

Virgata Services Limited

Annual Report

For the year ended 31 December 2019

Virgata Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

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Virgata Services Limited

Director's report

For the year ended 31 December 2019

The director presents his report and the audited financial statements of Virgata Services Limited ("the Company") for the year ended 31 December 2019.

Principal activities

The company provides consultancy services and also has five Dutch subsidiaries.

Performance review

The profit for the year after tax amounted to €306,422 (2018: €24,680).

During the year, the company paid dividends of €306,422 (2018: €24,680) to the shareholder.

Shareholders' equity at the reporting date amounted to €3,976,200 (2018: €3,976,200).

Future developments

The company intends to work with its Dutch subsidiaries to further expand its property portfolio and a number of potential acquisition targets have been identified.

Directors

The following has served as director of the company during the period under review:

Mr. Jordi Goetstouwers

In accordance with the company's Articles of Association the present director remains in office.

Director's responsibilities

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

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act, 1995 enacted in Malta. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Virgata Services Limited

Director's report (continued)

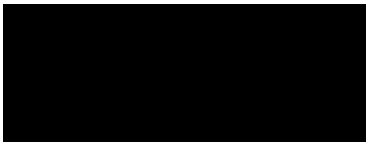
For the year ended 31 December 2019

Financial reporting framework

The director has resolved to prepare the Company's financial statements for the period ended 31 December 2019 in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME") and have been properly prepared in accordance with the requirements of the companies Act (Cap.386).

Auditors

ECOVIS Malta Limited (Certified Public Accountants and Registered Auditors) have intimated their willingness to continue in office. A proposal to reappoint ECOVIS Malta Limited (Certified Public Accountants and Registered Auditors) as auditors of the Company will be put to the General Meeting.



Jordi Goetstouwers

Director

Virgata Services Limited
The Bastions, Office No. 2,
Emvin Cremona Street,
Floriana FRN 1281
Malta

2nd October 2020

Virgata Services Limited

Income Statement

For the year ended 31 December 2019

| | | 2019 | 2018 |
|----------------------------------|------|----------------|------------------|
| | Note | € | € |
| Revenue | 3 | 146,003 | - |
| Administrative expenses | | (59,450) | (215,598) |
| Operating profit / (loss) | | 86,553 | (215,598) |
| Finance income | 4 | 390,787 | 376,903 |
| Finance expense | 4 | (128,871) | (127,718) |
| Profit before tax | 5 | 348,469 | 33,587 |
| Tax expense | 6 | (42,047) | (8,907) |
| Profit for the year | | 306,422 | 24,680 |


Virgata Services Limited

Balance Sheet

As at 31 December 2019

| | | 2019 | 2018 |
|-------------------------------------|------|-------------------------|-------------------------|
| | Note | € | € |
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 7 | 675,503 | 596,417 |
| Investment in associate | 8 | 873 | 33 |
| Amounts due from subsidiary | | 1,866,274 | 1,909,100 |
| | | <u>2,542,650</u> | <u>2,505,550</u> |
| Current assets | | | |
| Trade and other receivables | 9 | 5,653,757 | 5,657,531 |
| Cash and bank balances | 10 | 237,409 | 14,126 |
| | | <u>5,891,167</u> | <u>5,671,657</u> |
| TOTAL ASSETS | | <u><u>8,433,817</u></u> | <u><u>8,177,207</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 11 | 3,976,200 | 3,976,200 |
| Retained Earnings | | - | - |
| Total equity | | <u>3,976,200</u> | <u>3,976,200</u> |
| Non-current liabilities | | | |
| Other payables | 12 | 2,830,470 | 2,723,167 |
| Deferred income | | 16,274 | 212,153 |
| | | <u>2,846,744</u> | <u>2,935,320</u> |
| Current liabilities | | | |
| Trade and other payables | 13 | 1,559,922 | 1,118,955 |
| Current tax liabilities | | 50,951 | 146,732 |
| | | <u>1,610,873</u> | <u>1,265,687</u> |
| Total liabilities | | <u>4,457,617</u> | <u>4,201,007</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>8,433,817</u></u> | <u><u>8,177,207</u></u> |

The financial statements set out on pages 3 to 11 were approved and authorised for issue on 2nd October 2020.


Jordi Goetsouwens
Director

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

1 Basis of preparation

1.1 Statement of compliance

The financial statements of Virgata Services Limited (“the Company”) have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (“GAPSME”).

The Group of which the Company is the parent qualifies as a small group as defined by Article 185(5) of the Companies Act, 1995 (Chapter 386, Laws of Malta) and has availed itself of the exemption from the requirement to prepare consolidated financial statements in terms of Article 173 of the Act.

These financial statements therefore represent the separate financial statements of the Company, in which the investments are accounted for on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of the investees.

1.2 Basis of measurement

The financial statements are prepared on the historical cost.

1.3 Functional and presentation currency

The financial statements are presented in euro, which is the Company’s functional currency.

2 Significant accounting policies

2.1 Investment in subsidiary

A subsidiary is an entity which 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.

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiary is carried under the cost method, which is at cost less any accumulated impairment losses.

2.2 Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

An investment in an associate is initially measured at cost. After initial recognition, the investment in associate is measured using the cost method.

Under the cost method, the investment is measured at cost less accumulated impairment losses. Distributions received from the associate are recognised as investment income in profit or loss when the Company’s right to receive the dividend is established.

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

2 Significant accounting policies (continued)

2.3 Impairment

The carrying amounts of the Company's investments that are measured at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

The carrying amounts of the Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

2.4 Financial assets and financial liabilities

Trade and other receivables

Trade and other receivables are carried at cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at their nominal value.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits.

2.6 Income taxes

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

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

2 Significant accounting policies (continued)

2.6 Income taxes (continued)

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

2.7 Foreign currencies

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

3 Revenue

The following amounts have been included in the income statement line for the reporting period presented:

| | 2019 | 2018 |
|------------------|----------------|----------|
| | € | € |
| Consultancy fees | <u>146,003</u> | <u>-</u> |

4 Finance income and expense

| | 2019 | 2018 |
|--------------------------|----------------|----------------|
| | € | € |
| 4.1 Finance income | | |
| Loan interest receivable | <u>390,787</u> | <u>376,903</u> |
| 4.2 Finance expense | | |
| Loan interest payable | <u>128,871</u> | <u>127,718</u> |

5 Profit before tax

Profit before tax is stated after charging auditors' remuneration amounting to €2,000, exclusive of VAT.

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

6 Tax expense

| | | | |
|------------|---|------------------|-----------------|
| 6.1 | | 2019 | 2018 |
| | | € | € |
| | Current tax expense | <u>42,047</u> | <u>8,907</u> |
| 6.2 | | 2019 | 2018 |
| | | € | € |
| | Profit before taxation | <u>348,469</u> | <u>33,586</u> |
| | Tax at the applicable statutory rate of 35% | <u>(121,964)</u> | <u>(11,755)</u> |
| | <i>Tax effect of:</i> | | |
| | Non-deductible expenses | (590) | - |
| | Non-taxable income | 17,005 | - |
| | Foreign interest income taxable using FRFTC | <u>63,502</u> | <u>2,848</u> |
| | Tax expense | <u>42,047</u> | <u>8,907</u> |

7 Investment in subsidiaries

| | | |
|----------------------------|----------------|----------------|
| | 2019 | 2018 |
| | € | € |
| Investment in subsidiaries | <u>675,503</u> | <u>596,417</u> |

Investment in subsidiary as at the reporting date represents the cost of the following subsidiaries:

| | Registered Office | Classes of shares held | Ownership interest |
|---------------------------|---|-------------------------------|---------------------------|
| Eve Office Advisors B.V. | Orteliuslaan 850, 3528BB Utrecht, Netherlands | Ordinary Shares | 100% |
| Virgata NL Holdings B. V. | Orteliuslaan 850, 3528BB Utrecht, Netherlands | Ordinary Shares | 100% |
| Virgata NV Monument BV | Orteliuslaan 850, 3528BB Utrecht, Netherlands | Ordinary Shares | 97% |
| Virgata NV Develop BV | Orteliuslaan 850, 3528BB Utrecht, Netherlands | Ordinary Shares | 97% |
| GOVS RE I B.V. | Orteliuslaan 850, 3528BB Utrecht, Netherlands | Ordinary shares | 50% |

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

7 Investment in subsidiaries (continued)

7.1 Share capital and reserves of subsidiaries

On 7th September 2018, the company transferred 2 shares in Virgata NV Monument BV and 2 shares in Virgata NV Develop BV for nil consideration.

On 12th March 2019, the company transferred 1 share in Virgata NV Monument BV and 1 share in Virgata NV Develop BV for nil consideration.

The unaudited accounts of the subsidiaries at the balance sheet date stood as follows:

| | Share Capital | Retained Earnings | Total Equity |
|---------------------------|---------------|-------------------|--------------|
| | € | € | € |
| Eve Office Advisors B.V. | 1 | (45,226) | (45,225) |
| Virgata NL Holdings B. V. | 675,000 | 86,630 | 761,630 |
| Virgata NV Monument BV | 1 | (119,466) | (119,465) |
| Virgata NV Develop BV | 1 | (155,554) | (155,553) |
| GOVS RE 1 B.V. | 1,000 | (57,474) | (56,474) |

8 Investment in associate

| | 2019 | 2018 |
|-------------------------|------|------|
| | € | € |
| Investment in associate | 873 | 33 |

Investment in associate as at the reporting date represents the cost of the following associate:

| | Registered Office | Classes of shares held | Ownership interest |
|----------------|---|------------------------|--------------------|
| Batcharge B.V. | Orteliuslaan 850, 3528BB Utrecht, Netherlands | Ordinary Shares | 33% |
| Prospr BV | Emmalaan 35, 3581HP Utrecht, Netherlands | Ordinary Shares | 33% |

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

9 Trade and other receivables

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| | € | € |
| Amounts due from subsidiary | 4,617,331 | 4,549,972 |
| Amounts due from related parties | 263,049 | 243,000 |
| Accrued interest receivable | 736,719 | 439,686 |
| Trade Receivables | - | 400,750 |
| Prepayments | 679 | 679 |
| Accrued Income | 35,000 | 22,500 |
| VAT refundable | 979 | 944 |
| | <u>5,653,757</u> | <u>5,657,531</u> |

Amounts due from subsidiary are unsecured, interest bearing and repayable within one year.

10 Cash and cash equivalents

| | 2019 | 2018 |
|--------------|----------------|---------------|
| | € | € |
| Cash at bank | <u>237,409</u> | <u>14,126</u> |

11 Equity

Share capital

| | 2019 | 2018 |
|---------------------------------|------------------|------------------|
| | € | € |
| Authorised | | |
| Ordinary shares of €1 each | <u>4,030,000</u> | <u>4,030,000</u> |
| Issued and fully paid up | | |
| Ordinary shares of €1 each | <u>3,976,200</u> | <u>3,976,200</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Virgata Services Limited

Notes to the financial statements

For the year ended 31 December 2019

12 Other payables

| | 2019 | 2018 |
|-----------------------------|------------------|------------------|
| | € | € |
| Amount due to shareholder | 287,862 | 181,059 |
| Amount due to related party | 2,542,608 | 2,542,108 |
| | <u>2,830,470</u> | <u>2,723,167</u> |

Amount due to shareholder and related party are unsecured, bear an interest of 5% per annum and have no set repayment or maturity date.

13 Trade and other payables

| | 2019 | 2018 |
|--|------------------|------------------|
| | € | € |
| Amount due to shareholder | 919,593 | 613,171 |
| Interest payable on shareholder's loan | 625,994 | 497,123 |
| Trade creditors | 3,196 | 3,161 |
| Fees payable | 11,139 | 5,500 |
| | <u>1,559,922</u> | <u>1,118,955</u> |

13.1 The amounts due to the shareholder are unsecured, interest free and repayable on demand

14 Related party note

Transactions with related parties

| | Transaction value for the year ended 31 December | | Balance outstanding as at 31 December | |
|-------------------------------|--|-----------|---------------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| | € | € | € | € |
| Financing transactions | | | | |
| Amount due to shareholder | 443,225 | 74,619 | 1,207,455 | 794,230 |
| Amount due to related party | 500 | 2,542,108 | 2,542,608 | 2,542,108 |
| Amounts due from subsidiaries | 54,533 | 14,633 | 6,408,973 | 6,459,072 |
| Amounts due from associates | - | - | 97,359 | - |
| Amounts due from shareholder | - | - | 7,273 | - |

**Independent Auditors' Report
To the Shareholders of Virgata Services Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Virgata Services Limited (the Company), set out on pages 3 to 11, which comprise the balance sheet as at 31st December 2019, the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Company as at 31st December 2018, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Director's report. Our opinion on the financial statements does not cover this information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the 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.

Independent Auditors' Report - continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


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

Report on Other Legal and Regulatory Requirements

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

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

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



This copy of the audit report has been signed by
Mr. Karl Bonanno
for and on behalf of
ECOVIS Malta Limited
Certified Public Accountants and Registered Auditors

2nd October 2020

Virgata Services Limited

Detailed Statement of Administrative Expenses

For the year ended 31 December 2019

| | 2019 | 2018 |
|-------------------------------------|---------------|----------------|
| | € | € |
| Administrative expenses | | |
| Wages & Salaries | 84,178 | 58,941 |
| Donations | - | 7,000 |
| Professional fees | 4,450 | 6,325 |
| Audit fee | 2,000 | 2,000 |
| Management & Admin Fees | 7,089 | 8,053 |
| Company registration fees | 1,200 | 1,200 |
| Legal Fees | - | 50,000 |
| Office Expenses | - | 1,009 |
| Travel expenses | - | 2,196 |
| Telephone and Telecommunications | 80 | - |
| Motor vehicle expenses | 3,371 | - |
| Bank charges | 194 | 173 |
| Realised loss on exchange | - | 14 |
| Provision for impairment | (48,586) | 78,586 |
| General and administration expenses | 5,474 | 101 |
| | <u>59,450</u> | <u>215,598</u> |