)
Profit for the Year		**1,081,025**	347,151
Other Comprehensive Income			
Revaluation of Car Park		**9,278,938**	-
Deferred Tax Movement on Revaluation of Car Park		**(976,000)**	-
		8,302,938	-
Total Comprehensive Income for the Year		**9,383,963**	347,151

The notes on pages 11 to 33 form an integral part of these financial statements.

MCP COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Note	2023	2022
		Euro	Euro
ASSETS			
Property, Plant and Equipment	9	31,834,279	22,479,586
Investment in Joint Ventures	10	56,376	48,622
Total Non-Current Assets		31,890,655	22,528,208
Inventories	11	45,657	29,152
Trade and Other Receivables	12	4,728,946	4,824,690
Cash and Cash Equivalents	13	450,320	41,485
Total Current Assets		5,224,923	4,895,327
Total Assets		37,115,578	27,423,535
EQUITY			
Share Capital	14	920,002	920,002
Revaluation Reserve	14	14,517,876	6,309,317
Retained Earnings		3,917,652	2,742,248
Shareholder's Contribution	14	845,000	845,000
Total Equity		20,200,530	10,816,567
LIABILITIES			
Bank Borrowings	15	5,137,341	5,705,462
Finance Lease Obligations	16	3,276,162	3,191,862
Deferred Tax Liability	8	4,173,761	3,713,228
Total Non-Current Liabilities		12,587,264	12,610,552
Trade and Other Payables	17	2,776,958	2,391,472
Finance Lease Obligations	16	91,326	87,813
Bank Borrowings	15	1,459,500	1,476,727
Taxation Payable	8	-	40,404
Total Current Liabilities		4,327,784	3,996,416
Total Liabilities		16,915,048	16,606,968
Total Equity and Liabilities		37,115,578	27,423,535

The notes on pages 11 to 33 form an integral part of these financial statements.

The financial statements on pages 7 to 33 were approved and authorised for issue by the sole director on 8 August 2024.

Mr. Saviour Ellul
Director

MCP COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Total	Share Capital	Revaluation Reserve	Retained Earnings	Shareholder Contribution
	Euro	Euro	Euro	Euro	Euro
Balance at 1 January 2023	**10,816,567**	**920,002**	**6,309,317**	**2,742,248**	**845,000**
Comp. Income for the Year					
Profit for the Year	**1,081,025**	-	-	**1,081,025**	-
Other Comprehensive Income	**8,302,938**	-	**8,302,938**	-	-
Movement on Reserves					
Transfer to Retained Earnings	-	-	**(94,379)**	**94,379**	-
Balance at 31 December 2023	**20,200,530**	**920,002**	**14,517,876**	**3,917,652**	**845,000**
Balance at 1 January 2022	10,469,416	920,002	6,403,696	2,300,718	845,000
Comp. Income for the Year					
Profit for the Year	347,151	-	-	347,151	-
Movement on Reserves					
Transfer to Retained Earnings	-	-	(94,379)	94,379	-
Balance at 31 December 2022	10,816,567	920,002	6,309,317	2,742,248	845,000

The notes on pages 11 to 33 form an integral part of these financial statements.

MCP COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 Euro	2022 Euro
Cash Flows from Operating Activities			
Profit for the Year		**1,081,025**	347,151
Adjustments for:			
Depreciation of Property, Plant and Equipment		**442,972**	399,478
Share of (Profits)/Losses on Joint Operations		**(7,754)**	(18,568)
Actual Rent Payments Effected under Finance Leases		**(41,705)**	(41,705)
Finance Expense		**504,681**	301,227
Income Tax Expense		**(513,696)**	354,374
		1,465,523	1,341,957
Changes in:			
Inventories		**(16,505)**	(20,838)
Trade and Other Receivables		**59,529**	(124,023)
Trade and Other Payables		**261,377**	510,664
Cash Generated from Operations		**1,769,924**	1,707,760
Taxes Paid		**(42,175)**	-
Net Cash from Operating Activities		**1,727,749**	1,707,760
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		**(518,727)**	(906,182)
Net Cash used in Investing Activities		**(518,727)**	(906,182)
Cash Flows from Financing Activities			
Movement on Bank Borrowings		**(497,777)**	(945,055)
Movement on Joint Operation Balances		**-**	1,269
Movement on Related Companies Accounts		**170,324**	25,609
Movement on Parent Company Account		**-**	(1,150,000)
Movement on Director's Account		**(10,000)**	-
Interest Paid		**(375,163)**	(175,086)
Net Cash used in Financing Activities		**(712,616)**	(2,243,263)
Net Movement in Cash and Cash Equivalents		**496,406**	(1,441,685)
Cash and Cash Equivalents at Beginning of Year		**(46,086)**	1,395,599
Cash and Cash Equivalents at End of Year	13	**450,320**	(46,086)

The notes on pages 11 to 33 form an integral part of these financial statements.

1. Reporting Entity

MCP Company Limited (the "Company") is a limited liability company domiciled and incorporated in Malta. The Company's registered office is at Triq Sarria, Floriana FRN 1640, Malta.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (the "applicable framework"). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta), to the extent that such provisions do not conflict with the applicable framework.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for land and buildings which are measured at fair value.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

2.5 Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company measures land and buildings at fair value.

2. Basis of Preparation *(Contd.)*

2.6 New Standards and Interpretations Not Yet Adopted

A number of amended standards became applicable for the current period and have been applied as necessary. The impact of the adoption of these revisions on the Company's accounting policies and on the financial results are insignificant.

Certain new standards, amendments and interpretations to existing standards have been published by the date of the authorisation for issue of these audited financial statements but are mandatory for the Company's accounting period after 1 January 2023. The Company may early adopt these revisions to the requirements of IFRSs as adopted by the EU. The Company's directors are of the opinion that there are no requirements that will have a significant impact on the financial statements in the period of initial application.

3. Significant Accounting Policies

The accounting policies set out below have been applied throughout the period presented in these financial statements.

3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.2 Revenue

Rendering of Services
Revenue comprises the fair value of the consideration received or receivable for the provision of parking services in the ordinary course of business of the Company. Revenue for services is recognized at the date of the transaction effected during the year. Revenue is shown net of value added tax, rebates and discounts.

3.3 Property, Plant and Equipment

Items of property, plant and equipment, except for car park plant, are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The car park plant is stated at the revalued amounts less accumulated depreciation and any accumulated impairment losses. The car park plant is revalued periodically, such that its carrying amount does not defer materially from that which would be determined using the fair value at the reporting date.

Any surpluses arsing on revaluation are credited to a revaluation reserve. Any deficiencies resulting from decreases in value are deducted from this reserve to the extent that it is sufficient to absorb them, with excess charged to profit and loss. The excess of the depreciation charge on the revalued amount over the depreciation charge on cost, net of tax, is transferred from the revaluation reserve to retained earnings on an annual basis.

3. **Significant Accounting Policies** *(Contd.)*

3.3 **Property, Plant and Equipment** *(Contd.)*

Deprecation is recognised in profit and loss account on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Depreciation on assets under construction does not commence until these are completed and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following annual rates:

Plant and Machinery	-	3 - 10 Years
Fixtures and Fittings	-	5 Years

The car park land, held under the title of temporary emphyteusis, is deprecated when first brought into use over the reaming term of the emphyteutical grant of the land. The original term of the emphyteutical grant was for 50 years starting from 25 July 1991. During 2013, the Company was granted an extension of the temporary emphyteusis for the operation of the car park to year 2106 subject to a number of conditions.

3.4 **Investment in Joint Ventures**

Under IFRS 11, joint arrangements investments in joint arrangement are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has both joint operations and joint ventures.

Investments in joint operations are those arrangements structured through a transparent vehicle that are separate from the Company, and in which the Company has rights to the assets and obligations for the liabilities of the arrangement.

The Company recognized its interest in the joint venture using equity method.

Under the equity method, the investment in the joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. The income statement reflects the Company's share of the results of operations of the joint venture. When there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The Company's share of profit or loss of a joint venture is shown on the face of the income statement and represents profit or loss after tax. The financial statements of the joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

3.5 **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventory is ascertained on the first in first out basis.

Cost comprises all costs of purchases, costs of conversion and other costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Inventory write downs and reversal are included in direct costs.

3. **Significant Accounting Policies** *(Contd.)*

3.6 Receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Trade receivables are written off or provided for where there is no reasonable expectation of recovery. Indictors that there is no reasonable expectation of recovery include, amongst others, the failure by the debtor to abide by the credit terms or failure to engage in a repayment program with the Company for the settlement of amounts due.

Expected credit losses on trade receivables are presented as net expected credit losses within operating profit. Subsequent recoveries of amounts previously written off or provided for are credited against the same line item.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits at call with financial institutions, other short - term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

3.8 Impairment of Financial Assets

The Company recognized loss allowances for Expected Credit Losses (ECLs) on financial assets at amortised cost, namely trade and other receivables, amounts due by related parties, cash at bank and short-term investments.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit plant,(i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for trade receivables without a significant financing component and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3. Significant Accounting Policies *(Contd.)*

3.8 Impairment of Financial Assets *(Contd.)*

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. In the case of interest-free short-term financial assets, such as trade receivables, ECLs are not discounted.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of comprehensive income.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off on its financial assets based on whether there is a reasonable expectation of recovery and with reference to its historical experience of recoveries.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.9 Borrowings

Borrowings comprise funds acquired in order to assist with the financing of the Company's operations. Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least one year after the reporting date. If not, they are presented as non-current liabilities. Any interest payable is recognised as an expense as this accrues in profit or loss, using the effective interest method.

3. **Significant Accounting Policies** *(Contd.)*

3.10 Trade and Other Payables

Trade and other payables comprise obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities, if payment is due within one year or less. If not, they are presented as non-current liabilities. The carrying amount of trade and other payables are considered to be the same as their fair values due to their short-term nature.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit will be required to settle the obligation.

3.12 Share Capital

Ordinary shares are classified as equity.

3.13 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease of the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used its predetermined, the Company has the right to direct the use of the asset if either:

  (a) the Company has the right to operate the asset, or

  (b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. Significant Accounting Policies *(Contd.)*

3.13 Leases *(Contd.)*

3.13.1 As a Lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assts are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities as a separate line item in the statement of financial position.

Real Estate Leases

During 2013, the Company was granted an extension of the temporary emphytheusis for the operation of the Floriana car park up to 2106. The lease liability was initially measured at the present value of future ground rent payments over the 89-year term of the lease, and subsequently measured at amortized cost, under lease obligations in the statement of financial position.

3. Significant Accounting Policies *(Contd.)*

3.13 Leases *(Contd.)*

3.13.2 As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease, if not, then it is an operating lease. As part of this assessment the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3.14 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases are recognised in the profit and loss on a straight line basis over the term of the lease.

3.15 Government Grants

The Company recognises government grants received in connection with the COVID-19 wage supplement if there is reasonable assurance that the Company will comply with the conditions associated with the grant. The grant is then recognised in profit and loss on a cash basis.

3.16 Employee Benefits

Pension Contributions

The Company contributes towards the State Pension in accordance with local legislation. Obligations for such contributions are recognised as an expense in the profit or loss when they are due.

3.17 Finance Income and Finance Costs

Finance income comprises interest income whilst finance cost comprises interest expense. Interest income and interest expense are recognised as these accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3. **Significant Accounting Policies** *(Contd.)*

3.18 **Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

(a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

(b) temporary differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognized simultaneously.

4. **Revenue**

	2023	2022
	Euro	Euro
Car Park Services	**2,127,240**	2,194,921

5. **Operating Profit**

The results from operating activities are stated after charging (crediting) the following:

	2023	2022
	Euro	Euro
Auditors' Remuneration	**9,500**	8,500
Depreciation	**410,145**	366,651
Depreciation of Right-of-Use Asset	**32,827**	32,827
COVID-19 Wage Supplement	**-**	(7,560)

5.1 Employee Information

The average weekly number of persons employed by the Company during the year was 13 (2022 - 14). Staff costs for the year comprised:

	2023	2022
	Euro	Euro
Wages and Salaries	322,731	344,459
Social Costs	23,061	22,843
	345,792	367,302
COVID Wage Supplement	-	(7,560)
	345,792	359,742

5.2 The average number of persons employed by the Company by segment was as follows:

	2023	2022
	No.	No.
Operating	6	7
Administrative	7	7
	13	14

6. Share of Profits on Joint Operations

6.1 The Company operates two car parking facilities under joint operational agreements. The results represent the Company's share of profits or losses resulting from such operations.

	2023	2022
	Euro	Euro
Share of Profits (Losses) on Joint Ventures	7,754	18,568
Share of Profits due to Third Parties	(16,503)	(16,790)
Net Results on Joint Operations	(8,749)	1,778

7. Finance Income and Finance Costs

	2023	2022
	Euro	Euro
Interest Receivable	58,396	77,859
Realized Foreign Exchange Gain	-	284
Finance Income	58,396	78,143
Bank Overdraft Interest	6,918	(369)
Finance Lease Interest	(129,519)	(126,141)
Loan Interest	(382,080)	(174,717)
Finance Costs	(504,681)	(301,227)
Net Finance Costs	(446,285)	(223,084)

8. Tax Expense

	2023	2022
	Euro	Euro
Current Taxation	-	40,404
Tax Under Provided in Prior Year	1,771	-
Deferred Taxation	(515,467)	313,970
Total Tax Charge	(513,696)	354,374

8.1 Reconciliation of Effective Tax Rate

The tax expense and the result of the accounting profit/(loss) multiplied by the applicable tax rate in Malta, the Company's country of incorporation, are reconciled as follows:

	2023	2022
	Euro	Euro
Profit before Taxation	567,329	701,525
Tax Using the Company's Domestic Tax Rate of 35%	198,565	245,534
Tax Effect of Non-Allowable Expenses	72,046	57,297
Tax Effect of Capital Allowances Absorbed	(235,704)	(262,427)
Tax Effect of Losses Surrendered from Related Party	(34,907)	-
Tax Expense for the Year	-	40,404

During the year, MFF Limited, a related company, surrendered tax losses to the value of € 2.5 million, out of which only € 99,735 were utilized during the year under review. The remaining tax losses were carried forward and deferred tax has been computed thereon (see Note 8.3).

8. Tax Expense *(Contd.)*

8.2 Tax Liability

The liability for taxation is made up as follows:

	Euro
Brought Forward	40,404
Tax Under Provided in Prior Year	1,771
Settlement Tax Paid	(42,175)
Taxation Due	-

8.3 Deferred Taxation

Deferred tax assets and liabilities have been calculated at the rate of 35% for all temporary differences and at the rate of 8% on revalued right-of-use assets which give rise to deferred tax assets and liabilities as follows:

	2023	2022
	Euro	Euro
Assets/(Liabilities):		
Revaluation Reserve	**(2,500,000)**	(1,524,000)
Statutory Losses Surrendered from Related Company	**840,092**	-
Other Temporary and Deducible Differences	**(2,513,853)**	(2,189,228)
Deferred Tax Liabilities	**(4,173,761)**	(3,713,228)

9. Property, Plant and Equipment

	At 01.01.23	Additions	Reclass.	Revaluation	At 31.12.23
	Euro	Euro	Euro	Euro	Euro
Cost/Valuation:					
Car Park Improvements	22,511,915	281,143	737,482	9,278,938	**32,809,478**
Car Park Right-of-Use Asset	2,888,746	-	-	-	**2,888,746**
Car Park Plant and Machinery	1,961,496	132,623	-	-	**2,094,119**
Furniture, Fixtures and Equip.	547,258	46,080	-	-	**593,338**
Assets Under Construction	1,262,878	58,881	(737,482)	-	**584,277**
	29,172,293	518,727	-	9,278,938	**38,969,958**

	At 01.01.23	Charge For Year	Reclass.	Revaluation	At 31.12.23
	Euro	Euro	Euro	Euro	Euro
Depreciation:					
Car Park Improvements	4,826,167	247,635	-	-	**5,073,802**
Car Park Right-of-Use Asset	164,134	32,827	-	-	**196,961**
Car Park Plant and Machinery	1,520,654	99,012	-	-	**1,619,666**
Furniture, Fixtures and Equip.	181,752	63,498	-	-	**245,250**
	6,692,707	442,972	-	-	**7,135,679**
Net Book Amount	22,479,586				**31,834,279**

9. **Property, Plant and Equipment** *(Contd.)*

9.1 The Floriana car park was initially held under temporary emphyteusis for 50 years reckoned from 25 July 1991. During 2013, the Company was granted an extension of the temporary emphyteusis for the operation of the car park up to the year 2106. The car park is hypothecated in favour of the Company's and a related entity's bankers (Note 15) and is subject to a special privilege in favour of the Government of Malta. All additions to the car park relate to the car park extension which was completed during 2023.

9.2 On 27 May 2024, Architect Tano Zammit, an external independent qualified valuer, valued the car park at € 31,250,000. The assets under construction were excluded from the revaluation. The external independent valuer has a recognised and relevant professional qualification and has experience in the location and category of the property being valued.

9.3 At the reporting date, the carrying amount of the car park's improvements, had they not been revalued, would have amounted to € 10,528,378.

9.4 At year end, the Company was still making use of the following fully depreciated assets:

	Euro
Plant and Machinery	1,255,659
Furniture, Fixtures and Equipment	75,111

9.5 The Company did not have any commitments to acquire any property, plant and equipment at year end.

10. **Investment in Joint Ventures**

	2023	2022
	Euro	Euro
Investment in Joint Ventures:		
Funds Advanced to Joint Venture	**25,000**	25,000
Share of Profits/(Losses) from Continuing Operations	**7,754**	18,568
Share of Profits/(Losses) from Previous Years	**23,622**	6,324
Adjustment re Prior Years	-	(1,270)
Net Investment in Joint Ventures	**56,376**	48,622

10.1 During 2016, the Company entered into a joint venture agreement (St. Julians J.V.) with CT Park Ltd. to operate and manage a multi-storey car-park facility situated at St. Julians, Malta. The St. Julians J.V. is a joint venture in which the Company has joint control and a 50% ownership interest.

10. Investment in Joint Ventures *(Contd.)*

10.2 The following table summarises the unaudited financial information of the St. Julians J.V. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in the St. Julians J.V.

St. Julians Joint Venture

	2023	2022
	Euro	Euro
Financial Position:		
Current Assets	**457,183**	295,765
Non-Current Assets	**2,540**	16,689
Current Liabilities	**(346,972)**	(215,210)
Non-Current Liabilities	**(50,000)**	(50,000)
Equity	**(62,751)**	(47,244)
Income Statement:		
Revenue	**543,883**	419,239
Direct Costs	**(480,323)**	(359,685)
Administrative & Other Expenses	**(32,065)**	(24,495)
Other Expenses Income	**-**	17,880
Depreciation	**(15,987)**	(15,804)
	15,508	37,135

11. Inventories

	2023	2022
	Euro	Euro
Consumables and Parts	**45,657**	29,152

12. Trade and Other Receivables

	2023	2022
	Euro	Euro
Trade Receivables	**369,851**	433,105
Other Receivables	**12**	281
Payments on Account to Suppliers	**-**	26,677
Prepayments	**58,935**	28,264
Amounts Due from Related Companies	**39,546**	85,761
Amounts Due from Parent Company	**4,250,602**	4,250,602
Amounts due from Director	**10,000**	-
	4,728,946	4,824,690

12.1 The amounts due from the parent company, related companies and the director are unsecured, interest free and repayable on demand.

12. Trade and Other Receivables *(Contd.)*

12.2 The Company's exposure to credit risk related to receivables is disclosed in Note 19.3. No expected credit losses have been provided for on trade receivables as balances are being paid on time. Furthermore, the majority of the balance due at year end represents the balance due by the Malta Basketball Association which is being repaid automatically from the revenue sharing attributable to the entity from the Ta' Qali Operation.

12.3 At 31 December 2023, the aging of trade and other receivables that were not impaired was as follows:

	2023	2022
	Euro	Euro
Not Past Due	**295,560**	365,208
Passed Due by:		
0 - 30 days	**52,810**	5,766
31 - 180 days	**21,481**	62,131
	369,851	433,105

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The Not Past Due figure at year end includes amounts receivable of € 54,230 (2022 - € 70,217) from the Malta Basketball Association which will be recovered through ticket sales earned from the operation of the Ta' Qali Car Park which the Company is contracted to operate up to 2035 as per the relevant agreement.

13. Cash and Cash Equivalents

	2023	2022
	Euro	Euro
Cash Balances	**43,397**	18,679
Bank Balances	**406,923**	22,806
	450,320	41,485
Bank Overdraft	**-**	(71,619)
Bank Overdrawn Balance	**-**	(15,952)
	-	(87,571)
Net Cash and Cash Equivalents	**450,320**	(46,086)

13.1 The Company's exposure to credit risk related to cash and cash equivalents is disclosed in Note 19.3. The director does not consider the Company to have any credit risk exposure with respect to bank balances, as these are all held with highly-rated banking institutions.

14. Capital and Reserves

14.1 Share Capital

	2023	2022
	Euro	Euro
Authorised		
394,956 A Ordinary Shares of € 2.329373 each	**920,000**	920,000
1 B Ordinary Share of € 2.329373	**2**	2
	920,002	920,002
Issued and Fully Paid Up		
394,956 A Ordinary Shares of € 2.329373 each	**920,000**	920,000
1 B Ordinary Share of € 2.329373	**2**	2
	920,002	920,002

The holders of the A Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The B Ordinary share has no voting rights and no right to any dividends or claim to any residual assets on winding up of the Company.

14.2 Reserves

14.2.1 Revaluation Reserve

The revaluation reserve arises from the revaluation of the car park at Floriana, Malta. During 2013, the Company was granted an extension of its 50-year temporary emphytheusis on the car park up to the year 2106 which was valued by an independent architect in May 2024 at € 31,250,000. The revaluation increase was recognised in equity as a reserve. This reserve is stated net of deferred taxation and annual transfers to retained earnings. This reserve is non-distributable.

14.2.2 Parent Company Contribution

	2023	2022
	Euro	Euro
Contribution		
Parent Company Advances	**845,000**	845,000
Total Parent Company Contribution	**845,000**	845,000

Amounts advanced by Ebcon Investments Limited, the parent company, are entitled to be settled by the Company by 31 December 2027 through the issue and allotment of 362,758 ordinary shares of € 2.329373 each.

15. Bank Borrowings

	2023	2022
	Euro	Euro
Non-Current:		
Bank Loans	**5,137,341**	5,705,462
Current:		
Bank Loans	**1,459,500**	1,389,156
Bank Overdraft	**-**	71,619
Bank Overdrawn Balance	**-**	15,952
	1,459,500	1,476,727
Total Bank Borrowings	**6,596,841**	7,182,189

15.1 The bank loans and overdraft are secured by various hypothecs, guarantees and pledges.

15.3 The Company has three bank loans which are subject to interest at the rate of 4% per annum and another bank loan which is subject to a subsidized rate of 2.5% per annum. The repayment programs for the four loans are as follows:

- Bank Loan I is being repaid at monthly instalments of € 48,580 inclusive of interest and is to be repaid in full by November 2027.
- Bank Loan II is being repaid at monthly instalments of € 40,185 inclusive of interest and is to be repaid in full by December 2027.
- Bank Loan III is being repaid at monthly instalments of € 29,460, inclusive of interest and is to be repaid in full by June 2026.
- Bank Loan IV is being repaid at monthly instalments of € 3,400, inclusive of interest and is to be repaid in full within 10 years from the drawdown date, being 22 November 2023.

16. Finance Lease Obligations

	2023	2022
	Euro	Euro
Non-Current:		
Lease Obligations due after 1 year	**3,276,162**	3,191,862
Current:		
Lease Obligations due within 1 year	**91,326**	87,813
Total Lease Obligations	**3,367,488**	3,279,675

16. Finance Lease Obligations *(Contd.)*

16.1 During 2013, the Company renegotiated its tenure for the car park occupied by it at Floriana, Malta, which conditions were met during 2018, satisfying the finance lease conditions of the agreement which had been extended to the year 2106. The finance lease liabilities are payable as follows:

	Up to 1 Year	Between 2-5 Years	Over 5 Years
	Euro	Euro	Euro
31 December 2023			
Future Minimum Lease Payments	**41,705**	**166,821**	**17,881,985**
Interest	**(133,031)**	**(570,146)**	**(14,019,846)**
Present Value of Minimum Lease Payments	**(91,326)**	**(403,325)**	**3,862,139**
31 December 2022			
Future Minimum Lease Payments	41,705	166,822	17,923,690
Interest	(129,518)	(554,634)	(14,168,390)
Present Value of Minimum Lease Payments	(87,813)	(387,812)	3,755,300

17. Trade and Other Payables

	2023	2022
	Euro	Euro
Trade Payables	**373,385**	327,871
Deferred Income	**2,057,786**	1,821,092
Deposits Received	**10,000**	10,000
Accrued Expenses	**32,599**	39,566
Other Taxes	**102,045**	115,909
Amounts due to Related Companies	**201,143**	77,034
	2,776,958	2,391,472

17.1 Deferred income relates to long-term car park ticket sales which are recognised on a pro-rata basis with reference to the period to which these relate.

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

17.3 The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

18. Fair Value Hierarchy

The following table shows financial instruments, including those recognised at fair value, for the year ended 31 December 2023, analysed between those whose fair value is based on:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based upon observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Total	Level 1	Level 2	Level 3
	Euro	Euro	Euro	Euro
31 December 2023				
Financial Assets				
Investment in Joint Ventures	**56,376**	-	**56,376**	-
Trade and Other Receivables	**4,728,946**	-	-	**4,728,946**
Cash and Cash Equivalents	**450,320**	-	-	**450,320**
	5,235,642	-	**56,376**	**5,179,266**
Financial Liabilities				
Bank Borrowings	**6,596,841**	-	-	**6,596,841**
Finance Lease Obligations	**3,367,488**	-	-	**3,367,488**
Trade and Other Payables	**2,776,958**	-	-	**2,776,958**
	12,741,287	-	-	**12,741,287**
31 December 2022				
Financial Assets				
Investment in Joint Ventures	48,622	-	48,622	-
Trade and Other Receivables	4,824,690	-	-	4,824,690
Cash and Cash Equivalents	41,485	-	-	41,485
	4,914,797	-	48,622	-
Financial Liabilities				
Bank Borrowings	7,182,189	-	-	7,182,189
Finance Lease Obligations	3,279,675	-	-	3,279,675
Trade and Other Payables	2,391,472	-	-	2,391,472
	12,853,336	-	-	12,853,336

During the reporting year ended 31 December 2023, there was no transfer between Level 1 and Level 2 fair value measurement.

19. Financial Risk Management

19.1 Overview

The Company activities potentially expose it to a variety of financial risks, including fair value or cash flow interest rate risk, credit risk, liquidity risks and market risks:

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

19.2 Risk Management Framework

The Board has overall responsibility for the establishment and oversight of the Company's risk management objectives and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details of these policies are set out below:

19.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's credit sales. Being that most of the services rendered are made via prepaid contracts or cards, no expected credit losses have been deemed necessary as current balances are being paid on time ongoingly. The director deems that credit risk arising from amounts due from the parent and related companies is limited due to the companies' financial viability.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Company's policy is to place cash with financial institutions of a high credit rating.

Exposure to Credit Risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2023	2022
	Euro	Euro
Investment in Joint Ventures	56,376	48,622
Trade Receivables	428,798	488,327
Amounts Due from Related Companies	39,546	85,761
Amounts Due from Parent Company	4,250,602	4,250,602
Amounts Due from Director	10,000	-
Cash and Cash Equivalents	450,320	41,485
	5,235,642	4,914,797

19.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

19. Financial Risk Management *(Contd.)*

19.4 Liquidity Risk *(Contd.)*

Exposure to Liquidity Risk
The following are the contractual maturities of financial liabilities:

	Within 12 Months	Between 1-2 Years	Between 2-5 Years	Over 5 Years
	Euro	Euro	Euro	Euro
31 December 2023				
Trade and Other Payables	2,776,958	-	-	-
Finance Lease Obligations	91,326	94,979	308,346	2,872,837
Bank Borrowings	1,459,500	1,459,500	3,480,890	196,951
	4,327,784	1,554,479	3,789,236	3,069,788
31 December 2022				
Trade and Other Payables	2,391,472	-	-	-
Finance Lease Obligations	87,813	91,326	296,486	2,804,050
Bank Borrowings	1,476,727	1,389,156	4,316,306	-
	3,956,012	1,480,482	4,612,792	2,804,050

19.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

19.5.1 Interest Rate Risk

The Company is exposed to cash flow interest rate risk from short term and long term borrowings at variable rates. The bank borrowings are dominated in Euro. Based on simulations performed, the impact on profit and loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would be an increase or decrease of € 65,968.

19.5.2 Currency Risk

The Company was not exposed to currency risk at the reporting date.

19.6 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board's objectives are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

20. Related Parties

20.1 Parent and Ultimate Controlling Party

The Company is a wholly owned subsidiary of Ebcon Investments Limited (the "Immediate Parent Company") which in turn is wholly owned by S. Ellul Investments Limited (the "Ultimate Parent Company"). The registered office for both companies is Olinda, Tarxien Road, Luqa, Malta.

The ultimate controlling party is Mr. Saviour Ellul.

S. Ellul Investments Limited prepares the consolidated financial statements of the Group of which MCP Company Limited forms part. These financial statements are filed and available for public viewing at the Malta Business Registry.

20.2 Identity of Related Parties

The Company has a related party relationship with its shareholders, directors and related companies.

20.3 Related Party Transactions and Balances

	2023	2022
	Euro	Euro
Joint Operations:		
Net Funds Advanced by/(to)	-	1,269
Related Companies:		
Expenses Recharged to	17,274	112,546
Expenses Recharged by	(245,749)	(211,857)
Capital Expenditure Acquired from	-	(3,990)
Net Funds Advanced by/(to)	170,324	25,609
Director		
Net Funds Advanced by/(to)	(10,000)	-

Amounts due to and from related parties are disclosed in Notes 10, 12, 14 and 17 to these financial statements.

The key management of the Company is considered to be the director of the Company. The director did not receive any remuneration during the year.

20.4 Related party transactions are entered into on a commercial basis with entities which are related by way of common shareholders who are able to exercise significant influence over the Company's operations.

21. Contingent Liabilities

At year end, the Company had the following contingent liabilities:

(i) The Company is currently in a planning appeals stage in relation to the imposition to prepare an air quality report as part of a planning condition linked to the MCP permit. The appeal was turned down by the Planning Authority but the matter is a point of law with no monetary claim.

(ii) The Company issued a special guarantee to APS Bank Plc. to the value of € 31,297 in support of a guarantee of € 17,297 in favour of a third party pending the resolution of the claim indicated in (i) above and a further € 14,000 in favour of the Planning Authority in connection with works on the car park.

22. Regional Conflicts

Global conflicts inevitably impact international stability and economies. The ongoing conflicts in Ukraine and the Middle East present significant challenges worldwide. However, after a comprehensive review of the Company's operations, the directors have assessed the situation and confirmed that there are no impacts resulting from these regional conflicts and do not expect these conflicts to have an impact on operations in the medium term going forward. Furthermore, there is no dependency on these regions for goods or services. The directors are committed to continually monitor global developments. Should these conflicts begin to affect the Company's operations, the directors are prepared to take necessary actions to mitigate any potential impact.

23. Subsequent Events

The director has evaluated subsequent events since 31 December 2023 up to the date of approval of these financial statements and concluded that there were no subsequent events which require disclosure in the financial statements.