SUNBORN (GIBRALTAR) LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2020

SUNBORN (GIBRALTAR) LIMITED

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SUNBORN (GIBRALTAR) LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTOR:	Hans Niemi
SECRETARY:	Line Secretaries Limited
REGISTERED OFFICE:	57/63 Line Wall Road Gibraltar
REGISTERED NUMBER:	109414
AUDITORS:	AMS Limited Suite 16 Water Gardens 5 Gibraltar

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his annual report and audited accounts for the year to 31 December 2020.

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 Director considers 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.

Results and dividends

The Company has made a loss of £1,940,908 for the year (2019: loss £ 528,553).

The director does not recommend the payment of a dividend.

Directors

The director who served office during the whole of the period 1 January 2020 to the date of this report was 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 director has opted to apply the provisions of Section 251(8) of the Companies Act 2014, and not disclose the corporate governance requirements.

Statement of director's responsibilities

The director is responsible for preparing the Director's 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. In addition, the Director has elected to prepare the financial statements in accordance with the International Financial Reporting Standards as adopted for use in the European Union.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020 (Continued)

Statement of director's responsibilities - Continued

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 director is 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 director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself 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 2021

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 2020, 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 2020 and of the loss 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: £853,853 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	£853,853
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 the financial statements are prepared on a going concern basis. This basis is supported by financial support from its parent company.	

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 director is 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 director for the financial statements

The director is 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 director is 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 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 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

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020** **£**	2019 £
Rental income from group company	5, 16	**2,404,000**	3,180,000
Depreciation	8, 9	**(2,521,739)**	(2,521,739)
Administrative expenses	6	**(223,784)**	(213,534)
Operating (loss)/profit		**(341,523)**	444,727
Waiver of intercompany loan	12	**5,000,000**	-
Foreign exchange (loss)/gain		**(2,847,443)**	2,545,654
Finance costs	7	**(3,751,942)**	(3,518,934)
Loss before income tax		**(1,940,908)**	(528,553)
Income tax expense		**-**	-
Loss for the year		**(1,940,908)**	(528,553)
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year		**(1,940,908)**	(528,553)
Attributable to:			
Equity holder of the Company		**(1,940,908)**	(528,553)

The notes on pages 13 to 29 form part of these financial statements.

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Note	2020 £	2019 £
ASSETS			
Non-current assets			
Investment property	8	**82,623,076**	85,128,106
Property plant and equipment	9	**1**	16,710
		82,623,077	85,144,816
Current assets			
Receivables from group companies	10	**2,147,935**	1,957,349
Other receivables		**322,007**	319,232
Cash and cash equivalents		**292,260**	1,060,369
Total current assets		**2,762,202**	3,336,950
TOTAL ASSETS		**85,385,279**	88,481,766
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**	10,000,000
Retained loss		**(24,825,864)**	(17,884,956)
Total equity		**5,781,136**	7,722,044
LIABILITIES			
Non-current liabilities			
Borrowings from group companies	12	**25,996,911**	30,996,911
Borrowings	13	**51,727,431**	48,300,525
Total non-current liabilities		**77,724,342**	79,297,436
Current liabilities			
Payables to group companies	14	**1,469,895**	1,093,086
Other payables	15	**409,906**	369,200
Total current liabilities		**1,879,801**	1,462,286
Total liabilities		**79,604,143**	80,759,722
TOTAL EQUITY AND LIABILITIES		**85,385,279**	88,481,766

Approved by the Board on the 30th April 2021

Hans Niemi
Director

The notes on pages 13 to 29 form part of these financial statements.

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2020

	Share capital £	Share premium £	Capital reserve £	Retained earnings £	**Total Equity £**
Balance at 1 January 2019	3,000	15,604,000	10,000,000	(17,356,403)	8,250,597
Total comprehensive loss for the year	-	-	-	(528,553)	(528,553)
Balance at 31 December 2019	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**

The notes on pages 13 to 29 form part of these financial statements.

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF CASHFLOWS

For the year ended 31 December 2020

	2020	2019
	£	£
Operating activities		
Operating (loss)/profit	**(341,523)**	444,727
Adjustment for:		
Depreciation	**2,521,739**	2,521,739
Change in working capital:		
Change in receivables from group companies	**(276,155)**	(274,857)
Change in other receivables	**(2,775)**	(250,539)
Change in payables to group companies	**(2,576)**	1,077
Change in other payables	**40,706**	(74,314)
Net cash flows generated from operations before interest payments	**1,939,416**	2,367,833
Interest paid	**(2,707,525)**	(2,673,221)
Net cash flows used in operations	**(768,109)**	(305,388)
Net decrease in cash and cash equivalents	**(768,109)**	(305,388)
Cash and cash equivalents at 1 January	**1,060,369**	1,365,758
Cash and cash equivalents at 31 December	**292,260**	1,060,369

The notes on pages 11 to 29 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 2019 and 2020. 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 40 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.

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2. Summary of significant accounting policies – continued

2.1 Basis of preparation – continued

Going concern
Since 13th March 2020, the spread of the coronavirus (Covid-19) has led to unprecedented and gradually worsening business situation in the hospitality sector all over the world including Gibraltar. Covid-19 impacts Sunborn Gibraltar through the operator Sunborn Gibraltar Resort Limited's ability to pay the agreed rental payments. The operator was forced during 2020 to partially and temporarily place normal hotel and restaurant operations on standby while government and FCDO issued restrictions on travel, public gatherings and the hospitality sector.

As a result of Covid-19 impacts on the operator's activities, in June 2020 Sunborn Gibraltar entered into written procedure to amend certain bond terms and conditions. The bondholders subsequently accepted these waivers and amendments to the terms and conditions of the bonds. The amendments provide relief on interest coverage ratio, minimum cash covenant and lease payment covenant allowing the lease payment obligations to be relaxed during 2020 financial year. The company provided the operator Sunborn Gibraltar Resort Ltd lease waivers as it was permitted to use cash reserves for pay for liabilities falling due during the period.

The company is continuing to manage the fallout of the crisis and is actively seeking further amendments and waivers to bond terms and conditions in addition to securing further support from parent entity and planning equity injections to ensure sufficient liquidity as the pandemic continues.

The Operating company secured a permitted credit line (as per the Amended and Restated Terms and Conditions) secured by parent company up to £1.5m, of which £1.1m was withdrawn by December for working capital purposes.

Should the negative trading environment, disruption or business restrictions continue, the company may need to secure additional working capital, loans, fiscal support and may need to seek further amendments and waivers to the terms of the company bonds to ensure the going concern of the company.

Prolonged Covid-19 restrictions could further impact the Company's business through continued negative impact on the operator. The impact of the unprecedented crisis is difficult to predict, and it is unknown when the recovery of the affected businesses will take place. Prolonged crisis could also in the long-term impact the fair value of the yacht hotel the Company holds as investment property.

While the Covid-19 situation is an unprecedented scenario, the management is confident the property is well placed to continue operations regardless of the temporary closure and subsequent changes in the operating environment.

2. Summary of significant accounting policies – continued

2.1 Basis of preparation – continued

Going concern - continued
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. In December 2020, Sunborn International Limited converted £5.0 M of debt to company's equity to provide additional capital.

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 2020.

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.

IFRS 17	Insurance Contracts
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest rate benchmark reform
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

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 which comprises of a motor vehicle 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.

Fair value measurement principles
'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 2020. 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. 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 2020**	31 Dec 2019
Senior Bond	**(52,381)**	(49,340)
Cash and cash equivalents	**29**	906

At 31 December 2020, 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 with group's ultimate parent company, Sunborn Oy, an open window forward rate contract and this facility is available for an amount corresponding to the bond coupon payments.

3. Risk management - continued

3.1 Financial risk factors – continued

(b) Interest rate risk

The Company has issued senior secured bonds during year 2020 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 2020 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 £ 291,450 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 £2.2 million on 31 December 2020 (2019: £1.9 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 2020.

After the end of the reporting period, COVID-19 crisis has continued to have a negative impact on the normal operating environment in Gibraltar, the operator's ability to operate the business and normal scheduled payment of contractual rentals during the year and may continue over the following months. The Company is in negotiation with lenders regarding interest payments, covenants and terms and conditions amendments. Refer to note 2.1, section Going concern for further information.

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 2020.

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**

31 Dec 2019

GBP thousand	**< 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Payables to group companies	1,093	-	-	30,997	**32,090**
Other payables	369	-	-	-	**369**
Senior secured bond	-	-	48,301	-	**48,301**
Senior secured bond, interest payments	2,594	2,594	1,766	-	**6,954**
Total	4,056	2,594	50,067	30,997	**87,714**

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 110.00%. 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 2020 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 to be applied during this financial year.

At 31 December 2020, the future minimum lease payments from the lease contract are as follows:

	2020	2019
	£	£
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

It should be noted that due to the continued Covid-19 epidemic, further lease waiver, amendment or reduction during the 2021 financial year may be necessary.

6. Administrative expense

	2020	2019
	£	£
Audit fees	**10,750**	9,895
Other expenses	**213,034**	203,639
	£ 223,784	£ 213,534

7. Finance cost

	2020	2019
	£	£
Interest payable to Group	**464,954**	464,954
Interest payable to others	**3,286,988**	3,053,980
	£ 3,751,442	£ 3,518,934

8. Investment property

	Vessel including improvements	Furniture & fittings	Total
	£	£	£
Cost			
At 1 January 2019	101,992,754	487,666	102,445,815
Additions	-	-	-
At 31 December 2019	101,992,754	487,666	102,480,420
Additions	-	-	-
At 31 December 2020	101,992,754	487,666	102,480,420
Depreciation			
At 1 January 2019	14,470,804	376,480	14,847,284
Charge in the year	2,477,048	27,982	2,505,030
At 31 December 2019	16,947,852	404,462	17,352,314
Charge for the year	2,477,048	27,982	2,505,030
At 31 December 2020	19,424,900	432,444	19,857,344
Net book value			
At 31 December 2020	**£ 82,567,854**	**£ 55,222**	**£ 82,623,076**
At 31 December 2019	£ 85,044,902	£ 83,204	£ 85,128,106

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 8th June 2020, the vessel was valued by an externally qualified surveyor at €110,603,400 (£99,391,984).

9. Property, plant and equipment

	£
Cost	
At 1 January 2019	50,128
Additions	-
At 31 December 2019	50,128
Additions	-
At 31 December2020	50,128
Depreciation	
At 1 January 2019	16,709
Charge for the year	16,709
At 31 December 2019	33,418
Charge for the year	16,709
At 31 December 2020	50,127
Net book value	
At 31 December 2020	**£ 1**
At 31 December 2019	£ 16,710

10. Receivables from group companies

	2020	2019
	£	£
Receivable from:		
Sunborn (Gibraltar) Resort Limited	**2,137,955**	1,904,074
Sunborn (Gibraltar) Holdings Limited	**2,817**	2,817
Casino Sunborn (Gibraltar) Limited	**7,163**	21,295
Sunborn London OYJ	**-**	29,163
	£ 2,147,935	£ 1,957,349

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

11. Share capital

	2020	2019
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

	2020	2019
Payables to:		
Sunborn International Oy	**£ 25,996,911**	£30,996,911

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 the loan will not be repayable in the next twelve months.

In December 2020 £ 5M of the debt liabilities due to Sunborn International Oy were converted into company's equity.

13. Borrowings – non-current liabilities

Borrowings are analysed as follows:

	2020	2019
Wholly repayable within one to four years	**£ 51,727,431**	£ 48,300,525
Details of loans wholly repayable within five years are as follows:		
5% senior secured bond repayable on 5 September 2022	**52,381,380**	49,340,706
Less: transaction costs	**(653,949)**	(1,040,181)
	£ 51,727,431	£ 48,300,525

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%.

During the year, 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 bonds equals the carrying amount.

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

	2020	2019
	£	£
Payables to:		
Sunborn Oy	**94,850**	94,850
Sunborn International Oy	**1,375,045**	998,236
	£ 1,469,895	£ 1,093,086

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

15. Other payables – current liabilities

	2020	2019
	£	£
Other payables	**200,766**	160,060
Accruals	**209,140**	209,140
	£ 409,906	£ 369,200

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:

	2020	2019
	£	£
Rental income from Sunborn (Gibraltar) Resort Limited	**2,404,000**	3,180,000
Interest paid to Sunborn International Oy	**(464,954)**	(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.

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

As a result of the continued Covid-19 epidemic effecting Gibraltar, the operations of the Company's yacht hotel continue to be affected with partial closures and not being able to operate to full capacity. This continues to have a negative impact on the operator of the hotel, although it is expected improve in 2021. It is expected that this will have further waiver/amendment or reductions in the level of lease income receivable from the operator for 2021 financial year.

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

SUNBORN (GIBRALTAR) RESORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2020

	2020	2019
	£	£
TURNOVER	**3,898,608**	10,763,789
Cost of sales	**(445,298)**	(1,257,667)
Gross profit	**3,453,310**	9,506,122
Administrative expenses	**(5,907,328)**	(9,502,964)
OPERATING (LOSS)/PROFIT	**(2,454,018)**	3,158
Interest and financing charges	**(15,820)**	(2,922)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**(2,469,838)**	236
Tax on ordinary activities	**-**	-
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR	**(2,469,838)**	236
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME	**£ (2,469,838)**	£ 236

SUNBORN (GIBRALTAR) RESORT LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2020

	2020	2019
	£	£
FIXED ASSETS		
Tangible assets	**181,886**	204,435
CURRENT ASSETS		
Inventories	**99,820**	133,331
Debtors	**965,722**	1,558,588
Cash at bank and in hand	**323,969**	81,211
	1,389,511	1,773,130
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	**(2,040,073)**	(1,297,706)
NET CURRENT LIABILITIES	**(650,562)**	(475,424)
TOTAL ASSETS LESS CURRENT LIABILITIES	**(468,676)**	(679,859)
CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	**(3,242,050)**	(1,920,747)
NET LIABILITIES	**£ (3,710,726)**	£ (1,240,888)
CAPITAL AND RESERVES		
Called up share capital	**2,000**	2,000
Profit and loss account	**(3,712,726)**	(1,242,888)
Equity shareholders’ funds	**£ (3,710,726)**	£ (1,240,888)

SUNBORN (GIBRALTAR) RESORT LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
31 DECEMBER 2020

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2019	2,000	(1,243,124)	(1,241,124)
Total comprehensive profit for the financial year	-	236	236
Balance as at 31 December 2019	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)**

SUNBORN (GIBRALTAR) RESORT LIMITED

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Reconciliation of operating (loss)/profit to net cash inflow from operating activities		
Operating (loss)/profit before tax taxation and interest	**(2,469,838)**	236
Interest and financing charges	**15,820**	2,922
Operating (loss)/profit	**(2,454,018)**	3,158
Depreciation	**288,872**	144,703
Movement in inventories	**33,511**	(2,709)
Increase/(decrease) in debtors	**592,866**	(180,604)
Increase in creditors	**960,776**	158,256
Net cash (outflow)/ inflow from operating activities	**(577,993)**	122,804
Cash flow from investing activities		
Payments to acquire tangible fixed assets	**(266,323)**	(57,616)
Cash flow from financing		
Cash proceeds from borrowings	**1,100,000**	-
Repayment of obligations under finance lease	**(12,926)**	(12,926)
Net cash inflow from financing activities	**1,087,074**	(12,926)
Taxation		
Corporation tax paid	**-**	-
Increase in cash	**£ 242,758**	£ 52,262
Reconciliation of net cash flow to movement in net funds		
Cash at bank at 1 January	**81,211**	28,949
Cash at bank at 31 December	**323,969**	81,211
Increase in cash in year	**£ 242,758**	£ 52,262