

K.A. Holdings Limited

Report & Consolidated Financial
Statements

31 December 2023

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Director's report

The director presents his report and the audited financial statements of K.A. Holdings Limited (the 'company') and the consolidated financial statements of the group for the year ended 31 December 2023.

The group comprises the company and its subsidiary KA Finance plc, which was incorporated on the 22 April 2019 to act as a financing company for the group.

Principal activities

The group's principal activity is the rental of its investment properties to third parties and the raising of finance for related parties. The company's principal activity is to act as the group's holding company and the rental of its investment properties to third parties.

Review of business

The group owns two properties in Mriehel- Centris I and Centris II. Throughout this financial year Centris I has seen a 100% occupancy level throughout Tenants within the building operate in various industries, mainly within the banking (46%), financial services (23%), creative marketing (10%) and medical aesthetics (9%). As from July 2021, new tenants moved in in Centris II and by the end of this financial year, Centris II was fully occupied.

All contracts entered into by the company are for periods between 2 and 15 years. Moreover, 88% of the contracts in terms of rental income are for periods with a remaining term of over 6 years. The contracts also stipulate a yearly increase in rent payable by the tenants in line with the inflation index. During the year under review, the company generated total rental income from its investment properties at Mriehel of € 1,677,888 (2022: € 1,024,274).

With respect to the other properties owned by the group, the Swieqi property is complete and is 100% occupied with long-term lets. Similarly, the Gzira properties have been 100% occupied throughout the year. The company generated total rental income from its investment properties at Swieqi and Gzira of € 210,598 (2022: € 194,712). During this financial year a resolution was taken to sell the Gzira properties to raise further finance for a planned new investment.

In 2019, the group obtained funding through MTF Prospects by issuing € 6,000,000 4.75% secured callable bonds due between 2026 and 2029. In accordance with its company admission document, these bond funds have been used to finance the projects of the group.

The company has undertaken a property revaluation exercise during the financial year-end 2023 recognising gains arising from the increases in fair value of investment properties. As a result, total equity as at the end of the year for the company amounted to € 21,538,264 (2022: € 16,407,637) while the total equity of the group amounted to € 21,544,339 (2022: € 16,412,574).

Key performance indicators

	Group	Company
	2023	2023
	€	€
Operating profit	1,626,059	1,624,308
Finance costs	442,873	442,873
Net profit after tax	5,131,765	5,130,627
Total equity and liabilities	36,881,169	36,899,976

The Board of Directors consider the group to have all the resources needed to continue operating indefinitely and continue to adopt a going concern basis in the preparation of these financial statements.

Principal risks

The main risks that the company and the group are exposed to are listed in a summarised format below:

Risks related to the property and rental market

The company is in the business of property development and rental. This economic sector exposes the group to fluctuations in the property and real estate markets. Generally, there are several factors that commonly affect the real estate markets, many of which are beyond the control of the group. These could adversely affect the economic performance and value of properties. Changes in general economic conditions, general industry trends, the cyclical nature of the real estate market and changes in local market conditions have a direct impact on this economic segment. The outlook appears to be very demanding as the property market is somewhat overheating in view of the present extensive development across the Maltese islands. And this includes the rental of office space. This latter development is leading to a lowering of prices and a corresponding reduction in revenue.

The company is reliant on rental income streams, with the rental of office space being the major business. The property rental market in Malta, including both commercial and residential properties, is very competitive and very sensitive to economic pressures. This may have an adverse impact on the financial performance and condition of the group.

Development risk

The company is subject to risks associated with the development of the real estate, including the risk relating to project financing, time and cost over-runs, and the risk of insufficiency of resources. Suspension of works for any reason and the possibility of legal disputes would also have a negative impact on the group's financial performance and bottom line figures..

Dividends

No payment of dividend is being proposed and all profits will be transferred to retained earnings.

K.A. Holdings Limited
Report and consolidated financial statements
Year ended 31 December 2023

Directors

The company and group directors during the period were:

Mr. Kurt Abela (Director of K.A. Holdings Limited & KA Finance plc)
Dr. Etienne Borg Cardona (Independent Non-Executive Director of KA Finance plc)
Mr. John Soler (Independent Non-Executive Director of KA Finance plc)

The present company and group directors remain in office.

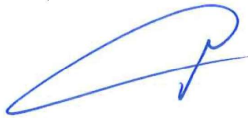
Events after the end of the reporting period

There have been no events subsequent to year-end which require adjustment of, or disclosure in, the financial statements or notes thereto.

Auditor

The auditor, Grant Thornton, shall remain in office and a resolution to this effect will be put forward at the next annual general meeting.

Approved by the director on 20 March 2024 and signed by:



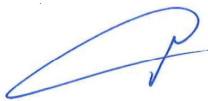
Kurt Abela
Director

Statement of director's responsibilities

The Companies Act, Cap 386 requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and its group as at the end of the financial year and of the profit or loss of the company and its group for that year. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable him to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. He is also responsible for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Kurt Abela
Director

Registered address:
'Project Technik'
Cannon Road
Qormi QRM 9032
Malta

20 March 2024

Statements of comprehensive income

	Notes	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Rental income		1,853,986	1,218,986	1,853,986	1,218,986
Other income		198,251	171,992	198,251	171,992
Administrative expenses		(426,178)	(366,733)	(427,929)	(368,195)
Operating profit		1,626,059	1,024,245	1,624,308	1,022,783
Fair value gains on investment properties	8	4,661,767	763,263	4,661,767	763,263
Finance costs	5	(442,873)	(438,372)	(442,873)	(438,372)
Profit before tax	6	5,844,953	1,349,136	5,843,202	1,347,674
Tax expense	7	(713,188)	(223,852)	(712,575)	(223,340)
Profit for the year		5,131,765	1,125,284	5,130,627	1,124,334

Statements of financial position

	Notes	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Assets					
Non-current					
Investment properties	8	34,777,000	30,340,014	34,777,000	30,340,014
Intangible asset		-	225	-	225
Investment in subsidiary	9	-	-	49,999	49,999
Financial assets at fair value through other comprehensive income	10	36,736	36,736	36,736	36,736
Trade and other receivables	11	81,371	77,087	81,371	77,087
		34,895,107	30,454,062	34,945,106	30,504,061
Current					
Trade and other receivables	11	545,782	245,531	539,364	237,337
Cash and cash equivalents	12	737,324	134,744	712,550	92,210
Assets included in disposal group classified as held for sale	13	702,956	-	702,956	-
		1,986,062	380,275	1,954,870	329,547
Total assets		36,881,169	30,834,337	36,899,976	30,833,608

Statements of financial position – continued

	Notes	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Equity					
Share capital	14	150,000	150,000	150,000	150,000
Revaluation reserves		18,366,873	14,116,300	18,366,873	14,116,300
Retained earnings		3,027,465	2,146,273	3,021,391	2,141,337
Equity attributable to the owners of the parent		21,544,338	16,412,573	21,538,264	16,407,637
Non-controlling interest		1	1	-	-
Total equity		21,544,339	16,412,574	21,538,264	16,407,637
Liabilities					
Non-current					
Borrowings	15	2,116,224	2,494,133	2,116,224	2,494,133
Debt securities in issue	16	5,919,141	5,904,809	-	-
Trade and other payables	17	2,218,126	2,133,118	8,234,084	8,071,633
Deferred tax liability	18	2,838,396	2,427,202	2,838,396	2,427,202
		13,091,887	12,959,262	13,188,704	12,992,968
Current					
Borrowings	15	386,273	360,322	386,273	360,322
Debt securities in issue	16	101,507	101,507	-	-
Trade and other payables	17	1,121,833	920,529	1,151,664	992,281
Liabilities included in disposal group classified as held for sale	13	330,000	-	330,000	-
Current tax liability		305,330	80,143	305,071	80,400
		2,244,943	1,462,501	2,173,008	1,433,003
Total liabilities		15,336,830	14,421,763	15,361,712	14,425,971
Total equity and liabilities		36,881,169	30,834,337	36,899,976	30,833,608

The financial statements on pages 6 to 31 were approved, authorised for issue on 20 March 2024 and signed by:



Kurt Abela
 Director

Statements of changes in equity

Group	Share capital	Revaluation reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	€	€	€	€	€	€
At 1 January 2022	150,000	13,498,788	1,638,501	15,287,289	1	15,287,290
Profit for the year	-	-	1,125,284	1,125,284	-	1,125,284
Revaluation of investment properties – net	-	617,512	(617,512)	-	-	-
At 31 December 2022	150,000	14,116,300	2,146,273	16,412,573	1	16,412,574
At 1 January 2023	150,000	14,116,300	2,146,273	16,412,573	1	16,412,574
Profit for the year	-	-	5,131,765	5,131,765	-	5,131,765
Revaluation of investment properties – net	-	4,250,573	(4,250,573)	-	-	-
At 31 December 2023	150,000	18,366,873	3,027,465	21,544,338	1	21,544,339

Statements of changes in equity – continued

	Share capital €	Revaluation reserves €	Retained earnings €	Total equity €
Company				
At 1 January 2022	150,000	13,498,788	1,634,515	15,283,303
Profit for the year	-	-	1,124,334	1,124,334
Revaluation of investment properties – net	-	617,512	(617,512)	-
At 31 December 2022	150,000	14,116,300	2,141,337	16,407,637
At 1 January 2023	150,000	14,116,300	2,141,337	16,407,637
Profit for the year	-	-	5,130,627	5,130,627
Revaluation of investment properties – net	-	4,250,573	(4,250,573)	-
At 31 December 2023	150,000	18,366,873	3,021,391	21,538,264

Statements of cash flows

	Notes	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Operating activities					
Profit before tax		5,844,953	1,349,136	5,843,202	1,347,674
Adjustments	19	(4,218,669)	(324,041)	(4,218,669)	(324,041)
Net changes in working capital	19	311,777	317,399	345,523	290,969
Income tax paid		(76,807)	(1,602)	(76,710)	(1,110)
Net cash generated from operating activities		1,861,254	1,340,892	1,893,346	1,313,492
Investing activity					
Payments for improvements to investment properties		(478,175)	(1,058,620)	(478,175)	(1,058,620)
Net cash used in investing activity		(478,175)	(1,058,620)	(478,175)	(1,058,620)
Financing activities					
Proceeds from (repayment of) bank borrowings	26	(351,958)	59,842	(351,958)	59,842
Interest paid	26	(428,541)	(424,040)	(442,873)	(438,372)
Net cash used in financing activities		(780,499)	(364,198)	(794,831)	(378,530)
Net change in cash and cash equivalents		602,580	(81,926)	620,340	(123,658)
Cash and cash equivalents, beginning of year		134,744	216,670	92,210	215,868
Cash and cash equivalents, end of year	12	737,324	134,744	712,550	92,210

Notes to the financial statements

1 Nature of operations

K.A. Holdings Limited (the ‘company’) and its subsidiary (the ‘group’) are principally engaged in developing and renting out investment properties to third parties and raising finance for related parties.

The company’s principal activity is acting as the group’s holding company. It also develops and rents out its investment properties to third parties.

2 General information, statement of compliance with International Financial Reporting Standards (IFRS) and going concern assumption

2.1 General information and statement of compliance with IFRS

K.A. Holdings Limited, a private limited liability company, is incorporated and domiciled in Malta. The address of the company’s registered office is ‘Project Technik’, Cannon Road, Qormi QRM 9032, Malta.

The financial statements of the company and the consolidated financial statements of the group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, and in accordance with the Companies Act, Cap 386.

2.2 Going concern assumption

The financial statements have been drawn up on a going concern basis. At 31 December 2023, the group had net current liabilities (excluding deferred income) of € 56,185 (2022: € 955,846) and the company had net current liabilities (excluding deferred income) of € 15,442 (2022: € 977,076).

The director has obtained assurances that the related companies and the shareholder will not call for payment of the amount due before third party balances are settled. The director who is the majority shareholder has also given assurance that he will maintain his current financial support to enable the group and the company to meet its liabilities as they fall due and to continue its operations in the foreseeable future.

On this basis, the director considers it appropriate to continue to prepare the financial statements on the going concern basis.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the group's financial results or position.

Standards and amendments that are effective for the first time in 2023 and could be applicable to the group are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

3.2 Standards, amendments and Interpretations to existing standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB or International Financial Reporting Interpretations Committee (IFRIC). None of these standards or amendments to existing standards have been adopted early by the group and no interpretations have been issued that are applicable and need to be taken into consideration by the group.

Standards and amendments that are not yet effective and have not been adopted early by the group include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations have not been disclosed as they are not expected to have a material impact on the group's consolidated financial statements.

4 Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the group's material accounting policies below are appropriate.

4.1 Overall considerations and basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties which are measured at fair value. Monetary amounts are expressed in euro (€).

4.2 Basis of consolidation

The group's consolidated financial statements consolidate those of the parent company and its subsidiary as of 31 December 2023. Its subsidiary has a reporting date of 31 December.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. K.A. Holdings Limited obtains and exercises control through voting rights.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the group perspective. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income or loss of subsidiary acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interest, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the group. The group attributes profit or loss of subsidiary between the owners of the parent and the non-controlling interest based on their respective ownership interests.

The consolidated financial statements have been prepared from the financial statements of the companies comprising the group as reported in note 9 of these financial statements.

4.3 Income and expense recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the group for services provided excluding VAT.

To determine whether to recognise revenue, the group follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligations are satisfied.

Revenue from contracts with customers is recognised when control of the group's services is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services.

The company evaluates all contractual arrangements it enters into and evaluates the nature of the promised goods or services, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are capable of being distinct and are distinct in the context of the contract, the consideration the company expects to be entitled under the arrangement is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue is recognised at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied, either at a point in time or over time, as applicable, based on the pattern of transfer of control.

Dividend income is recognised at the time the right to receive payment is established.

Administrative expenses are recognised in the statements of comprehensive income upon utilisation of the service or at the date they are incurred.

Interest income and expenses are reported on an accrual basis using the effective interest method and is presented within 'finance income' and 'finance costs' in the statements of comprehensive income.

4.4 Borrowing costs

Borrowing costs primarily comprise interest on the group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs' in the statements of comprehensive income.

4.5 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the entity and the cost can be measured reliably. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are recognised in the statement of comprehensive income in the period in which they arise.

Investment properties are derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in the statements of comprehensive income in the period of derecognition.

Rental income and operating expenses from investment properties are reported within 'rental income' and 'administrative expenses' respectively.

4.6 Investment in subsidiary

Investment in subsidiary is included in the company's statement of financial position at cost less any impairment loss that may have arisen. Income from investment is recognised only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At the end of each reporting period, the company reviews the carrying amount of its investment in subsidiary to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value-in-use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in the statements of comprehensive income.

4.7 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

The group does not have any financial assets categorised as FVTPL in the periods presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and,
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within 'finance costs' or 'finance income'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVOCI

The group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All fair value gains in respect of those assets are recognised in other comprehensive income and accumulated in the equity investment reserve, and these are not recycled to profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and,
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Classification and measurement of financial liabilities

The group's financial liabilities include trade and other payables, borrowings and debt securities in issue.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statements of comprehensive income are included within 'finance costs' or 'finance income'.

4.8 Income taxes

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

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

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. This is assessed based on the group's forecast of future operation results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax assets and liabilities are offset only when the group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.9 Cash and cash equivalents

For the purpose of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash at bank.

4.10 Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of the carrying amounts immediately prior to their classification as held for sale and their value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

4.11 Equity

Share capital represents the nominal value of shares that have been issued.

Revaluation reserves pertains to the fair value gains and losses from the remeasurement of investment properties net of deferred tax and is not available for distribution to the company's shareholders.

Retained earnings include all current and prior period results.

4.12 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the group determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

4.13 Provisions and contingent liabilities

Provisions, legal disputes, onerous contracts or other claims are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.14 Significant management judgements, estimates and assumptions

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense.

Significant management estimates

Fair value of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in the statements of comprehensive income as they arise. This is based on market valuations performed by independent professional architects. In December 2023, a valuation of the investment properties were carried out by an independent professionally-qualified architect, on the basis of market value. The valuation of the properties was based on the direct knowledge of the site, the Maltese construction and property markets, the area within which these properties are located, as well as experience of the architect in such valuations and analysis of data available on the property market.

In a year when market valuations are not performed by an independent professional architect, an assessment of the fair value of investment properties is performed internally to reflect market conditions.

5 Finance costs

The following amounts have been included in the statements of comprehensive income line for the reporting periods presented:

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Interest on bank borrowings	143,541	139,040	143,541	139,040
Interest on debt securities in issue	299,332	299,332	299,332	299,332
	442,873	438,372	442,873	438,372

6 Profit before tax

The profit before tax is stated after charging:

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Directors' remuneration	81,000	81,000	36,000	36,000
Auditor's remuneration	12,900	12,200	5,200	4,900

7 Tax expense

The relationship between the expected tax expense based on the effective tax rate of K.A. Holdings Limited at 35% (2022: 35%) and the actual tax expense recognised in the statements of comprehensive income can be reconciled as follows:

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Profit before tax	5,844,953	1,349,136	5,843,202	1,347,674
Tax rate	35%	35%	35%	35%
Expected tax expense	(2,045,734)	(472,198)	(2,045,121)	(471,686)
Tax effect of:				
- Movement in fair value of properties	1,631,619	267,142	1,631,619	267,142
- Deferred tax on investment properties	(411,194)	(145,750)	(411,194)	(145,750)
- Non-deductible expenses	(258,598)	-	(258,598)	-
- Rental income taxed at reduced rates	370,797	-	370,797	-
- Capital allowances absorbed	-	96,053	-	96,053
- Prior year deferred tax not recognised	-	31,432	-	31,432
- Others	(78)	(531)	(78)	(531)
Actual tax expense, net	(713,188)	(223,852)	(712,575)	(223,340)
Comprising:				
Current tax expense	(301,994)	(78,101)	(301,381)	(77,589)
Deferred tax expense (note 18)	(411,194)	(145,751)	(411,194)	(145,751)
	(713,188)	(223,852)	(712,575)	(223,340)

8 Investment properties

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Fair value				
Balance at 1 January	30,340,014	28,518,131	30,340,014	28,518,131
Additions	478,175	1,076,920	478,175	1,076,920
Disposal	-	(18,300)	-	(18,300)
Held for sale	(702,956)	-	(702,956)	-
Increase in fair value	4,661,767	763,263	4,661,767	763,263
Balance at 31 December	34,770,000	30,340,014	34,770,000	30,340,014

The company owns properties in the localities of Mriehel, Swieqi and Gzira. The fair value of the properties in Mriehel, office buildings known as Centris I and II, which are being leased out by the company, is € 13.8 million and € 17.8 million, respectively (2022: € 13.0 million and € 14.0 million, respectively). The fair value of the properties were determined based on a valuation performed by an independent valuer on December 2023.

The property located in Swieqi was completed in 2022. The fair value of the property was determined using the valuation method of an independent architect in 2020. At 31 December 2023, the fair value of the Swieqi property is assessed at € 3.2 million (2022: € 2.6 million).

The properties located in Gzira are held for sale as at 31 December 2023 (note 13).

The rental income of € 1,888,486 (2022: € 1,218,986) is shown within revenue and do not include any amounts from variable lease payments. Direct operating expenses of € 274,753 (2022: € 226,201) are reported within administrative expenses, none of which is incurred on vacant properties that did not generate rental income.

Although the risks associated with rights that the company retains in underlying assets are not considered to be significant, the group employs strategies to further minimise these risks, for example, the collection of a security deposit on signing of lease contract.

The lease contracts are non-cancellable for a period known as ‘di fermo’ stipulated in each contract that can vary from 1 year to 5 years from commencement of the lease.

Future minimum lease rentals are as follows:

	Minimum lease payments due					Total €
	Within	1 - 2	2 - 3	3 - 4	4 - 6	
	1 year €	years €	years €	years €	years €	
31 December 2023	1,392,781	1,274,359	689,834	363,490	217,523	3,937,987
31 December 2022	922,264	837,720	667,554	228,890	82,134	2,738,562

9 Investment in subsidiary

	2023 €	2022 €
At 1 January/ 31 December	<u>49,999</u>	<u>49,999</u>

On 22 April 2019, the company incorporated KA Finance plc and invested the amount of € 49,999 for a 99.99% ownership.

The company has unquoted investments in the below subsidiary:

Name of company	Description of shares held	% Holding	2023 €	2022 €	Nature of business
KA Finance plc	49,999 ordinary shares of € 1 each	99.99	49,999	49,999	Raising finance for related parties

The registered office of KA Finance plc is 'Project Technik', Cannon Road, Qormi QRM 9032, Malta.

10 Financial assets at fair value through other comprehensive income

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Balance at 1 January/31 December	<u>36,736</u>	<u>36,736</u>	<u>36,736</u>	<u>36,736</u>

The company has unquoted investments in the following companies:

Name	Nature of business	% ownership	
		2023	2022
Biff Limited	Construction, reconstruction, alterations, furnishing, maintenance and other services related to the building and construction industry	7	7
Refill Limited	Holding shares or other interests in, or securities of any other company	33	33

The registered office of Biff Limited is Lead Business Centre, Triq L-Intrapriza, Zone 4, Central Business District, Birkirkara CBD 4080, Malta. The registered office of Refill Limited is 'Project Technik', Cannon Road, Qormi QRM 9032, Malta.

11 Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Amounts owed by related parties	81,371	77,087	81,371	77,087
Financial assets	81,371	77,087	81,371	77,087
Current				
Trade receivables	200,696	157,429	200,696	157,429
Other receivables	34,522	33,982	34,522	33,982
Financial assets	235,218	191,411	235,218	191,411
Indirect taxation	-	31,358	-	31,358
Advance payments	290,000	-	290,000	-
Prepayments	20,564	22,762	14,146	14,568
Trade and other receivables – current	545,782	245,531	539,364	237,337
Trade and other receivables	627,153	322,618	620,735	314,424

The carrying value of short-term receivables is considered a reasonable approximation of fair value.

Amounts owed by related parties are unsecured, interest-free and have no fixed repayment date.

12 Cash and cash equivalents

Cash and cash equivalents include the following component:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Cash at bank	737,324	134,744	712,550	92,210

The group did not have any restrictions on its bank balances at year-end.

13 Assets and liabilities held for sale

During the year, the director resolved to sell the Gzira properties in order to generate the financing needed for a planned investment in another property.

On 31 August 2023, the company entered into an agreement for a promise of sale of its property in Triq Sir William Reid, Gzira, for a total consideration of € 530,000, of which € 330,000 was received as at 31 December 2023. The promise of sale is valid up to 30 October 2024.

On 27 November 2023, the company entered into an agreement for a promise of sale of its property in Triq Charles Cameron, Gzira, for a total consideration of € 585,000. At 31 December 2023, no payments have been received.

The carrying amounts of assets and liabilities in this disposal group are summarised below:

	€
Property at Triq Sir William Reid, Gzira	375,000
Property at Triq Charles Cameron, Gzira	327,956
Assets classified as held for sale	702,956
Consideration received on sale of investment properties	330,000

14 Share capital

The share capital of the company consists only of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the company.

	2023 €	2022 €
Shares issued and fully paid at 31 December		
150,000 ordinary shares of € 1 each	<u>150,000</u>	<u>150,000</u>
Shares authorised at 31 December		
150,000 ordinary shares of € 1 each	<u>150,000</u>	<u>150,000</u>

15 Borrowings

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Bank loans				
Amounts falling due within one year	386,273	360,322	386,273	360,322
Amounts due after more than 1 year	2,116,224	2,494,133	2,116,224	2,494,133
Total borrowings	<u>2,502,497</u>	<u>2,854,455</u>	<u>2,502,497</u>	<u>2,854,455</u>

The company's Bank of Valletta facilities comprise of a loan of € 2,500,000 and € 150,000. The € 2.5 million loan is secured by general hypothecary guarantee over the company's assets, special hypothec on Block Centric built over plots C and D, Triq il-Palazz l-Ahmar, Santa Venera and a pledge on comprehensive insurance policy covering the full replacement property to be hypothecated. The loan bears interest at 5.25% per annum. The loan is repayable over 15 years through 180 monthly repayments of € 20,193 inclusive of interest. Starting January 2020, the repayment of principal amounting to € 242,316 is done every January of each year.

The € 150,000 loan relates to COVID-19 assistance from Malta Development Bank thru the Bank of Valletta. The loan bears interest at 2.5% per annum and is repayable over 6 years through monthly repayments of € 2,468 inclusive of interest for the first 18 months following 6 months moratorium period and 48 monthly repayments of € 2,481 inclusive of interest for the final 4 years.

On 5th March 2021, the Company signed a sanction letter with FCM Bank Limited, for the opening of bank loan facilities amounting to up to € 1,000,000 and € 200,000. The first loan was obtained to end finance finishing costs at Centris II, while the second loan was obtained to end finance finishes and furniture costs for the Swieqi apartments. The loan bears interest at 2.31% over the bank's base rate per annum. The loan is to be settled in full within a maximum of 84 months from first drawdown. Capital moratorium for the initial 12 months will be given. Thereafter, the facilities are reduced at € 16,148 (2022: € 15,816) and € 3,189 (2022: € 3,162) respectively, per month. The loans are secured by general hypothec over the present and future assets of K.A. Holdings Limited and special hypothec and privileged over Il-Giardino, Triq il-Hawt, Swieqi.

The carrying value of borrowings is considered a reasonable approximation of fair value.

16 Debt securities in issue

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
4.75% Secured Callable Bonds redeemable 2026 – 2029				
Amounts falling due within one year	101,507	101,507	-	-
Amounts falling due after more than one year	5,919,141	5,904,809	-	-
	6,020,648	6,006,316	-	-

By virtue of Company Admission Document dated 24 July 2019, KA Finance plc has issued € 6,000,000 4.75% Secured Callable Bonds of nominal value of € 100 per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 23 August 2029 with early redemption from 23 August 2026 at the option of KA Finance plc.

The bonds have been admitted on Prospects MTF, a multilateral trading facility operated by the Malta Stock Exchange on 28 August 2019 with trading in the bonds commencing on 30 August 2019. The carrying amount of the bonds is € 6,020,648 (2022: € 6,006,316). The market value of the debt securities on the last day before the reporting date was € 5,700,000 (2022: € 5,580,000).

Interest is payable on the 23 August of each year at the rate of 4.75% per annum, payable annually in arrears on each interest payment date.

Transaction costs of € 143,696 directly related to the bond issue are being amortised over the life of the bond.

At 31 December 2023, proceeds from the bond issuance of € 5,856,304 were advanced to K.A. Holdings Limited.

The bonds are guaranteed by K.A. Holdings Limited.

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest methods as follows:

	2023	2022
	€	€
4.75% Secured Callable Bonds redeemable 2026 – 2029		
Original face value of bonds issued	6,000,000	6,000,000
Gross amount of bond issue costs	(143,696)	(143,696)
Net proceeds from issuance	5,856,304	5,856,304
Accumulated amortisation at 1 January	48,505	34,173
Amortisation of bond issue costs	14,332	14,332
Accumulated amortisation at 31 December	62,837	48,505
Unamortised bond issue costs	(80,859)	(95,191)
Interest accrued as at 31 December	101,507	101,507
Amortised cost and carrying amount	6,020,648	6,006,316

17 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Amounts owed to related parties	898,243	898,242	6,914,201	6,836,757
Due to shareholder	452,377	452,377	452,377	452,377
Security deposits	867,506	782,499	867,506	782,499
Financial liabilities	2,218,126	2,133,118	8,234,084	8,071,633
Current				
Trade payables	350,327	503,039	340,728	503,000
Amounts owed to related parties	442,521	181,613	504,257	270,725
Accrued expenses	101,136	103,103	84,010	92,176
Financial liabilities	893,984	787,755	928,995	865,901
Statutory payables	25,153	6,394	19,973	-
Deferred income	202,696	126,380	202,696	126,380
Trade and other payables - current	1,121,833	920,529	1,151,664	992,281
Total trade and other payables	3,339,959	3,053,647	9,385,748	9,063,914

Financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

Amounts owed to related parties and due to shareholder are unsecured, interest free and have no fixed date of repayment, except for an amount due to the group of € 442,521 (2022: € 181,613), and to the company of € 504,257 (2022: € 270,725), which are repayable on demand.

Included in the company's amounts owed to related parties are amounts due to KA Finance plc of € 6,015,958 (2022: € 5,938,515) which are secured, repayable after more than 5 years and bear interest equal to that of the interest payable on debt securities in issue.

Security deposits are amounts received from tenants in connection to the properties being leased out by the company. These are to be repaid upon termination of the lease agreements and are presented within non-current trade and other payables in the statements of financial position.

During the year, the Gzira properties were resolved by the Board to be sold to generate financing needed for a planned investment in a property which will be converted into a hotel. The company has entered promise of sale agreements for a total agreed value of € 1,115,000, out of which, € 330,000 has been received as of year-end.

18 Deferred tax liability

Deferred tax liability arising from temporary difference is summarised as follows:

	1 January	Recognised in	31 December
	€	profit or loss	€
	€	€	€
2023			
Investment properties	2,427,202	411,194	2,838,396
2022			
Investment properties	2,281,451	145,751	2,427,202

19 Cash flow adjustments and changes in working capital

The following cash flow adjustments and changes in working capital have been made to profit for the year to arrive at operating cash flow:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Adjustments:				
Finance costs	442,873	438,372	442,873	438,372
Amortisation of intangible asset	225	850	225	850
Fair value gains on investment properties	(4,661,767)	(763,263)	(4,661,767)	(763,263)
	(4,218,669)	(324,041)	(4,218,669)	(324,041)
Net changes in working capital:				
Change in trade and other receivables	(304,534)	22,888	(306,311)	19,977
Change in trade and other payables	616,311	294,511	651,834	270,992
	311,777	317,399	345,523	290,969

20 Related party transactions

The group's related parties include its directors, shareholders, key management personnel and other companies ultimately owned by the same shareholders.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related companies are generally affected on a cost-plus basis. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 11 and 17.

20.1 Transactions with key management personnel

The company and group's key management personnel are considered to be the directors. Transactions with key management personnel consist of their remuneration. The directors' remuneration is separately disclosed in note 6.

20.2 Transactions with related parties

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Finishing works charged by related party	90,594	168,368	90,594	168,368
Wages charged by related party	80,670	82,901	80,670	82,901
Management fees	-	-	74,460	74,665
Recharges	-	-	14,332	14,332
Finance costs	-	-	285,000	285,000

21 Contingent liabilities

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Guarantees given on behalf of related company	1,472,648	1,628,292	1,472,648	1,628,292
	1,472,648	1,628,292	1,472,648	1,628,292

22 Fair value measurement of non-financial assets

The fair values of the company's investment properties located in Mriehel and Swieqi totaling € 34.8 million as at 31 December 2023 were determined based on valuation performed by an independent, professionally-qualified property architect and is classified within Level 3 of the fair value hierarchy. The significant inputs and assumptions are developed in close consultation with management. The valuation process and fair value changes are reviewed by the Director at each reporting date.

The valuation was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property in question, including condition of property, the interest held, the nature and conditions prevalent in the market at the date of valuation, location, permissible use, size and age. The properties were revalued on 30 December 2023. An assessment of the fair value of investment properties was performed internally to reflect market conditions to arrive at the fair value as at 31 December 2023.

The significant unobservable input is the adjustment for factors specific to the property in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

23 Risk management objectives and policies

The group is exposed to credit risk, liquidity risk and market risk through its use of financial instruments. The group's risk management is coordinated by the directors.

The financial risks to which the group may be exposed are described below.

23.1 Credit risk

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Classes of financial assets – carrying amounts					
Financial assets at fair value through other comprehensive income	10	36,736	36,736	36,736	36,736
Amounts owed by related parties	11	81,371	77,087	81,371	77,087
Trade and other receivables	11	235,218	191,411	235,218	191,411
Cash and cash equivalents	12	737,324	134,744	712,550	92,210
		1,090,649	439,978	1,065,875	397,444

The group's management considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the group's financial assets are secured by collateral or other credit enhancements.

The group's concentration to credit risk arising from trade receivables and amounts owed by related parties are considered limited as there were no indications that these counterparties are unable to meet their obligations. Management considers these to be of good credit quality. Management does not consider these receivables to have deteriorated in credit quality and the effect of management's estimate of the 12-month credit loss has been determined to be insignificant to the results of the group.

Cash at bank is placed with reliable financial institutions. The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

23.2 Liquidity risk

The group's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise borrowings, debt securities in issue and trade and other payables (see notes 15, 16 and 17). The group has the financial support of its shareholders and related parties to ensure the availability of an adequate amount of funding to meet the group's obligations when they become due. The group's exposure to liquidity risk is therefore limited.

At 31 December 2023, the group's financial liabilities have contractual maturities which are summarised below:

	Notes	Current within 1 year €	Non-current within 2 to 5 years €	more than 5 years €	Total €
Classes of financial assets – carrying amounts					
Bank loans	11	504,132	1,867,681	616,032	2,987,845
Debt securities in issue	11	285,000	1,140,000	6,285,000	7,710,000
Trade and other payables	12	893,984	-	2,218,126	3,112,110
		1,683,116	3,007,681	9,119,158	13,809,955

At 31 December 2022, the group's financial liabilities have contractual maturities as summarised below:

	Notes	Current within 1 year €	Non-current within 2 to 5 years €	more than 5 years €	Total €
Classes of financial assets – carrying amounts					
Bank loans	11	504,024	1,979,670	1,008,175	3,491,869
Debt securities in issue	11	285,000	1,140,000	6,570,000	7,995,000
Trade and other payables	12	787,755	-	2,133,118	2,920,873
		1,576,779	3,119,670	9,711,293	14,407,742

23.3 Foreign currency risk

Due to the fact that the group does not have any foreign currency transactions, it is not exposed to currency fluctuations.

23.4 Interest rate risk

The group's exposure to interest rate risk is limited to the variable interest rate of bank borrowings. Management concluded that exposure to interest rate risk at the end for the reporting period is not significant.

23.5 Summary of financial assets and liabilities by category

The carrying amounts of the group's and company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.8 for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Non-current assets				
Financial assets at fair value through other comprehensive income	36,736	36,736	36,736	36,736
Financial assets measured at amortised cost:				
- Amounts owed by related parties	81,371	77,087	81,371	77,087
	118,107	113,823	118,107	113,823
Current assets				
Financial assets measured at amortised cost:				
- Trade and other receivables	235,218	191,411	235,218	191,411
- Cash and cash equivalents	737,324	134,744	712,550	92,210
	972,542	326,155	947,768	283,621
Non-current liabilities				
Financial liabilities measured at amortised cost:				
- Bank borrowings	2,116,224	2,494,133	2,116,224	2,494,133
- Debt securities in issue	5,919,141	5,904,809	-	-
- Trade and other payables	2,218,126	2,133,118	8,234,084	8,071,633
	10,253,491	10,532,060	10,350,308	10,565,766
Current liabilities				
Financial liabilities measured at amortised cost:				
- Bank borrowings	386,273	360,322	386,273	360,322
- Debt securities in issue	101,507	101,507	-	-
- Trade and other payables	893,984	787,755	928,995	865,901
	1,381,764	1,249,584	1,315,268	1,226,223

24 Ultimate controlling party

The ultimate controlling party is Kurt Abela who owns 99.9% of the shares.

25 Capital management policies and procedures

The group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing products and services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

The group monitors the level of debt, which includes bank loans, debt securities in issue and trade and other payables less cash and bank balances against total capital on an ongoing basis. The directors consider the group's gearing level at year end to be appropriate for its business.

26 Reconciliation of liabilities arising from financing activities

The changes in the group's liabilities arising from financing activities can be classified as follows:

	Short-term borrowings €	Long-term borrowings €	Debt securities €	Total €
At 1 January 2023	360,322	2,494,133	5,904,809	8,759,264
Cash flows				
- Repayment	(351,958)	-	-	(351,958)
- Interest paid	-	(143,541)	(285,000)	(428,541)
- Proceeds	-	-	-	-
Non-cash				
- Interest charged	-	143,541	285,000	428,541
- Reclassification	377,909	(377,909)	-	-
- Amortisation of transaction costs	-	-	14,332	14,332
At 31 December 2023	386,273	2,116,224	5,919,141	8,421,638
	Short-term borrowings €	Long-term borrowings €	Debt securities €	Total €
At 1 January 2022	155,807	2,638,806	5,890,476	8,685,089
Cash flows				
- Repayment	(187,643)	-	-	(187,643)
- Interest paid	-	(139,040)	(285,000)	(424,040)
- Proceeds	-	247,485	-	247,485
Non-cash				
- Interest charged	-	139,040	285,000	424,040
- Reclassification	392,158	(392,158)	-	-
- Amortisation of transaction costs	-	-	14,333	14,333
At 31 December 2022	360,322	2,494,133	5,904,809	8,759,264

27 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.

Independent auditor's report

To the shareholders of K.A. Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of K.A. Holdings Limited (the “company”) and of the group of which it is the parent, set out on pages 6 to 31 which comprise the statements of financial position as at 31 December 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company and the group as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the “Act”).

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 and of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. 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 shown on pages 2 to 4, and statement of director's responsibilities shown on page 5, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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 Act.

Based on the work we have 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 Act.

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

Responsibilities of those charged with governance for the financial statements

The director is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The director is responsible for overseeing the company's and the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the 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 and the group'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 and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the company and the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 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; or
- we have not received all the information and explanations we require for our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 3000
Malta

20 March 2024

Statements of comprehensive income schedule

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Revenue				
Rental income	1,853,986	1,218,986	1,853,986	1,218,986
Recharge costs	198,251	171,992	198,251	171,992
Fair value gains on investment properties	4,661,767	763,263	4,661,767	763,263
	6,714,004	2,154,241	6,714,004	2,154,241
Administrative expenses				
Directors' salaries	81,000	81,000	36,000	36,000
Audit and accountancy fees	15,329	14,625	7,000	5,900
Bank charges	4,440	4,932	3,828	4,207
Commissions	31,381	33,094	31,381	33,094
Printing, postage and stationery	815	195	815	195
Repairs and maintenance	25,563	10,309	25,563	10,309
Subscriptions and licenses	10,675	13,306	95	1,021
Wages and salaries	80,670	82,901	80,670	82,901
Telecommunications	2,097	2,640	2,097	2,640
Water and electricity	91,652	62,103	91,652	62,103
Legal and professional fees	38,532	21,781	106,583	94,016
General expenses	1,946	1,223	1,946	1,223
Insurance	20,913	18,089	19,134	14,051
Depreciation	225	850	225	850
Cleaning expenses	20,940	19,685	20,940	19,685
	426,178	366,733	427,929	368,195
Finance costs				
Interest expense	442,873	438,372	442,873	438,372
	442,873	438,372	442,873	438,372
Profit before tax	5,844,953	1,349,136	5,843,202	1,347,674