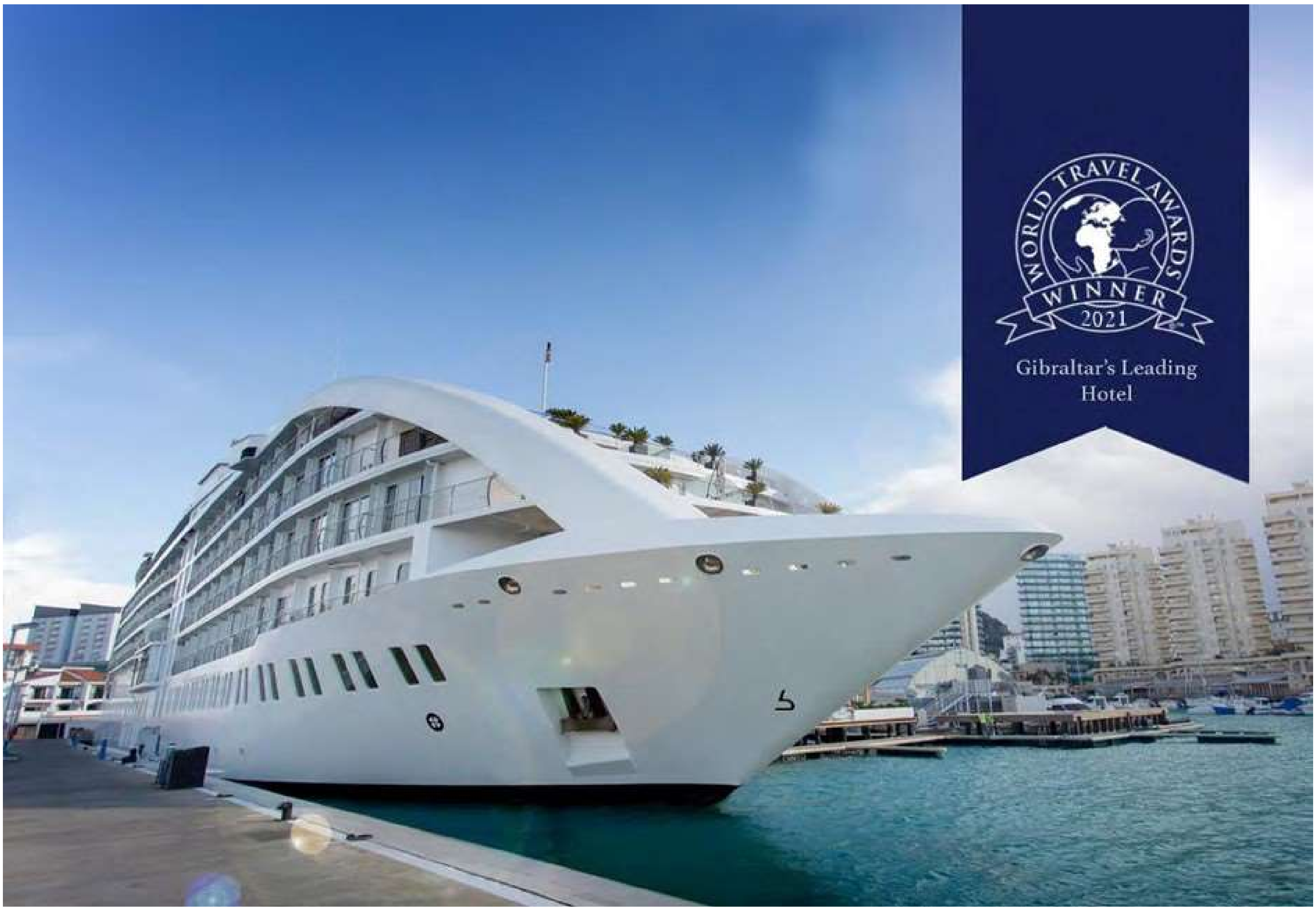
SUNBORN GIBRALTAR



FINANCIAL STATEMENTS
1 January – 31 December 2021
SUNBORN (GIBRALTAR) LIMITED

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SUNBORN (GIBRALTAR) LIMITED

CONTENTS

SUNBORN (GIBRALTAR) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	Hans Niemi	
	Xavier Valero	(Appointed 1 November 2021)
	Karen Thomson	(Appointed 1 November 2021)
SECRETARY:	Line Secretaries Limited	
REGISTERED OFFICE:	57/63 Line Wall Road Gibraltar	
REGISTERED NUMBER:	109414	
AUDITORS:	AMS Limited Suite 16 Water Gardens 5 Gibraltar	

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and audited accounts for the year to 31 December 2021.

Activities and review of business

The Company's principal activity is rental of the luxury yacht hotel docked at Ocean Village in Gibraltar to its sister company Sunborn (Gibraltar) Resort Limited, which runs the operations in accordance with a lease contract. The Yacht hotel is equipped with 189 cabins, including 22 suites. There are also conference facilities for up to 400 delegates, restaurants, bars fitness center, spa and lounges inside the Yacht hotel.

The Directors consider that the level of business during the year was satisfactory. It is expected that this level of activity will be continued in the ensuing year.

The Company's current 5-year bond is maturing for repayment on 5th September 2022 (see note 13) and management expects and plans to repay the bond at or prior to its original maturity date. Repayment is planned via a new bond issue or private placement debt for a new term of 3 to 5 years. Management views the current high yield market conditions to enable launch of a new bond with similar terms and conditions and pricing.

Results and dividends

The Company has made a profit of £ 474,213 for the year (2020 loss: £ 1,940,908).

The directors do not recommend the payment of a dividend.

Directors

The director who served office during the whole of the period 1 January 2021 to the date of this report were as shown on page 1.

Financial risk management

The Company's activities expose it to a variety of financial risks. In particular, the exposure to market risk (including interest rate risk and foreign currency risk), credit risk, liquidity risk and refinancing risk, which has been disclosed in note 3 to the financial statements.

Going concern

Matters in relation to going concern are addressed in note 2.1 to the financial statements.

Corporate governance

The directors have opted to apply the provisions of Section 251(8) of the Companies Act 2014, and not disclose the corporate governance requirements.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Statement of director's responsibilities - Continued
Company law requires the directors to prepare financial statements for each financial year which meet the requirements of the Gibraltar Companies Act 2014. In addition, the Directors have elected to prepare the financial statements in accordance with the International Financial Reporting Standards as adopted for use in the European Union.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit and loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act and other applicable legislation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
AMS Limited are willing to stand for reappointment at the next Annual General Meeting.

Hans Niemi
Director
30th April 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNBORN (GIBRALTAR) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Sunborn (Gibraltar) Limited** (the Company), for the year ended 31 December 2021, which comprise the statement of financial position, the statement of comprehensive income, statement of cash flows, the statement of changes in shareholders' equity, 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 state of the company's affairs as at 31 December 2021 and of the profit and cashflows for the year then ended;
- have been properly prepared in accordance with the International Financial Reporting Standards as adopted for use in the European Union; and
- have been prepared in accordance with the Companies Act 2014.

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), and 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.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 2 to the accounts concerning the Company's ability to continue as going concern. As explained in Note 2 to the accounts, indicate the existence of a possible uncertainty which may cast doubt about the Company's ability to continue as going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as going concern.

Audit approach

Materiality

- Overall materiality: £833,095 which represents 1 % of total assets of the Company.

Key audit matters

- Going concern
- Revenue recognition
- Investment property valuation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Our application of materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall materiality	£833,095
How we determined it	1 % of the Total assets of the Company.
Rationale for the materiality benchmark applied	We have applied the Total assets benchmark as, in our view, it is the key driver for the principal users of the financial statements. We also believe this will provide an appropriate and consistent year-on year basis for our audit.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter in the audit of the company	How our audit addressed the key audit matter
Going Concern Refer to Accounting policies and note 2.1. As noted by the director on note 2.1, the financial statements are prepared on a going concern basis. This basis is supported by several assumptions and continued financial support from its parent company.	Our audit procedures covered discussion with management about his assessment of the company's ability to continue as a going concern and management's future plans. We considered management going concern assessment and assumptions.

Key audit matters - continued

Key audit matter in the audit of the company	How our audit addressed the key audit matter
Revenue recognition Refer to Accounting policies and note 5. Revenue consists of rental income from lease contract. Rental income is booked as a revenue as straight-line basis based on the lease contract. There is a risk that the rental income is booked to a wrong period.	We reviewed the appropriateness of the company´s accounting policies regarding revenue recognition. We assessed compliance with policies in terms of applicable accounting standards. In audit of revenue recognition, we focused on lease agreement. We tested the booked revenue by comparing it to the lease agreement.
Valuation of investment property Refer to Accounting policies and note 8. Company´s investment property consists of a Yacht hotel. The company's investment property is exposed to impairment risk. The possible need for impairment on property investment is evaluated at least once a year. If an asset item is recognized on the balance sheet at a value higher than the recoverable amount, an impairment loss is recorded. The valuation of investment property is a key audit matter due to the size of the balance sheet item and as the accounting for investment property requires management's judgment over timing of recognition of impairment and especially over fair valuation of the investment property.	We reviewed the company´s process and control environment for investment property. We assessed the management´s ability to make assumptions and estimations when assessing the recoverable amount of investment property. In our assessment, we focused on cash flow forecast, useful lifetime of investment property and to the discount rate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and International Financial Reporting Standards as adopted for use in the European Union, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

Auditor's Responsibilities for the Audit of the Financial Statements – continued

- 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 director 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

Opinion on other matter prescribed by the Companies Act 2014
In our opinion, based on the work undertaken in the course of the audit:

- 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 Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception
We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

Use of our report
This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Adrian Stevenson
Statutory auditor
For and on behalf of
AMS Limited
Suite 16
Water Gardens 5
Gibraltar

30th April 2022

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	**2021** £	2020 £
Rental income from group company	5, 16	**3,180,000**	2,404,000
Depreciation	8, 9	**(2,489,890)**	(2,521,739)
Administrative expenses	6	**(249,556)**	(223,784)
Operating profit/(loss)		**440,554**	(341,523)
Waiver of intercompany loan	12	**-**	5,000,000
Foreign exchange gain/(loss)		**3,400,092**	(2,847,443)
Finance costs	7	**(3,366,433)**	(3,751,942)
Profit/(loss) before income tax		**474,213**	(1,940,908)
Income tax expense		**-**	-
Profit/(loss) for the year		**474,213**	(1,940,908)
Other comprehensive income		**-**	-
Total comprehensive profit/(loss) for the year		**474,213**	(1,940,908)
Attributable to:			
Equity holder of the Company		**474,213**	(1,940,908)

The notes on pages 13 to 31 form part of these financial statements.

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**2021**	2020
		£	£
ASSETS			
Non-current assets			
Investment property	8	**80,142,535**	82,623,076
Property plant and equipment	9	**1**	1
		80,142,536	82,623,077
Current assets			
Receivables from group companies	10	**1,804,608**	2,147,935
Other receivables		**265,700**	322,007
Cash and cash equivalents		**1,097,634**	292,260
Total current assets		**3,167,942**	2,762,202
TOTAL ASSETS		**83,310,478**	85,385,279
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	**3,000**	3,000
Share premium	11	**15,604,000**	15,604,000
Capital reserve		**15,000,000**	15,000,000
Retained loss		**(24,351,651)**	(24,825,864)
Total equity		**6,255,349**	5,781,136
LIABILITIES			
Non-current liabilities			
Borrowings from group companies	12	**25,996,911**	25,996,911
Borrowings	13	**-**	51,727,431
Total non-current liabilities		**25,996,911**	77,724,342
Current liabilities			
Borrowings	13	**48,694,475**	-
Payables to group companies	14	**2,023,892**	1,469,895
Other payables	15	**339,851**	409,906
Total current liabilities		**51,058,218**	1,879,801
Total liabilities		**77,055,129**	79,604,143
TOTAL EQUITY AND LIABILITIES		**83,310,478**	85,385,279

Approved by the Board on the 30th April 2022

Hans Niemi
Director

Xavier Valero
Director

The notes on pages 13 to 31 form part of these financial statements.

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2021

	Share capital £	Share premium £	Capital reserve £	Retained earnings £	**Total Equity £**
Balance at 1 January 2020	3,000	15,604,000	10,000,000	(17,884,956)	7,722,044
Total comprehensive loss for the year	-	-	-	(1,940,908)	(1,940,908)
Capital contribution by parent company (note 12)	-	-	5,000,000	(5,000,000)	-
Balance at 31 December 2020	3,000	15,604,000	15,000,000	(24,825,864)	5,781,136
Total comprehensive profit for the year	-	-	-	474,213	(474,213)
Balance at 31 December 2021	**3,000**	**15,604,000**	**15,000,000**	**(24,351,651)**	**6,255,349**

The notes on pages 13 to 31 form part of these financial statements.

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF CASHFLOWS
For the year ended 31 December 2021

	2021	2020
	£	£
Operating activities		
Operating profit/(loss)	**440,554**	(341,523)
Adjustment for:		
Depreciation	**2,489,890**	2,521,739
Change in working capital:		
Change in receivables from group companies	**343,327**	(276,155)
Change in other receivables	**54,940**	(2,775)
Change in payables to group companies	**164,043**	(2,576)
Change in other payables	**(70,055)**	40,706
Net cash flows generated from operations before interest payments	**3,422,699**	1,939,416
Interest paid	**(2,549,625)**	(2,707,525)
Transaction costs paid	**(58,351)**	-
Net cash flows used in operations	**814,723**	(768,109)
Cash used in investing activities		
Additions in investment property	**(9,349)**	-
	(9,349)	-
Net increase/(decrease) in cash and cash equivalents	**805,374**	(768,109)
Cash and cash equivalents at 1 January	**292,260**	1,060,369
Cash and cash equivalents at 31 December	**1,097,634**	292,260

The notes on pages 11 to 31 form part of these financial statements.

1. General information

Sunborn (Gibraltar) Limited (the 'Company') is a private company limited by shares incorporated and registered in Gibraltar. The registered address of Sunborn (Gibraltar) Limited is 57/63 Line Wall Road, Gibraltar and its business address is 35 Ocean Village Promenade, Gibraltar.

Sunborn (Gibraltar) Limited owns a luxury yacht hotel docked at Ocean Village in Gibraltar, which it has leased to its sister company Sunborn (Gibraltar) Resort Limited, who runs the operations in accordance with a lease contract. The Yacht hotel is equipped with 189 cabins, including 22 suites. There are also conference facilities for up to 400 delegates, restaurants, bars fitness center, spa and lounges inside the Yacht hotel. The Company had no employees in 2020 and 2021. The Company is wholly owned by Sunborn (Gibraltar) Holdings Limited and its ultimate parent is Sunborn Oy, a company registered in Finland and owned by the Niemi family who are also based in Finland. Sunborn Oy focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 50 years of experience in the hospitality sector.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. All amounts in the notes are shown in Pounds Sterling (£), unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) and as adopted by the European Union (IFRS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). The financial statements have been prepared on a historical cost basis, unless otherwise stated.

Gibraltar legislation applied in the preparation of these financial statements is the Companies Act 2014.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are presented in Sterling Pounds (£), which is also the Company's functional currency and economic environment in which its trades.

2. Summary of significant accounting policies – continued

2.1 Basis of preparation – continued

Going concern
The Company has incurred net losses consisting mainly of depreciation and unrealised foreign exchange rate differences arising from the borrowings. The Company's sole purpose is to own the vessel "Sunborn Gibraltar Yacht" and lease the vessel out to Sunborn Gibraltar Resort Limited through an internal bareboat agreement. The Company has primarily relied upon financing raised through the borrowings from the group companies and bonds from external parties as well as from shares issued to the parent company Sunborn (Gibraltar) Holdings Limited.

The financial information in these financial statements has been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. Moreover, the company's ultimate parent has confirmed its willingness to provide financial support to allow the company to operate and meet its liabilities as and when required.

2.2 Changes in accounting policy and disclosures

(a) New and amended IFRS standards adopted by the company

There were no new standards effective during the year ended 31 December 2021.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(b) New standards, interpretations and amendments to existing standards in issue but not yet effective

Several standards and interpretations were in issue and adopted by the EU, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. None of the new standards, amendments and interpretations to standards are expected to have a significant impact on the Company's financial statements.

Amendments to IAS 1	Amendments to the classification of liabilities current or non-current
Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IAS 12	Measurement techniques for current and deferred taxes
Amendments to IAS 16	Definition of sales proceeds and related costs
Amendments to IAS 37	Definition of costs to fulfil an onerous contract
Amendments to IAS 41	Measurement techniques to biological assets
Amendments to IFRS 3	Updating a reference to Conceptual Framework
IFRS 17	Insurance Contracts

2. Summary of significant accounting policies - continued

2.2 Changes in accounting policy and disclosures - continued

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's financial statements are presented in Pounds Sterling (£), which is the Company's functional and presentational currency.

2.3 Foreign currency translation - continued

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the finance items in the statements of comprehensive income.

2.4 Investment property

The Company's vessel (converted to a Yacht Hotel) which is leased out under operating lease is presented as investment property in the balance sheet because of the vessel's physical characteristics resembling that of a building (walls, floors, roof, windows), permanently moored at Ocean Village, in Gibraltar and that the future rental cash flows to be earned from the vessel depend largely upon its permanent location.

An investment property is measured initially at its cost. Directly attributable transaction costs are included in the initial measurement. The Company has measured the investment property at fair value as at 1 January 2016, as the Company has applied the exemption provided in IFRS 1 to use the fair value of the investment property as deemed cost at the date of transition to IFRS. Any improvement costs for the renovation and repair that add value to vessel are capitalized as additions to the vessel and depreciated over the shorter of the improvements' estimated useful lives or that of the Yacht hotel.

2. Summary of significant accounting policies - continued

2.4 Investment property - continued

Subsequently, the investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost to the residual value over their estimated useful lives. The estimated useful life of the vessel divided to its significant components is presented in the table below:

Vessel - 40 years

Vessel improvements - shorter of remaining life of the vessel or useful life of the vessel improvement (3 to 25 years)

Furniture and fittings - 10 years

The useful economic lives, residual values and the depreciation methods adopted are reviewed by the director annually.

All repairs and maintenance costs are charged to the statement of the comprehensive income during the financial year in which they are incurred.

Investment property are subject to an impairment review if there are events or changes in circumstances which indicate that their carrying amount may not be recoverable in full. The impairment review comprises a comparison of the carrying amount of the assets with their recoverable amount, which is the higher of net realisable value and value in use. The carrying value of an asset is written down by the amount of any impairment and this loss is recognised in the statement of the comprehensive income in the year in which it occurs. If an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account by increasing the carrying amount of the asset in the year in which it occurs.

2.5 Property, plant and equipment

Property, plant and equipment are stated at purchase cost less accumulated depreciation and/or accumulated impairment losses, if any.

The estimated cost and accumulated depreciation of replaced or refurbished components are written off and any resulting losses are recognised in the Statement of Comprehensive Income. Depreciation is calculated using the straight-line method to allocate their cost to their estimated residual values over their estimated useful lives.

The useful economic life of the motor vehicle is 3 years.

The useful economic lives, residual values and the depreciation methods adopted are reviewed by the management annually.

2. Summary of significant accounting policies - continued

2.6 Financial instruments - Financial Instruments: Recognition and Measurement

Loan and receivables are initially recognised when they are originated. Other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments. Financial instruments carried on the statement of financial position include loan receivables, other receivables, cash and cash equivalents, and borrowings and other payables. The particular recognition methods are disclosed in the individual policy statements associated with each item.

(a) Loan receivables

Loan receivables are stated at proceeds issued net of transactions costs.

(b) Other receivables

Other receivables are stated at cost.

(c) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(d) Borrowings and other payable

Other payables are recognised at their nominal value.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement as interest expense over the period of the borrowings using the effective interest method.

<u>Fair value measurement principles</u>
'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company measures the fair value of an instrument, using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, if there is no quoted price in an active market. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

2. Summary of significant accounting policies - *continued*

2.6 Financial instruments - Financial Instruments: Recognition and Measurement - continued

Amortised cost measurement principles
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Impairment
Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of profit or loss and other comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of profit or loss and other comprehensive income.

Derecognition
A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished or when the obligation specified in the contract is discharged, cancelled or expires.

Assets held for trading that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as of the date the Company commits to sell the assets. The Company uses the average cost method to determine the gain or loss on derecognition.

Offsetting
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Share capital

Ordinary shares are classified as equity.

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

2. Summary of significant accounting policies - continued

2.8 Recognition of rental income

The Company recognises rental income from renting out the Yacht hotel "The Sunborn Gibraltar" to Sunborn (Gibraltar) Resort Limited based on yearly payments determined by the contracting parties. The lease of the Yacht hotel is classified as operating lease since the Company retains a significant share of risks and rewards of ownership. Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.9 Operating lease

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Income derived under this type of lease is recognised to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.10 Segment reporting

The Company only has one operation (owning and leasing the Yacht hotel), so it constitutes a single operating segment. The chief operating decision maker is determined as the Board of Directors of the Company who monitors the result of the Company after its establishment based on the rental income generated from the lease agreement less operating expenses.

2.11 Current and deferred income tax

The company had tax losses since its inception therefore has not recorded any tax expense during these periods to 31 December 2021. Income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Risk management

3.1 Financial risk factors

The Company´s financial risks related to business are market risk (including interest rate risk and foreign currency risk), credit risk, liquidity risk and refinancing risk. Financial risk management carried out by the management of the Company aims to protect the Company against unfavourable developments in the financial markets and ensure the performance. The management review financial risks on regular basis to manage financial risk position and decide on necessary actions.

(a) Foreign exchange risk

The objective of foreign exchange risk management is to reduce the uncertainty caused by fluctuations in foreign exchange rates in the Company's profit and loss, cash flows and balance sheet to an acceptable level for the Company.

A large portion of the Company's income is denominated in Sterling Pounds. The Company is exposed to foreign currency risk, inter alia, through the Bonds, which are denominated in Euro. The Company's exchange rate exposures have been partly hedged at Group level and therefore to the extent that foreign exchange rate exposures are not hedged, any fluctuations in currencies may adversely affect the Company's financial results in ways unrelated to its operations. These developments could have an adverse effect on the Company's business, financial position, results of operations and future prospects and thereby, on the Company's ability to fulfil its obligations under the Bonds.

The depreciation of the exchange rate should be significant before it would weaken the Company's debt service capacity going forward. The management of the Company continuously monitors the development of the GBP/EUR exchange rate and decides on necessary actions to be taken. The EUR denominated borrowings and cash balances on the balance sheet in the periods presented are as follows:

GBP thousand	**31 Dec 2021**	31 Dec 2020
Senior Bond	**(48,980)**	(52,381)
Cash and cash equivalents	**642**	29

At 31 December 2021, if the Sterling Pound (£) strengthened/weakened by 5% against the Euro, unrealized exchange gain/loss for the year would have been £ 2,493,000 higher/lower. Due to the risk of Sterling/Euro depreciation and potential impact to the Company's debt service capacity, management have arranged the possibility with group's ultimate parent company, Sunborn Oy, to use an open window forward rate contract and this facility is available if desired.

3. Risk management - continued

3.1 Financial risk factors – continued

(b) Interest rate risk

The Company has issued senior secured bonds during year 2021 that carries variable interest rate. The nominal value of the bonds is EUR 58.29 million in total and they carry interest at rate of 5% as at 31 December 2021 consisting of margin of 5% plus 3-month Euribor. Cash and cash equivalents do not carry significant interest. Interest rate risk has not been hedged. The management of the Company monitors changes in the interest rate level and its possible impact on future cash out flows. The need for any hedging activity is assessed continuously. Had interest rates been 0,5 percentage points higher, the Company's profit after tax would have been £ 244,916 less. Decrease in interest rates would not have any material impact due to the interest rate floor of 0 % in the bonds and loan receivable in respect to the reference rate.

(c) Credit risk

Credit risk is the risk that the other party to the loans and receivables will cause a financial loss for the Company by failing to discharge an obligation. Credit risk arises from rental receivables from Sunborn (Gibraltar) Resort Limited and cash and cash equivalents and the cash deposit held (cash collateral) at banks.

The Company has leased the Yacht hotel to its sister company, Sunborn (Gibraltar) Resort Limited, under a long-term lease contract. The lease receivables from Sunborn (Gibraltar) Resort Limited amounted to approximately £1.8 million on 31 December 2021 (2020: £2.2 million). These receivables carry normal credit risk related to intra-group receivables. Financial activities of the group companies are directed by common management.

Cash and cash equivalents and the cash deposit (cash collateral) are held in reputable Gibraltar banks, whose credit ratings are strong.

There are no past due or impaired receivables on the Company's balance sheet.

(d) Liquidity risk and refinancing risk

Liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet the Company's business needs or high extra costs are incurred for arranging them. Refinancing risk is the risk that refinancing of the existing borrowings and/or raising new funding will not be available or is available at high price.

3. Risk management - continued

3.1 Financial risk factors – continued

(d) Liquidity risk and refinancing risk – continued

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of adequate funding. In the long–run the principal source of liquidity is expected to be the cash flow generated by the lease agreement. The Company's liquidity position is monitored by the management of the Company. The business related to the vessel is estimated to be profitable without non-cash item depreciation and the lease term in the lease agreement is for approximately 7 years as at 31 December 2021.

The bond terms include an interest cover ratio covenant of EBITDA generated by the lease agreement to net finance charges of no less than 1.10:1.00 to maintain profitability and the covenant for maintain liquidity in an amount exceeding the aggregate amount of three months of interests. The financial covenants are measured quarterly, and the Company has not breached the covenant.

A summary table with maturity of the financial liabilities is presented below. The amounts disclosed in the tables below are the contractual undiscounted cash flows including the interest payments. The interest payments are calculated based on the interest rate level on 31 December 2021.

31 Dec 2021

GBP thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	2,023	-	-	25,997	**28,020**
Other payables	340	-	-	-	**340**
Senior secured bond	48,694	-	-	-	**48,694**
Senior secured bond, interest payments	1,766		-	-	**1,766**
Total	52,823	-	-	25,997	**78,820**

31 Dec 2020

GBP thousand	< 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Payables to group companies	1,555	-	-	25,997	**27,552**
Other payables	410	-	-	-	**410**
Senior secured bond	-	51,727	-	-	**51,727**
Senior secured bond, interest payments	2,594	1,766	-	-	**4,360**
Total	4,559	53,493	-	25,997	**84,049**

The refinancing risk is managed by securing the refinancing early enough. The management of the Company believes it is able to refinance the bonds at or before maturity due to the long-term lease contract of the vessel with the long term. The committed lease contract period continues after the maturity of the bonds for approximately 5 more years.

3. Risk management - continued

3.2 Capital risk management

Capital of the Company as monitored by the management consists of borrowings and equity as shown in the balance sheet.

The capital management is based on the evaluation of essential risks concerning the Company. The management of the Company monitors equity ratio. Capital of the Company is managed through equity instalments and if required the group company loans may be converted to equity to strengthen the capital structure of the Company.

The bond terms include an asset cover ratio covenant, which requires the Company, together with the guarantor, to maintain the asset cover ratio of minimum 140%. The covenant is calculated based on the market value of the yacht hotel calculated by approved shipbroker appointed by the Company and approved by the bond trustee, divided by financial indebtedness of the Company. The Company has during the year not breached the covenant.

4. Critical accounting estimates and judgements

The preparation of financial statements in compliance with IFRS requires making estimates and assumptions. Application of accounting policies requires making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions, and judgements are based on historical experience and various other factors, including projections of future events, which are believed to be reasonable under current circumstances.

4.1 Useful life and residual value of the Vessel

The vessel has been built as permanently floating real-estate and hull and structure is designed to have a technical lifespan of over 70 years, subject to normal maintenance and upkeep over the lifespan. In addition to the high technical specification of the hull and its protection systems, the vessel is typically moved only once every 10 to 15 years for refitting and is not normally subjected to adverse sea conditions, salt water, and friction. As a non-moving vessel, it will not be impacted by encounters with land or vessels. Management of the Company has made estimates on the depreciation period and residual value of the vessel. The management had previously estimated that the useful life of the vessel was 30 years for the hull and structure and 10 years for the interior and fittings. On transition from previous GAAP to IFRS, management have reassessed this estimate as supported by external evidence, estimated that the useful life of the vessel to be 40 years.

Should certain factors or circumstances cause the Company to revise its estimates of the vessel's useful lives or projected residual values, depreciation expense could be materially higher or lower. If the estimated average vessel's useful life had reduced or increased by one year, depreciation expense for 2021 would have increased/decreased by approximately GBP £70,105.

5. Rental income from group company

Rental income comprises income generated from lease of its vessel, which was refurbished into a Yacht hotel, to its sister company Sunborn (Gibraltar) Resort Limited. The lease term is 10 years with fixed monthly lease from 1 June 2017 and in force until terminated by the company subject to three months' prior notice. Due to the Covid-19 crisis the Company provided a lease waiver that was applied during financial year 2020.

At 31 December 2021, the future minimum lease payments from the lease contract are as follows:

	2021	2020
	£	£
Within one year	**3,000,000**	3,000,000
In two to five years	**12,000,000**	12,000,000
More than five years	**10,500,000**	10,500,000

6. Administrative expense

	2021	2020
	£	£
Audit fees	**9,000**	10,750
Other expenses	**240,556**	213,034
	£ 249,556	£ 223,784

7. Finance cost

	2021	2020
	£	£
Interest payable to Group	**448,305**	464,954
Interest payable to others	**2,918,128**	3,286,988
	£ 3,366,433	£ 3,751,442

8. Investment property

	Vessel including improvements	Furniture & fittings	Total
	£	£	£
Cost			
At 1 January 2020	101,992,754	487,666	102,445,815
Additions	-	-	-
At 31 December 2020	101,992,754	487,666	102,480,420
Additions	-	9,349	9,349
At 31 December 2021	101,992,754	497,015	102,489,769
Depreciation			
At 1 January 2020	16,947,852	404,462	17,352,314
Charge in the year	2,477,048	27,982	2,505,030
At 31 December 2020	19,424,900	432,444	19,857,344
Charge for the year	2,461,908	27,982	2,489,890
At 31 December 2021	21,886,808	460,426	22,350,839
Net book value			
At 31 December 2021	**£ 80,105,946**	**£ 36,589**	**£ 80,142,535**
At 31 December 2020	£ 82,567,854	£ 55,222	£ 82,623,076

The vessel is registered in Finland but located in Gibraltar, where it is leased under a lease agreement to Sunborn (Gibraltar) Resort Limited, which runs the hotel operations of the Yacht hotel. Sunborn Gibraltar is responsible for the maintenance, the mooring fee, certain insurances, marketing of the vessel and any other such operational costs for operating the Yacht hotel. The Company has thus no risk on operating the Yacht hotel, being only responsible for certain insurances and maintaining the hull. The highest and best use of the investment property does not differ from its current use.

On 25th June 2021, the vessel was valued by an externally qualified surveyor at €107,649,600 (£92,520,525).

9. Property, plant and equipment

	£
Cost	
At 1 January 2020	50,128
Additions	-
At 31 December 2020	50,128
Additions	-
At 31 December2021	50,128
Depreciation	
At 1 January 2020	33,418
Charge for the year	16,709
At 31 December 2020	50,127
Charge for the year	-
At 31 December 2021	50,127
Net book value	
At 31 December 2021	**£ 1**
At 31 December 2020	£ 1

10. Receivables from group companies

	2021	2020
	£	£
Receivable from:		
Sunborn (Gibraltar) Resort Limited	**1,793,842**	2,137,955
Sunborn (Gibraltar) Holdings Limited	**2,817**	2,817
Casino Sunborn (Gibraltar) Limited	**7,949**	7,163
	£ 1,804,608	£ 2,147,935

Receivables from group companies are unsecured, interest free and payable on demand.

11. Share capital

	2021	2020
Authorised:		
3,000 ordinary shares of £1 each	**£ 3,000**	£ 3,000
Issued, called up and fully paid:		
3,000 ordinary shares of £1 each	**£ 3,000**	£ 3,000

The number of ordinary shares outstanding since the company's inception was 2000 shares. In 2016, borrowings from the group company were converted into equity thereby increasing the authorised ordinary share capital by 1,000 at a premium of £15,604 per share resulting to a share premium of £15,604,000. The Company has not distributed any dividend and the bond agreement set some restrictions for distribution of dividend.

12. Borrowings from group company- non-current liabilities

	2021	2020
Payables to:		
Sunborn International Oy	**£ 25,996,911**	£25,996,911

Borrowings from Sunborn International Oy are secured by the by a second lien mortgage in the company's vessel and repayable on at the request of the lender. Interest accrues at the rate of 1.5% per annum.

The lender has confirmed that they will not seek repayment of the loan within the next twelve months.

13. Borrowings – non-current liabilities

Borrowings are analysed as follows:	**2021**	2020
Wholly repayable within one year	**£ 48,694,475**	-
Wholly repayable in more than one year	-	£ 51,727,431

Details of loans wholly repayable within five years are as follows:		
5% senior secured bond repayable on 5 September 2022	**48,979,921**	52,381,380
Less: transaction costs	**(285,446)**	(653,949)
	£ 48,694,475	£ 51,727,431

On 31 August 2017, the Company issued a € Senior Secured Bonds with nominal value of EUR 58 million repayable in 2022. The contractual interest is 5% plus Euribor and the effective interest is 5.83%.

In 2020, an Amended and Restated Terms and Conditions of the Senior Secured Bond was agreed upon. This has resulted in an amendment fee of 50 basis-points, and as a consequent a modification loss adjustment in interest expenses of €290,000 in the reporting period. The level of borrowings as at the year-end now stands at EUR 58.29 million.

Fair value of the bond equals the carrying amount.

The bond is maturing for repayment on 5th September 2022 and management expects and plans to repay the bond at or prior to its original maturity date. Repayment is planned via a new bond issue or private placement debt for a new term of 3 to 5 years. Management views the current high yield market conditions to enable launch of a new bond with similar terms and conditions and pricing.

Collaterals and guarantee given

The bonds are secured by a 1st lien mortgage in the vessel and the cash held at bank. The bonds are also secured by a floating charge agreement over the assets, rights, intellectual property and revenues including relevant insurances. The bank accounts have been pledged to secure the bond repayments; however, they can be used by the Company in the ordinary course of business.

Moreover, Sunborn International Oy has pledged its shares in the Company and Sunborn Gibraltar Holdings Limited and Sunborn (Gibraltar) Resort Limited to secure the repayment of the bonds.

As a result of the new Amended and Restated Terms and Conditions Sunborn International Holding Oy has entered into an Additional Guarantee Agreement, as principal obligor, guarantee to the Agent and Bondholders the punctual performance of the Company's obligations under the Bond's Finance Documents.

14. Payables to group companies – current liabilities

	2021	2020
	£	£
Payables to:		
Sunborn Oy	**111,657**	94,850
Sunborn UK	**3,315**	-
Sunborn (Gibraltar) Resorts Limited	**85,570**	-
Sunborn Finance Oy	**58,351**	-
Sunborn International Oy	**1,764,999**	1,375,045
	£ 2,023,892	£ 1,469,895

Payables to group companies are unsecured, interest free and repayable on demand.

15. Other payables – current liabilities

	2021	2020
	£	£
Other payables	**130,710**	200,766
Accruals	**209,141**	209,140
	£ 339,851	£ 409,906

16. Related party transactions

The Company's related parties are its ultimate parent company Sunborn Oy, other Sunborn Group entities, the board of directors and key management of the Company and the Board of Directors and management of the ultimate parent company, together with their close family members, and companies controlled by these individuals.

The following transactions were carried out with related parties:

	2021	2020
	£	£
Rental income from Sunborn (Gibraltar) Resort Limited	**3,180,000**	2,404,000
Administration fees paid to Sunborn International Holdings Oy	**(34,197)**	-
Interest paid to Sunborn International Oy	**(389,954)**	(464,954)

The transactions were entered into on bases determined between the director of the Company and the related parties in the ordinary course of business.

16. Related party transactions - continued

Year end balances arising from receivables and payables to and from Group companies are noted in notes 10, 12 and 14.

Sunborn International Oy, Sunborn (Gibraltar) Holdings Limited and Sunborn (Gibraltar) Resort Limited are guarantors of the Company's borrowings.

17. Subsequent events

To the Director's knowledge, no other material events occurred since the reporting date.

SUNBORN (GIBRALTAR) RESORT LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2021

SUNBORN (GIBRALTAR) RESORT LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SUNBORN (GIBRALTAR) RESORT LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	Hans Niemi	
	Xavier Valero	appointed on 1 November 2021
	Karen Thomson	appointed on 1 November 2021
SECRETARY:	Line Secretaries Limited	
REGISTERED OFFICE:	57/63 Line Wall Road Gibraltar	
REGISTERED NUMBER:	109487	
AUDITORS:	AMS Limited Statutory Auditors Suite 16 Water Gardens 5 Gibraltar	

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the audited financial statements of the Company for the year ended 31 December 2021.

Principal activities
The Company's principal activity is that of providing hotel accommodation and restaurant and bar services to customers.

Results and dividends
The Company made a loss of £338,237 (2020: £2,469,838) during the year.

The directors do not recommend the payment of a dividend.

Review of business and going concern
During the year, the Company has been negatively impacted due to COVID-19 for approximately 6 months. Pandemic related restrictions on normal business operations in Gibraltar and the UK affected the first five months and the last month of the year. Among other material impacts, the UK government banned all non-essential travel outbound from the UK in practise preventing clients flying into Gibraltar. Local government restrictions were imposed on size of meetings and events as well as restaurant occupancy and themed events. However, during the months when restrictions were lifted, the hotel performed exceptionally. Occupancy levels exceeded expectations and in general it was business as usual until restrictions were reinstituted in December 2021.

The restructuring of operations and staffing was implemented immediately at the start of the pandemic in 2020, to control costs and adapt to reduced level of revenue including closure of outlets, redundancies of certain positions, minimal operational hours amongst other cost reducing measures. Due to this adaptation to the new normal allowed management to successfully operate through the months in which there were no restrictions. The Company obtained a working capital loan secured by the parent company up to £1.5 million in 2020, of which during the period £400k was used during the beginning of the year to help cover fixed costs such as payroll.

After reviewing the Company's forecasts and projections for 2022, including the impact of COVID-19, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Directors
The directors as shown on page 1 have held office during the whole of the period from 1 January 2021 to the date of this report.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which meet the requirements of the Gibraltar Companies Act 2014.

Statement of directors' responsibilities - continued
In addition, the Directors have elected to prepare the financial statements in accordance with Gibraltar Financial Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the profit and loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Gibraltar Companies Act 2014 and other applicable legislation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal risk and uncertainties facing the Company
The Company is exposed to a variety of business and operational risks. The directors believe that appropriate processes are in place to monitor and mitigate these risks and their adverse consequences to the Company. Risk include exposure to market risk (including foreign exchange risk), interest rate risk and liquidity risk.

Disclosure of information to the auditors
The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they knew of and of which they knew the company's auditors are unaware.

Auditors
The auditors, AMS Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Hans Niemi
Director
29 April 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SUNBORN (GIBRALTAR) RESORT LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **Sunborn (Gibraltar) Resort Limited** (the Company), which comprise the balance sheet as at 31 December 2021, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, 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 state of the company's affairs as at 31 December 2021 and of the company's loss and cashflows for the year then ended;

- have been properly prepared in accordance with Gibraltar Financial Reporting Standards;

- have been prepared in accordance with the Companies Act 2014.

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), and 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.

Emphasis of matter - Going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 2 to the accounts concerning the Company's ability to continue as going concern. As explained in Note 2 to the accounts, indicate the existence of a possible uncertainty which may cast doubt about the Company's ability to continue as going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as going concern.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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

Opinion on other matter prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- 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 requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Director's Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Adrian Stevenson
For and behalf of
AMS Limited
Statutory auditor
Suite 16
Watergardens 5
Gibraltar

29 April 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2021

	Notes	2021 £	2020 £
TURNOVER	3, 5	**8,438,221**	3,898,608
Cost of sales	6	**(936,061)**	(445,298)
Gross profit		**7,502,160**	3,453,310
Administrative expenses	7	**(7,768,078)**	(5,907,328)
OPERATING LOSS		**(265,918)**	(2,454,018)
Interest and financing charges		**(72,319)**	(15,820)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(338,237)**	(2,469,838)
Tax on ordinary activities	10	**-**	-
LOSS FOR THE FINANCIAL YEAR		**(338,237)**	(2,469,838)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE LOSS		**£ (338,237)**	£ (2,469,838)

The notes on pages 11 to 22 form part of these accounts.

SUNBORN (GIBRALTAR) RESORT LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	11	**274,546**	181,886
CURRENT ASSETS			
Inventories		**101,829**	99,820
Debtors	12	**1,297,944**	965,722
Cash at bank and in hand		**92,638**	323,969
		1,492,411	1,389,511
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	**(4,108,546)**	(2,040,073)
NET CURRENT LIABILITIES		**(2,616,135)**	(650,562)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(2,341,589)**	(468,676)
CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	14	**(1,707,374)**	(3,242,050)
NET LIABILITIES		**£ (4,048,963)**	£ (3,710,726)
CAPITAL AND RESERVES			
Called up share capital	18	**2,000**	2,000
Profit and loss account		**(4,050,963)**	(3,712,726)
Equity shareholders’ funds		**£ (4,048,963)**	£ (3,710,726)

The financial statements were approved by the Director on 29 April 2022

Hans Niemi
Director

Xavier Valero
Director

The notes on pages 11 to 22 form part of these accounts.

SUNBORN (GIBRALTAR) RESORT LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
31 DECEMBER 2021

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2020	2,000	(1,242,888)	(1,240,888)
Total comprehensive loss for the financial year	-	(2,469,838)	(2,469,838)
Balance as at 31 December 2020	2,000	(3,712,726)	(3,710,726)
Total comprehensive loss for the financial year	-	(338,237)	(338,237)
Balance as at 31 December 2021	**£ 2,000**	**£ (4,050,963)**	**£ (4,048,963)**

The notes on pages 11 to 22 form part of these accounts.

SUNBORN (GIBRALTAR) RESORT LIMITED

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss before tax taxation	**(338,237)**	(2,469,838)
Interest and financing charges	**72,319**	15,820
Operating loss	**(265,918)**	(2,454,018)
Depreciation	**189,896**	288,872
Movement in inventories	**(2,009)**	33,511
(Decrease)/increase in debtors	**(332,222)**	592,866
Increase in creditors	**74,404**	960,776
Net cash outflow from operating activities	**(335,849)**	(577,993)
Cash flow from investing activities		
Payments to acquire tangible fixed assets	**(282,556)**	(266,323)
Cash flow from financing		
Cash proceeds from borrowings	**400,000**	1,100,000
Repayment of obligations under finance lease	**(12,926)**	(12,926)
Net cash inflow from financing activities	**387,074**	1,087,074
Taxation		
Corporation tax paid	**-**	-
(Decrease)/increase in cash	**£ (231,331)**	£ 242,758
Reconciliation of net cash flow to movement in net funds		
Cash at bank at 31 December	**92,638**	323,969
Cash at bank at 1 January	**323,969**	81,211
(Decrease)/increase in cash in year	**£ (231,331)**	£ 242,758

The notes on pages 11 to 22 form part of these accounts.

1. COMPANY INFORMATION

Sunborn (Gibraltar) Resort Limited (the 'Company') is a private company limited by shares incorporated and registered in Gibraltar. The Company is wholly-owned subsidiary of Sunborn (Gibraltar) Holdings Limited, a private company limited by shares incorporated and registered in Gibraltar.

The address of its registered office is 57/63 Line Wall Road, Gibraltar. The address of its principal place of business is 35 Ocean Village, Gibraltar.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with Gibraltar Financial Reporting Standards ('FRS 102').

The Company is also subject to the requirements of the Gibraltar Companies Acts 2014.

The financial statements are presented in Sterling Pounds (£), which is also the Company's functional currency.

Going concern

Due to the continued impact of Covid-19 pandemic in the company's operations during the year, as 31 December 2021, the company made a loss of £338,237 (2020: £2,469,838) and had net liabilities of £4,048,963 (2020: £3,710,726). The directors have considered the financial projections for the company over the foreseeable future and have also reviewed the ongoing committed financial support from the company's parent undertaking and are confident that this will be available for the foreseeable future.

After making enquiries, the directors are reasonably satisfied that the company has sufficient resources to continue in operation for the foreseeable future, being at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 31 December 2021.

Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Turnover
Turnover is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts. Revenue from rendering services is recognised when services are performed, provided that the amount can be measured reliably. Revenue from the sale of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Amounts paid in advance of services rendered and goods sold are recognised as deferred income.

Foreign currency translation
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Finance lease
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the Company’s incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating lease
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments made under this type of lease are charged to the profit and loss account on a straight-line basis over the period of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Tangible assets
Tangible assets are stated at purchase cost, together with any incidental costs of acquisition less accumulated depreciation. Improvement costs that we believe add value to the company are capitalised as additions and depreciated over the estimated useful economic lives. The estimated cost and accumulated depreciation of replaced or refurbished assets are written off and any resulting losses are recognised in operating expenses. Depreciation is calculated using the straight-line method to allocate their cost to their estimated residual values over their estimated useful lives.

The useful economic life of assets is as follows:

Computers	- 3 years
Fixtures and fittings	- 3 years
Plant and machinery	- 2 to 3 years
Motor vehicles	- 3 years

Tangible fixed assets are classified in this category if they acquired principally for the purpose of holding them for the long term. All repairs and maintenance costs, including minor improvement costs are charged to the profit and loss account during the financial year in which they are incurred.

Inventories
Inventories are stated at the lower of cost and net realisable value and comprise materials and consumables.

The cost of materials and consumables is determined on a weighted average basis and includes transport and handling costs.

Where necessary, provision is made for obsolete, slowing moving and defective inventories.

Debtors
Debtors are included in current assets, except for maturities greater than twelve months after the end of the reporting year which are classified as part of fixed assets.

Creditors
Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as fixed liabilities. Creditors are recognised initially at fair value and subsequently measured at their recoverable value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment
Assets are subject to an impairment review if there are events or changes in circumstances which indicate that their carrying amount may not be recoverable in full. The impairment review comprises a comparison of the carrying amount of the assets with their recoverable amount, which is the higher of net realisable value and value in use. The carrying value of an asset is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the year in which it occurs. If an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account by increasing the carrying amount of the asset in the year in which it occurs.

The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not occurred.

Current and deferred taxation
Where necessary, provision at the applicable rate is made for corporation tax payable on profits for the year, taking into account any available tax losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Government grants
The company recognises government grants either based on the performance model or the accrual model. They are measured at the fair value of the asset received or receivable. During the year the company received £380,907 (2020: £293,966) from the Government of Gibraltar in respect of compensation for the salaries and wages of its inactive employees as defined in the relevant Gibraltar regulation. This amount has been recognised as income in the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments
In the process of applying the Company's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Sterling Pounds (£). The Sterling Pounds (£), is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the turnover, costs of sales, and the currency in which receipts from operating activities are usually retained.

Operating Leases
The Company has entered into various lease agreements as a lessee. The Company has determined that the lessor retains the significant risks and rewards of ownership of these properties which are being leased out on operating lease.

Estimates and Assumptions
The estimates and assumptions used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates.

Allowance for Impairment of debtors
Allowance for impairment of receivables is maintained at a level considered adequate to provide for potentially uncollectible receivables. A provision for impairment loss of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Management's judgment is required in the estimation of future changes to the allowance. The provision is recognized in the statement of comprehensive income.

The carrying value of debtors (excluding prepayments) amounted to £990,571 (2020: £856,918). Provision for impairment of financial assets recognized in 2021 amounted to £11,000 (2020: £87,237).

4. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

Net Realizable Value of Inventories
The Company writes down to net realizable value its inventories whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e., the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

The carrying value of inventories amounted to £101,829 (2020: £99,820). No write-down of inventories was recognized in 2021 and 2020.

Estimated Useful Lives of Tangible Assets
The Company estimates the useful lives of tangible assets based on the period over which the tangible assets are expected to be available for use. The estimated useful lives of the tangible assets are reviewed periodically and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the tangible assets. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The Company estimates the useful lives of tangible assets based on the period over which the tangible assets are expected to be available for use. The estimated useful lives of the tangible assets are reviewed periodically and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the tangible assets. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The aggregate carrying values of tangible assets amounted to £274,546 (2019: £181,886). There was no change in the estimated useful lives of tangible assets in 2021 and 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

Impairment of non-financial assets

The Company assesses at each reporting period whether there is an indication that prepayments (presented under "other debtors") and tangible assets, and other non-current assets may be impaired. Determining the value in use of these assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and results of operations. The preparation of the estimated future cash flows involves significant judgments and estimates. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

The aggregate carrying values of prepayments amounted to £307,373 (2020: £108,804). No provision for impairment of non-financial assets was recognized in 2021 and 2020.

5. REVENUE

	2021	2020
	£	£
Rooms	**5,962,950**	2,621,426
Food and beverage	**2,000,102**	906,505
Other revenue	**475,169**	370,677
	£ 8,438,221	£ 3,898,608

Turnover during 2021 and prior years are derived in Gibraltar.

6. COST OF SALES

	2021	2020
	£	£
Food	**348,371**	200,404
Beverage	**193,580**	80,927
Agent commission	**313,031**	123,957
Other cost	**81,079**	40,010
	£ 936,061	£ 445,298

7. ADMINISTRATIVE EXPENSES

	2021	2020
	£	£
Salaries, wages and other benefits	**2,332,518**	1,752,940
Lease expense	**3,180,000**	2,404,000
Rent, rates and utilities	**672,246**	439,427
Depreciation	**189,896**	288,872
Mooring fees	**371,885**	175,201
Cleaning and laundry	**246,491**	147,007
Marketing, promotion and printing	**108,221**	123,283
Bad debts	**11,000**	87,237
Reservation system	**71,080**	76,483
Supplies	**78,328**	74,236
Credit card commission	**106,277**	54,816
Travel and entertainment	**77,388**	38,334
Audit fees	**12,452**	8,400
Bank charges	**4,758**	4,504
Legal and professional fees	**886**	2,723
Other expenses	**304,652**	229,865
	£ 7,768,078	£ 5,907,328

8. EMPLOYEE INFORMATION

The average number of persons employed by the Company during the year was:

	2021	2020
	No.	No.
Management and administrative	**12**	12
Operations	**149**	144
	161	156

9. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments from the company for their services during the current year or the preceding period.

10. TAXATION

The company is liable to corporation tax in Gibraltar in accordance with Income Tax Act.

(a) Analysis of current tax

	2021	2020
	£	£
Gibraltar corporation tax	**-**	-

(b) Factors affecting tax charge for the year

	2021	2020
Loss on ordinary activities before taxation	**(338,237)**	(2,469,838)
Gibraltar corporation tax at 11.25% (2020: 10%)	**(38,052)**	(246,984)
Tax effect of:		
Differences between depreciation and capital allowances	**8,041**	18,848
COVID-19 government grant	**(42,852)**	-
Assessable tax loss during the year to carry forward	**300,998**	228,135
Assessable tax losses used to offset taxation during the year	**(228,135)**	-
Current tax expense for the year	**£ -**	£ -

11. TANGIBLE ASSETS

	Computers	**Plant & machinery**	**Fixtures fittings**	**Motor vehicles**	**Total**
	£	£	£	£	£
COST					
At 1 January 2020	197,045	240,953	433,600	71,610	943,208
Additions	100,326	151,528	30,702	-	282,556
Disposals	-	-	-	-	-
At 31 December 2020	297,371	392,481	464,302	71,610	1,225,764
ACCUMULATED DEPRECIATION					
At 1 January 2020	168,338	202,931	333,952	56,101	761,322
Charge for the year	41,077	37,040	100,530	11,249	189,896
Disposal	-	-	-	-	-
At 31 December 2020	209,415	239,971	434,482	67,350	951,218
NET BOOK VALUE					
At 31 December 2021	**£ 87,956**	**£ 152,510**	**£ 29,820**	**£ 4,260**	**£ 274,546**
At 31 December 2020	£ 28,707	£ 38,022	£ 99,648	£ 15,509	£ 181,886

The net carrying amount of assets held under finance leases included in motor vehicle is £4,260 (2020: £15,509).

12. DEBTORS

	2021	2020
	£	£
Trade debtors	**677,707**	546,507
Amounts due from related parties	**124,614**	124,364
Deferred tax assets	**109,647**	109,647
Other debtors	**385,976**	185,204
	£ 1,297,944	£ 965,722

The amounts due from related parties are unsecured, interest free and repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	**436,657**	350,544
Deferred income	**389,802**	407,082
Loans (note 15)	**1,500,000**	-
Other creditors and accruals	**90,573**	130,227
Amounts due to parent company	**825,778**	524,938
Taxation and social security	**860,739**	615,654
Finance lease obligation	**4,997**	11,628
	£ 4,108,546	£ 2,040,073

The amounts due to parent company are unsecured, interest free and repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2021	2020
	£	£
Amounts due to related party	**1,707,374**	2,137,054
Loans (note 15)	**-**	1,100,000
Finance lease obligation (note 16)	**-**	4,996
	£ 1,707,374	£ 3,242,050

The amounts due to related parties are unsecured, interest free and repayable on demand.

15. LOANS

This represents loans that are payable in 2 years from the date of first drawdown and bears interest at the rate of 5% per annum. The loans are secured by a collateral provided by Sunborn Oy, the Company's ultimate controlling party (note 20). Interest on the loans in 2021 amounted to £71,021 (2020: £13,678).

16. FINANCE LEASE

The future minimum finance lease payments are as follows:

	2021	2020
	£	£
Not later than one year	**5,387**	12,926
Later than one year and not later than five years	**-**	5,387
	5,387	18,313
Less: finance charge	**(390)**	(1,690)
Carrying amount of finance lease obligation	**£ 4,997**	£ 16,623

The finance lease relates to motor vehicle which is leased from a leasing company. The remaining lease term is 5 months and the net book value of the motor vehicle is £4,260 (2020: £15,509).

17. OPERATING LEASE

The Company has entered into an operating lease agreement with its sister company Sunborn (Gibraltar) Limited in relation to the rental of a vessel, turned into hotel.

Total future minimum lease payments per lease agreement for each of the following years:

	2021	2020
	£	£
Operating leases which expire:		
Not later than one year	**2,700,000**	2,700,000
In two to five years	**13,500,000**	13,500,000
More than five years	**-**	2,700,000

18. CALLED UP SHARE CAPITAL

	2021	2020
Authorised:		
2,000 ordinary shares of £1 each	**£ 2,000**	£ 2,000
Issued, called up and fully paid:		
2,000 ordinary shares of £1 each	**£ 2,000**	£ 2,000

19. TRANSACTIONS WITH RELATED PARTY

The following transactions were carried out with related parties:

	2021	2020
	£	£
Revenue	**140,017**	165,155
Lease expense	**(3,180,000)**	(2,404,000)

The transactions were entered into on bases determined between the director of the Company and the related parties in the ordinary course of business.

Year end balances due from/to parent and related parties are disclosed in notes 12, 13 and 14.

20. IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the Company is Sunborn (Gibraltar) Holdings Limited. Sunborn (Gibraltar) Holdings Limited is 100% owned by Sunborn International Oy, who in turn is owned by Sunborn Oy a company domiciled in Finland.

Sunborn Oy is owned by The Niemi family who are regarded by the director to be the ultimate controlling party.

21. CHARGES

The Company's bankers have filed a charge, amounting to £6,000 in respect of the credit card issued by the Bank to the company.

Nordic Trustee and Agency AB (PUBL) has unlimited charge and debenture against the company in respect of the loan issued to its sister company, Sunborn (Gibraltar) Limited.