LUXURY LIVING TECHNOLOGIES LIMITED

Annual Report
and
Financial Statements
30 June 2019

Company Registration Number C 74593

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The directors present their report together with the audited financial statements of the Company and the Group for the year ended 30 June 2019.

Principal Activities

Luxury Living Technologies Limited was incorporated on 1 March 2016 as a private limited liability. The principal objects of the Company relate to providing eco and renewable energy solutions, specialising in installations of photovoltaic units in a variety of domestic, industrial and agricultural locations. The Company's operations comprise the trading, importing and exporting, installing and maintaining of all kinds of merchandise related to renewable energy, especially water softening and purifying systems, solar panels and solar powered devices and similar related products in domestic, industrial and agricultural locations.

Performance Review

During the year under review the Company's objectives remained focused on providing eco and renewable energy solutions to retail customers as well expand its operations into photovoltaic farms. To this end, on 29 November 2018 the Company acquired three photovoltaic farms situated in Luqa, Qormi and Maghtab for €2,135,000 and by 30 June 2019 had installed and connected a further four photovoltaic farms. However, due to logistical issues encountered, the Company took longer than expected to connect these photovoltaic farms, and subsequently had installed but not connected three photovoltaic farms by 30 June 2019.

During the year, the Company also commenced the development of 80-bed hostel situated in St. Julian's. However, due to recent events in the construction industry this resulted in unexpected delays in the development of the St. Julian's hostel, and is expected to commence operations in the first quarter of 2020.

During the year the Company generated turnover of €680,057, a decrease of €511,605 over the previous year. This is due to a commercial sales of €990,000 generated during FY2019, which are being accounted for over a five year period, rather than in the year of invoice in accordance with IFRS 15, *Revenue from Contracts with Customers*. Despite this, the Company generated a gross profit margin of 60%, an increase of 11 percentage points over 2018.

Administrative expenses increased from €386,814 in FY2018 to €546,664 in FY2019 in order to support the Company's envisaged growth going forward. This increase in administrative expenses is principally due to the introduction of additional staff members, insurance expenses, motor vehicle expenses, ongoing bond issue costs and higher depreciation costs on the property, plant and equipment.

Consequently, the Company registered a loss for the year of €283,837 before tax.

Outlook for 2020

The principal objective for Luxury Living Group is to strengthen and expand its core business by investing in photovoltaic farms generating less than 1 MW, as well as diversify its operations into the tourism industry. It is for this reason that the Luxury Living Group's principal strategic ambition is to provide a successful and sustainable business model, by building on Malta's commitment to reach 10% of its gross final energy consumption from renewable energy sources by 2020.

Dividends and Reserves

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 6.

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

Registration

LUXURY LIVING TECHNOLOGIES LIMITED is registered in Malta as a limited liability company under the Companies Act. (Cap. 386) with registration number C 74593.

Directors

Mr. Jean Paul Busuttil
Ms. Mirjam Busuttil (Resigned on 2 May, 2018)
Mr William Wait (Appointed on 2 May, 2018)
Mr Carlo Mifsud (Appointed on 2 July, 2018)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of assets 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 the directors to ensure that the financial statements have been properly prepared in accordance 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.

Auditors

The auditor, Mr Louis Padovani CPA has expressed his willingness to remain in office and a resolution proposing his reappointment will be put before the members at the annual general meeting.

Approved and signed by the Directors:

Mr. William Wait
Director

Mr Carlo Mifsud
Director

Registered Address:
Greentek Business Complex,
New Street in Triq il-Hofor,
Qormi

30 October 2019

I have audited the accompanying financial statements of LUXURY LIVING TECHNOLOGIES LIMITED set out on pages 6 to 27 which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Opinion

In my opinion, the accompanying financial statements give a true and fair view of the statement of financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386) and have been properly prepared in accordance with the requirements of the said Act.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my 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 I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were most of significance in my audit of financial statements for the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. My opinion on the financial statements does not cover this information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, I also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap.386). Based on the work I have performed, in my opinion:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese 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, I am required to report if I have identified material misstatements in the directors' report. I have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap.386) 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 has no realistic alternative but to do so.

Auditor's Responsibility

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) I am required to report to you if, in my opinion:

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

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

Louis Padovani
Certified Public Accountant & Registered Auditor

'Kyle', Apartment 4,
Triq il-Mediterran,
St. Julians. STJ 1870

30 October 2019

		The Group		The Company	
		2019	2018	**2019**	2018
	Note	**€**	€	**€**	€
Turnover	4	**680,057**	1,191,662	**680,057**	1,191,662
Cost of sales		**(273,251)**	(603,368)	**(273,251)**	(603,368)
Gross profit		**406,806**	588,294	**406,806**	588,294
Administrative expenses		**(543,477)**	(386,814)	**(545,664)**	(386,814)
Operating (loss)/profit		**(136,671)**	201,480	**(138,858)**	201,480
Interest expense		**(140,603)**	(47,033)	**(144,979)**	(47,033)
(Loss)/Profit before Taxation	5	**(277,274)**	154,447	**(283,837)**	154,447
Taxation	7	**153,994**	(1,718)	**156,291**	(1,718)
(Loss)/Profit for the year		**(123,280)**	152,729	**(127,546)**	152,729

LUXURY LIVING TECHNOLOGIES LIMITED
Statement of Financial Position
30 June, 2019

	Note	The Group		The Company	
		2019	2018	**2019**	2018
		€	€	**€**	€
ASSETS					
Non-current Assets					
Intangible assets		**2,831,000**	2,831,000	**2,831,000**	2,831,000
Investment in subsidiary	9	-	-	**50,000**	-
Deferred tax asset	7	**151,088**	-	**156,291**	-
Trade and other receivables	10	**2,123,188**		**2,123,188**	
Plant and equipment	8	**2,189,283**	55,721	**2,189,283**	55,721
		7,294,559	2,886,721	**7,349,762**	2,886,721
Current Assets					
Inventories		**2,413,776**	583,358	**2,422,079**	583,358
Trade and other receivables	10	**1,799,182**	1,831,644	**1,819,902**	1,831,644
Cash at bank		**3,163,772**	25,205	**2,703,338**	25,205
		7,376,730	2,440,207	**6,945,319**	2,440,207
Total Assets		**14,671,289**	5,326,928	**14,295,081**	5,326,928
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	**2,931,000**	2,931,000	**2,931,000**	2,931,000
Accumulated (loss)/profit		**(124,774)**	1,904	**(126,134)**	1,904
Total equity		**2,806,226**	2,932,904	**2,804,866**	2,932,904
Non-Current Liabilities					
Interest bearing borrowings	13	**8,945,211**	1,132,989	**8,943,050**	1,132,989
		8,945,211	1,132,989	**8,943,050**	1,132,989
Current Liabilities					
Bank overdraft	13	**387,520**	495,694	**387,520**	495,694
Interest bearing borrowings	13	-	231,024	-	231,024
Trade and other payables	14	**2,530,614**	532,599	**2,157,927**	532,599
Taxation		**0**	1,718	**1,718**	1,718
Total current liabilities		**2,919,852**	1,261,035	**2,547,165**	1,261,035
Total Equity and Liabilities		**14,671,289**	5,326,928	**14,295,081**	5,326,928

The notes on pages 11 to 27 form part of these financial statements.

The financial statements on pages 6 to 27 were approved and signed by the Directors on 30 October 2019

Mr. William Whit
Director

Mr Carlo Mifsud
Director

LUXURY LIVING TECHNOLOGIES LIMITED
Statement of Changes in Equity
30 June, 2019

The Group	Share Capital €	Accumulated Profit €	Total €
Balance at 1 July 2018	100,000	(150,825)	(50,825)
Issue of share capital	2,831,000	-	2,831,000
Profit for the year	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
Balance at 30 June 2018	**2,931,000**	**1,904**	**2,932,904**
Balance as at 1 July, 2018	2,931,000	1,904	2,932,904
Prior year adjustment	-	(492)	(492)
Loss for the year	-	(126,186)	(126,186)
Total comprehensive income for the year	2,931,000	(124,774)	2,806,226
Balance as at 30 June, 2019	**2,931,000**	**(124,774)**	**2,806,226**

The Group	Share Capital €	Accumulated Profit €	Total €
Balance at 1 July 2018	100,000	(150,825)	(50,825)
Issue of share capital	2,831,000	-	2,831,000
Profit for the year	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
Balance at 30 June 2018	**2,931,000**	**1,904**	**2,932,904**
Balance as at 1 July, 2018	2,931,000	1,904	2,932,904
Prior year adjustment	-	(492)	(492)
Loss for the year	-	(126,186)	(126,186)
Total comprehensive income for the year	2,931,000	(124,774)	2,806,226
Balance as at 30 June, 2019	**2,931,000**	**(124,774)**	**2,806,226**

The Company	**Share Capital**	**Accumulated Profit**	**Total**
	€	**€**	**€**
Balance at 1 July 2018	100,000	(150,825)	(50,825)
Issue of share capital	2,831,000	-	2,831,000
Profit for the year	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
Balance at 30 June 2018	**2,931,000**	**1,904**	**2,932,904**
Balance as at 1 July, 2018	2,931,000	1,904	2,932,904
Prior year adjustment	-	(492)	(492)
Loss for the year	-	(127,546)	(127,546)
Total comprehensive income for the year	2,931,000	(126,134)	2,804,866
Balance as at 30 June, 2019	**2,931,000**	**(126,134)**	**2,804,866**

The notes on pages 11 to 27 form part of these financial statements.

	Note	The Group		The Company	
		2019	2018	**2019**	2018
		€	€	**€**	€
Cash flows from operating activities					
(Loss)/Profit for the year before taxation		**(277,274)**	154,447	**(283,837)**	154,447
Adjustments for:					
Depreciation and amortisation		**103,962**	14,803	**95,905**	14,803
Prior year adjustment		**(492)**	-	**(492)**	-
Interest expense		**140,603**	47,033	**144,979**	47,033
		(33,201)	216,283	**(43,445)**	216,283
Working capital changes:					
Change in inventories		**(1,830,417)**	(207,621)	**(1,838,722)**	(207,621)
Change in trade and other receivables		**(2,090,726)**	(1,261,736)	**(2,111,446)**	(1,261,736)
Change in trade and other payables		**1,910,511**	451,272	**1,533,448**	451,272
Cash generated used in operations		**(2,043,833)**	(801,802)	**(2,460,165)**	(801,802)
Interest paid		**(53,099)**	(47,033)	**(53,099)**	(47,033)
Net cash used in operating activities		**(2,096,932)**	(848,835)	**(2,513,264)**	(848,835)
Cash from investing activities					
Investment in subsidiary		-	-	**(50,000)**	-
Aquisition of property, plant and equipment		**(2,229,467)**	(3,592)	**(2,229,467)**	(3,592)
Net cash used in investing activities		**(2,229,467)**	(3,592)	**(2,279,467)**	(3,592)
Cash from financing activities					
Bond proceeds		**8,000,000**	-	-	-
Issue of bonds		**(87,375)**	-	-	-
Loans received from parent subsidiary		-	-	**7,918,521**	-
Bank draw down/ (repayment)		**(339,484)**	629,013	**(339,484)**	629,013
Net cash generated from financing activities		**7,573,142**	629,013	**7,579,038**	629,013
Movement in cash and cash equivalents		**3,246,743**	(223,414)	**2,786,307**	(223,414)
Cash and cash equivalents at beginning of year		**(470,489)**	(247,075)	**(470,489)**	(247,075)
Cash and cash equivalents at end of year	13	**2,776,252**	(470,489)	**2,315,818**	(470,489)

The notes on pages 11 to 27 form part of these financial statements.

1. Corporate information

The consolidated financial statements of Luxury Living Technologies Limited and its subsidiary Luxury Living Finance p.l.c. ('the Group') for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 30 October 2019.

Luxury Living Technologies Limited ('the Company') is a limited liability company domiciled and incorporated in Malta.

2. Significant accounting policies

2.1 Basis of preparation and consolidation

These financial statements are prepared under the historical cost convention, as modified by the measurement of investment property, land and buildings classified as property, plant and equipment and financial assets at fair value and are in accordance with the requirements of the International Financial Reporting Standards (IFRS as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 – Critical accounting estimates and judgements). The consolidated financial statements are presented in Euro (€), which is the functional currency of the Group.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2019. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

2.2 New and revised standards that are effective for the current period

In the current year, the entity has applied IFRS 9 Financial Instruments and the related consequential amendments to other International Financial Reporting Standards that are effective for periods that begin on or after 1 January 2018. IFRS 9 introduced new requirements for the classification and measurement of financial assets and introduced an 'expected credit loss' model for the impairment of financial assets. In adopting IFRS 9, the entity has applied transitional relief and opted not to restate prior periods. Any differences between previous carrying amounts and those determined under IFRS 9 at the date of initial application, under this option, is included in opening retained earnings or equivalent component of equity.

There have been no changes to the classification or measurement of financial assets and liabilities as a result of the application of IFRS 9.

In the current year, the entity has applied IFRS 15 Revenue from Contracts with Customers which is effective for periods that begin on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The application of IFRS 15 has not had an impact on the financial position and financial performance of this entity on commercial contracts entered into before 1 July 2018, however the commercial contract entered into during FY2019 is being accounted for over a five year period.

New and revised standards that are issued but not yet effective
IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, except for short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019.

At this stage the company is still in the process of assessing and evaluating the impact of IFRS 16.

2.2 Current vs non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

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

The Group classifies all other liabilities as non-current.

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

2.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see note 4.2). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Motor vehicles 20%
- Other equipment 10%
- Computer equipment 25%
- Furniture and Fittings 10%
- Photovoltaic farms 5%

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

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

2.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a proportionate basis.

Impairment of Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs/ When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, then the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.5 Investment in subsidiary

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

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

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value, and includes photovoltaic farms which are in the course of construction. Consequently, costs include material, labour, borrowing costs and any other costs directly attributable to the photovoltaic farms. Once photovoltaic farms are connected to the grid, these are transferred from inventory to property, plant and equipment.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.7 Other receivables

Other receivables include, receivables created by enterprise by providing funds directly to a debtor and are measured at cost.

Prepayments comprise payments made in advance in respects of expenditure relating to the subsequent financial year and accrued income is income relating to the current period, which will not be invoiced until after the current reporting date.

2.8 Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Provisions

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

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

2.11 Foreign currencies

Translations denominated in foreign currencies are translated at the exchange rate ruling on the date of the transactions. Monetary receivables and payables denominated in foreign currencies are translated at the rates of exchange prevailing at each reporting date. Translation differences are dealt within the statement of comprehensive income.

2.12 Financial instruments

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (F'VTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment) , FVOCI (equity instrument) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if is meets both the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved both by collecting contractual cash flows and:
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:
- it is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL On initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduce an accounting mismatch that would otherwise arise.

Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information provided to management. The information considered included;

- history of the Company's bad debt
- liquidity position of inter-companies

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised through profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when. and only when, the Company currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to 12-month 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 including forward looking information.

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

Credit impaired financial assets

At each repotting 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.

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.

Non-derivative financial assets

Financial assets not classified as at FVTPL are assessed at each reporting date to determine whether there is objective evidence of impairment.

2.13 Revenue recognition

Revenue from contracts with customers is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably.

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

The Group is in the business of selling, providing maintenance and installation of photovoltaic panels and water softening and purifying systems, and related ancillary products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which generally coincides with the date of the invoice. In case of commercial sales, the Group considers whether there are other premises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Warranty obligations
The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract balances
Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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

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

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

2.14 Taxation

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

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

Deferred tax is 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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 income 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 realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.15 Borrowing costs

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 (revised) – 'Presentation of Financial Statements'.

4. Revenue

	The Group		The Company	
	2019	**2018**	**2019**	2018
	€	€	€	€
Revenue from sale of equipment	508,887	1,191,662	508,887	1,191,662
Revenue from feed-in-tariffs	171,170	-	171,170	-
Total revenue	**680,057**	1,191,662	**680,057**	1,191,662

Contract balances

As at 30 June 2019, the Group had a balance of €1,836,438 (2018: €846,439), in relation to commercial contracts. The commercial contracts generated during financial year ended 30 June 2019 are being accounted for over a five-year term. This balance is unsecured and bears interest at 8%.

Performance obligations

Sale of goods

The performance obligation is satisfied upon transfer of the risks and rewards of ownership which generally coincides with the date of the invoice. In the case of the commercial client, payment is estimated to be collected over a five-year term.

5. Profit before tax

The profit before tax has been arrived at after deducting the following expenses:

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	€	€
Depreciation and amortisation	**103,962**	14,803	**95,905**	14,803
Auditors' remuneration	**5,128**	2,400	**3,628**	2,400
Directors' salaries (Note 6)	**77,629**	10,734	**62,629**	10,734

Auditor's fee

Fees charged by the auditor for services rendered during the financial years ended 30 June 2019 and 2018 relate to the following:

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	€	€
Annual statutory audit fee	**5,128**	2,400	**3,628**	2,400

Finance cost

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	€	€
Interest on loan from subsidiary	-	-	91,880	-
Interest on bond borrowings	87,504			
Interest on bank loan	53,099	47,033	53,099	47,033
	140,603	**47,033**	**144,979**	**47,033**

6. Staff costs and employee information

Staff costs for the year comprised the following:

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	€	€
Directors' remuneration	**77,629**	10,734	**62,629**	10,734
Wages and salaries	**183,481**	173,537	**183,481**	173,537
Social security contributions	**74,657**	53,347	**74,657**	53,347
	335,767	237,618	**320,767**	237,618

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

	The Group	
	2019	2018
	€	€
Operational	5	4
Administration	6	3
	11	**7**

7. Income tax

7.1 Income tax recognised in statement of comprehensive income

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Current tax	-	1,718	-	1,718
Deferred tax	(151,088)	-	(156,291)	-
Tax charge/(credit)	**(151,088)**	1,718	**(156,291)**	1,718

7.2 Tax reconciliation

The tax on the company's results before tax differs from the theoretical amount that would arise using the statutory tax rate of 35%, as follows:

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
(Loss)/Profit for the year before taxation	**(277,274)**	154,447	**(283,837)**	154,447
Adjustment for depreciation and amortisation	**103,962**	14,803	**95,905**	14,803
	(173,312)	169,250	**(187,932)**	169,250
Tax charge/ (credit) at the statutory tax rate	**(60,659)**	59,238	**(65,776)**	59,238
Tax effect of:				
Unabsorbed capital allowances	**(49,523)**	(57,519)	**(49,523)**	(57,519)
Unabsorbed trading losses	**(40,826)**	-	**(40,991)**	-
Tax charge/(credit)	**(151,008)**	1,718	**(156,290)**	1,718

8. Property, plant and equipment

The Group

	PV farms	Motor Vehicles	Furniture & Fittings	Other Equipment	Computer Equipment	Total
	€	€	€	€	€	€
As at 01 July 2018						
Cost	-	41,800	14,001	23,012	10,971	89,784
Depreciation charge	-	(19,507)	(2,822)	(5,335)	(6,399)	(34,063)
Closing net book value	-	**22,293**	**11,179**	**17,677**	**4,572**	**55,721**
As at 30 June 2019						
NBV	-	22,293	11,179	17,677	4,572	55,721
Additions	2,196,900	12,414	1,774	7,409	10,970	2,229,467
Disposal	-	-	-	-	-	-
Depreciation charge	(75,966)	(10,636)	(1,400)	(3,042)	(4,861)	(95,905)
Depreciation release on disposal	-	-	-	-	-	-
Closing net book value	**2,120,934**	**24,071**	**11,553**	**22,044**	**10,681**	**2,189,283**
As at 30 June 2019						
Cost	2,196,900	54,214	15,775	30,421	21,941	2,319,251
Accumulated Depreciation	(75,966)	(30,143)	(4,222)	(8,377)	(11,260)	(129,968)
Closing net book value	**2,120,934**	**24,071**	**11,553**	**22,044**	**10,681**	**2,189,283**

9. Investment in subsidiary

The Company

	The Company	
	2019	2018
	€	€
At 1 July 2018		
Cost and carrying net book amount	-	-
At 30 June 2019		
Cost and carrying net book amount	**50,000**	-

The subsidiary as at 30 June 2019 is shown below:

	Registered Office	% of shares held	2019
			€
Luxury Living Finance p.l.c.	Greentek Business Complex Triq il-Hofor Qormi	100%	50,000
			50,000

The share capital and reserves of the subsidiary at reporting date stood as follows:

	2019	2018
	€	€
Ordinary shares	**50,000**	-
Retained earnings	**9,663**	-
	59,663	-

10. Trade and other receivables

Current

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Trade debtors	**805,940**	268,487	**826,660**	268,487
Other receivables	**18,435**	201,707	**18,435**	201,707
Indirect taxation	**19,239**	-	**19,239**	-
Deferred cost	**236,333**	-	**236,333**	-
Prepayments	**663,455**	623,770	**663,455**	623,770
Related party balances	**54,399**	20,292	**54,399**	20,292
Shareholders' advances	**1,381**	40,236	**1,381**	40,236
	1,799,182	1,154,492	**1,819,902**	1,154,492

Non Current

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Trade debtors	**1,462,550**	677,151	**1,462,550**	677,151
Deferred cost	**660,638**	-	**660,638**	-
	2,123,188	677,151	**2,123,188**	677,151

11. Share capital

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Authorised				
2,931,000 Ordinary Shares of € 1 each	**2,931,000**	2,931,000	**2,931,000**	2,931,000
Issued and Fully paid up				
2,931,000 Ordinary Shares of € 1 each	**2,931,000**	2,931,000	**2,931,000**	2,931,000

12. Retained Earnings

This represents accumulated profits. During the period under review, no dividends were paid out of retained earnings.

13. Borrowings

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Non current				
Related party loans	**7,918,521**	-	**7,918,521**	-
Bank loans	**889,818**	1,132,989	**1,024,529**	1,132,989
	8,808,339	1,132,989	**8,943,050**	1,132,989
Current				
Bank overdrafts	**387,520**	495,694	**387,520**	495,694
Bank loans	**136,872**	231,024	**-**	231,024
	524,392	726,718	**387,520**	726,718
Total	**9,332,731**	1,859,707	**9,330,570**	1,859,707

The bank overdrafts bear interest rate of 2.25% over the bank base rate per annum and is repayable on demand. The Group enjoys an overdraft facility amounting to €500,000. These facilities are secured by general hypothec over the Group's assets, general and special hypothecary guarantee over property owned by the related companies, pledges in insurance policies in the name of the related companies. The bank loans bear interest of 2.5% over the bank base rate and 2% over the bank base rate per annum and are secured by a general hypothec over the Company's assets, special hypothec over the affiliate's assets, guarantees given by the parent and group companies and by pledge over the affiliate's insurance policies in the name of the Company covering properties. One of the loans is repayable by 2026 and the other is repayable by 2031.

Non-current portion of loan due to subsidiary is unsecured, carries interest at 5.25% per annum and is repayable in full by not later than 30 June 2028.

14. Trade and other payable

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Trade payables	**178,843**	288,187	**178,843**	288,187
Shareholders loans	**-**	50,329	**-**	50,329
Accruals	**1,141,886**	192,446	**769,199**	192,446
Related party balances	**36,072**	-	**36,072**	-
Deferred income	**1,173,813**	-	**1,173,813**	-
Indirect taxation	**-**	1,637	**-**	1,637
	2,530,614	532,599	**2,157,927**	532,599

15. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents at the end of the year comprise the following:

	The Group		The Company	
	2019	2018	**2019**	2018
	€	€	**€**	€
Cash at bank	**3,163,772**	**25,205**	**2,703,338**	**25,205**
Bank overdraft	**(387,520)**	**(495,694)**	**(387,520)**	**(495,694)**
	2,776,252	(470,489)	**2,315,818**	(470,489)

16. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

The Company is ultimately owned by Jean Paul Busuttil and therefore all other companies up to the ultimate beneficial owner, as well as other companies outside the Group which are owned by Jean Paul Busuttil are considered to be related parties.

Trading transactions between the companies include items which are normally encountered in a group context.

Luxury Living Technologies Limited is the parent company of the entity listed in Note 7.

Transactions with related parties

	2019	2018
	€	€
Expenditure		
Management fee charged to parent	**45,000**	-
Interest payable on loan due to subsidiary	**379,346**	-
Rent payable to related parties	**70,000**	
Loans and Advances		
Advances/repayments from shareholder	**1,381**	40,236
Advances to subsidiary	**360,433**	-
Advances/repayments from related parties		
Movement in loan due to subsidiary	**7,918,521**	-

Loan due to subsidiary is unsecured, carries interest at 5.25% per annum and is repayable in full by 30 June 2028.

Year end balances from related party transactions are disclosed in Notes 8, 11 and 14.

Key management personnel compensation consisting of directors' remuneration has been disclosed in note 6.

17. Contingent liabilities

As at 30 June 2019, the Company had a guarantee in favour of Luxury Finance p.l.c. in relation to the issue of €8,000,000 5% Secured Bonds 2028.

18. Financial risk management

At the period end, the Company's main financial assets comprised investment in subsidiary, trade and other receivables and cash held at bank. At the period end the Company's main financial liabilities consisted of borrowings from group companies and trade and other payables.

The Company's principal risk exposures related to credit risk and liquidity risk. The Company is not exposed to currency risk and the directors consider interest rate risk exposure to be minimal due to fixed interest rates stipulated on interest bearing liabilities. Notes 11 incorporate interest rates and maturity information with respect to the Company's main interest-bearing liabilities.

Timing of Cash Flows
The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arse.

Credit Risk
Financial assets which potentially subject the Company to concentrations of credit risk consist trade and other receivables and cash at bank (Notes 8 and 13).

The Company's cash at bank is placed with high quality financial statements.

The Company's receivables consist mainly of trade and other receivables. Customer credit risk is managed by the Group's management subject to the Group's established policy procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on each customer's credit limits. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at the reporting date on an individual basis. The Group exercises a prudent credit control policy. During FY2019 the Company entered into commercial contracts with clients totalling €0.9 million. Given that this revenue will be receivable directly through the feed-in-tariffs generated by the installed photovoltaic panels, the credit risk in this respect is limited.

Liquidity Risk
The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables and borrowings (refer to Notes 13 and 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve-month period to ensure that no additional financing facilities are expected to be required over the coming year.

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value.

The Company manages its capital structure and adjusts it, in light of economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended 30 June 2019.

Fair Value of Financial Instruments
At 30 June 2018 and 30 June 2019, the carrying amount of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. As at end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

19. Events after the reporting date

As at reporting date, there are no significant transactions that occurred that needs to be disclosed as at 30 June 2019.