

C 94741
CLASS FINANCE P.L.C.
Consolidated Financial Statements
for the period ended 31 December 2020

CLASS FINANCE P.L.C.

Consolidated Financial Statements for the period ended 31 December 2020

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CLASS FINANCE P.L.C.

Consolidated Financial Statements for the period ended 31 December 2020

General information

Status	CLASS FINANCE P.L.C. is a limited liability company registered in Malta under the Companies Act 1995 Chapter 386 of the Laws of Malta.
Directors	Cyril Gabarretta Maurice Zarb Adami John Grech Robert Aldo Tua Kerstien Cyril Gabarretta
Company number	C 94741
Auditors	Griffiths + Associates Ltd Level 1, Casal Naxaro Labour Avenue Naxxar Malta info@griffithsassoc.com
Business Address	UBT 13/14 San Gwann Industrial Estate San Gwann Malta

CLASS FINANCE P.L.C.

Consolidated Financial Statements for the period ended 31 December 2020

Directors` Report

The directors present the report and the audited financial statements of the Company for the period ended 31 December 2020.

Principal activities

The Company's main activity is to invest and hold investments in other companies. The Group is engaged in the manufacturing, wholesale and retail of sunglasses, spectacles and other optical goods.

Review of business development and state of affairs

The company was incorporated on the 30th January 2020. During the period the Company acquired three subsidiaries from the Class Holding Limited. This financial statements show the performance of the group from the incorporation of the Company. During the period the Group has done a profit before tax of Eur 860,689. Revenue and gross profit for the period were Eur 6,264,412 and Eur 2,650,404 respectively.

Dividend and Reserves

The results for the year are set out on page 4.

The directors have paid an interim dividend of Eur 320,000 during the year. They do not recommend a final dividend.

Financial Risk Management

The financial risk management objectives and policies are set out in note 22 to the financial statements.

Post Balance Sheet Events

During 2021 the pandemic of Covid-19 continued to persist. Covid-19 continues to severely impact the global economy including the Maltese economy. Measures taken by authorities to contain the spread of the virus has triggered significant disruption of businesses resulting in a economic slowdown.

The Group although affected by the measure taken by the Maltese authorities, has continued to perform reasonably well considering the situation. The Company board of directors does not deem that the measures taken by authorities will result in a significant change in the group performance.

Directors

The directors of the Company who held office during the year and up to date of authorisation of these financials were:

Cyril Gabarretta
Maurice Zarb Adami
John Grech
Robert Aldo Tua
Kerstien Cyril Gabarretta

Auditors

The auditors, Griffiths + Associates Ltd of Level 1, Casal Naxaro, Labour Avenue, Naxxar have expressed their willingness to continue in office and a resolution proposing they reappointment will be put before the members at the next annual general meeting.



Cyril Gabarretta
Director

Date: 08 July 2021



Maurice Zarb Adami
Director

CLASS FINANCE P.L.C.

Consolidated Financial Statements for the period ended 31 December 2020

Directors' responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1995 (Cap.386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLASS FINANCE P.L.C.**Consolidated income statement for the period ended 31 December 2020**


	Note	30/01/2020 to 31/12/2020 Euro
Revenue	4	6,264,412
Cost of sales		<u>(3,614,008)</u>
Gross profit		2,650,404
Sales and marketing		(100,594)
Administration expenses		(1,840,913)
Other income	5	158,655
Operating profit		<u>867,552</u>
Share of loss of associate	6	(1,217)
Finance costs		(5,646)
Profit before tax	7	<u>860,689</u>
Income tax expense	8	(305,171)
Profit for the period		<u><u>555,518</u></u>
Profit attributable to		
Minority interest		(7,463)
Equity holders of the parent		562,981
		<u><u>555,518</u></u>

The notes set on 8 to 25 are an integral part of these financial statements.

CLASS FINANCE P.L.C.**Consolidated Balance Sheet as at 31 December 2020**

	Note	2020 Euro
Assets		
Non-Current Assets		
Property, plant and equipment	9	633,471
Investments in associate	10	17,268
		<u>650,739</u>
Current Assets		
Inventories	11	2,156,630
Trade and other receivables	12	3,456,832
Cash and bank balances		638,069
		<u>6,251,531</u>
Total Assets		<u><u>6,902,270</u></u>
Equity and Liabilities		
Capital and reserves		
Share capital	14	373,400
Other reserves	15	4,246,322
Retained earnings	15	242,981
Minority interest		(12,235)
		<u>4,850,468</u>
Non-Current Liabilities		
Loans and other borrowings	16	240,861
Deferred tax liability	17	44,343
		<u>285,204</u>
Current Liabilities		
Borrowings	16	91,174
Trade and other payables	18	1,639,070
Current tax liability		36,354
		<u>1,766,598</u>
Total Equity and Liabilities		<u><u>6,902,270</u></u>

The notes are an integral part of these financial statements. The financial statements set out on pages 4 to 25 were approved by the board of directors and authorised on issue on 08 July 2021 and signed on its behalf by:



Cyril Gabarretta
DIRECTOR



Maurice Zarb Adami
DIRECTOR

CLASS FINANCE P.L.C.

Consolidated statement of Changes in Equity for the period ended 31 December 2020

	Other Reserve Euro	Retained Earnings Euro	Share Capital Euro	Attributable to equity owners of the parent Euro	Minority interest Euro	Total Equity Euro
Balance at 30 January 2020	-	-	-	-	-	-
Issue of share capital	-	-	373,400	373,400	-	373,400
Profit for the period	-	562,981	-	562,981	(7,463)	555,518
Dividends paid	-	(320,000)	-	(320,000)	-	(320,000)
Acquisition of subsidiaries	4,246,322	-	-	4,246,322	-	4,246,322
Minority interest on acquisition of subsidiaries	-	-	-	-	(4,772)	(4,772)
Balance at 31 December 2020	4,246,322	242,981	373,400	4,862,703	(12,235)	4,850,468

The notes set on 8 to 25 are an integral part of these financial statements.

CLASS FINANCE P.L.C.**Consolidated statement of cash flows for the period ended 31 December 2020**

	Note	30/01/2020 to 31/12/2020 Euro
Profit before tax		860,689
Adjustments for:		
Depreciation charge		139,968
Inventory write down		2,523
Finance costs		5,646
		<hr/> 1,008,826
Change in inventories		369,982
Change in trade and other receivables		(587,058)
Change in trade and other payables		48,289
		<hr/>
Cash generated from operations		840,039
Interest paid		(1,625)
Tax paid		(224,474)
		<hr/>
Net cash generated from operating activities		613,940
		<hr/>
Cash flows from investing activities		
Acquisition of property, plant and equipment		(34,451)
		<hr/>
Net cash used in investing activities		(34,451)
		<hr/>
Cash flows from financing activities		
Interest paid on loans		(4,021)
Proceeds from issuance of equity instruments		373,400
Borrowings		7,832
Increase in other financial liabilities		
Dividends paid		(320,000)
		<hr/>
Net cash generated from financing activities		57,211
		<hr/>
Net movement in cash and cash equivalents		636,700
Cash and cash equivalents at beginning of year		-
		<hr/>
Cash and cash equivalents at end of year	13	636,700
		<hr/> <hr/>

The notes set on 8 to 25 are an integral part of these financial statements.

CLASS FINANCE P.L.C.

Notes to the consolidated financial statements for the period ended 31 December 2020

1 General Information

CLASS FINANCE P.L.C. (the Company) is a public limited liability company incorporated in Malta. The address of its registered office is UBT 13/14, San Gwann Industrial Estate, San Gwann, Malta.

2 Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). These financial statement are also prepared according the Companies Act Chapter 386, enacted in Malta.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for investments in associates which are accounted according to the equity method.

2.3 Basis of Consolidation

i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31st December 2020. Control is achieved when the Company has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one half of the voting rights.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Business combination between entities under common control

Business combinations between entities under common control are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control and for which consolidated financial statements are prepared. When the controlling party does not prepare consolidated financial statements because it is not a parent Company, the financial statement amounts of the acquired entity are used.

Under the predecessor method no goodwill is recognised. Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity, is included in equity in a separate reserve (Other reserves).

The predecessor method eliminates all intragroup assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group. Unrealised losses are also eliminated . The accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the group.

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Notes to the consolidated financial statements for the period ended 31 December 2020

The Company subsidiaries and sub subsidiaries are as follows

	2020 %
Class Optical Manufacturing Limited	100
Class Optical Limited	100
Vision Opticians Limited	100
Eyewearthese Limited	50

The above companies are incorporated in Malta. Class Optical Manufacturing Limited, Class Optical Limited, , Vision Opticians Limited have their registered address at UBT 13/14, Industrial Estate, San Gwann, Malta. Eyewearthese Limited has it registered address at 350, Zabbar Road, Fgura, Malta.

Subsidiaries and sub subsidiary are private limited companies. The financial statements of all members of group have been prepared in accordance with General Accounting Principles for Small and Medium-Sized Entities. All subsidiaries were acquired by the company in February 2020.

ii) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate. Investment in associates is measured using the equity method. The equity method is fully described in Note 3.7 of these financial statements.

On consolidation unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in this entity. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred. Accounting policies of equity investee are changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Functional and presentation currency

The financial statements are presented in Euro (Eur), which is the Group's functional currency.

3 Significant Accounting Policies

3.1 Revenue

Revenue consists of goods sold and services provided, net of rebates, returns, taxes and similar allowances. Revenue is measured at the fair value of the considerations received or receivable.

Sales of goods

Revenue from sales of goods is usually recognised upon delivery and transfer of ownerships of the goods pursuing all the following conditions are satisfied.

- risk and rewards of ownership of the goods is transferred to the buyer
- the Company does not retain continuing managerial involvement normally associated with ownership nor effective control over the goods sold
- revenue is measured reliably
- economic benefits associated with the transactions will flow to the Company and
- the cost incurred in respect of the transactions are measured reliably

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Notes to the consolidated financial statements for the period ended 31 December 2020

Rendering of services

Revenue from rendering services is recognised when the amount of revenue can be measured reliably and the economic benefit associated with the service will flow to the Group.

Revenue from rendering services is recognised when the amounts of the revenue, the stage of completion of the services provided at financials statement date and the costs of the transactions are measured reliably. Revenue is recognised when economic benefit associated with the transactions will flow to the Company.

3.2 Borrowing Costs

All borrowing costs, including costs which are directly attributable to the acquisition or production of a qualifying assets are recognised as expense in profit or loss in the period in which they are incurred.

3.3 Employee benefits

The Group contributes towards the state pension in accordance with local legislation. The only obligation of the Group is to make the required contributions. Costs are expensed in the period in which they are incurred.

3.4 Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated to functional currency using the closing rates of exchange at reporting date. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in profit or loss.

3.5 Income taxes

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

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

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

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Group recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Group re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

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Notes to the consolidated financial statements for the period ended 31 December 2020

3.6 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably.

Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition all property, plant and equipment are stated at cost less accumulated depreciation, and accumulated impairment.

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

The depreciation rates used for property, plant and equipment are as follows

Equipment	10% Straight line
Electronic equipment	20 - 25% Straight line
Furniture & fittings	10 - 20% Straight line
Air-Conditioners	16.67% Straight line

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in profit or loss in the period of derecognition.

3.7 Investment in Associate

Investments in associates are measured using the equity method. Under the equity method, the investment is initially recognised at cost. Subsequently the carrying amounts is increased or decreased to recognise the Group's share of the profit or loss or changes in equity of the associates after the date of acquisition, and to recognise any impairment losses. The Group's share of the profit or loss of the associate is recognised in the profit or loss, while the Company's share of the associate's change in equity is recognised directly in the equity of the Group. Dividends received from the associate reduce the carrying amount of the investment.

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Notes to the consolidated financial statements for the period ended 31 December 2020

The investments are review for recoverability. Where an indication of impairment exists, the carrying amount of the investments is assessed and written down to its recoverable amount.

3.8 Leases

A lease is classified as a finance lease when substantially all the risks and rewards incidental to ownership are transferred to the lessee. All other leases which are not finance leases are operating leases. A lease is classified as finance or operating lease depending on the substance rather the legal form of transaction. A lease is classified at the inception of the lease and is not reclassified during the term of the lease unless the parties agrees to change the conditions of the lease.

Operating leases as a lessee

Payments done for leasing an asset under operating lease are recognised as an expense in the profit or loss on straight line basis over the lease term, unless another systematic and rational basis is more appropriate.

Operating leases as a lessor

Income received from an operating lease is recognised as income in the profit or loss on straight line basis over the lease term, unless another systematic and rational basis is more appropriate.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using first -in, first-out basis and comprises all costs of purchase cost of conversation (if any) and the costs incurred in bringing inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and the cost to be incurred in marketing, selling and distribution.

3.10 Financial assets and financial liabilities

A financial asset is any asset that is cash, equity instrument of another entity or a contractual right to receive cash or another financial asset or to exchange financial assets or financial liabilities with another party under potentially favourable conditions.

A financial liability is primarily a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another party under potentially unfavourable conditions.

An equity instrument is any contract that evidences the Group's residual interest in assets after deducting liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument and are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

Financial assets

The Group's financial assets are classified as loan are receivables and are as follows:

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Notes to the consolidated financial statements for the period ended 31 December 2020

- Trade and other receivables

Trade receivables comprise amount due from customers for goods delivered and services performed in the ordinary course of business. Trade and other receivables are initially recognised at fair value and subsequently stated at their nominal values unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. A provision for impairment on trade receivable is established when there is an objective evidence that the Company will not be able to collect all amount due.

- Cash and bank balances

Cash and cash equivalents include cash in hand, deposits held at call with banks and other institutions. Bank overdrafts, which are repayable on demand are presented in current liabilities as borrowings in the balance sheet.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortised cost. The Group's financial liabilities are as follows

- Borrowings

Borrowings are classified as current liabilities when they are payable within 12 months for the balance sheet date, repayable on demand or when they have no fixed date of repayment. All other borrowings are classified as non current liabilities.

Borrowing are initially measured at fair value including transaction costs. After initial recognition borrowings are stated at amortised cost using the effective interest method, unless the effect of discounting is immaterial in which case they are stated at nominal value.

- Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value. After initial recognition trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

3.11 Share capital

Ordinary shares issued by the Company are classified as equity. Ordinary share capital is recorded at the proceeds received, net of direct issue costs. Dividends to ordinary shareholders are included directly to equity and are recognised as liabilities in the period in which they are declared.

3.12 Impairment

Impairment is recognised when the carrying value of an asset exceeds the recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The Company's property, plant and equipment, investment in subsidiaries, joint ventures and associate and financial assets (other than held for trading) are tested for impairment.

i) Property, plant and equipment and investment in and associate

The carrying amounts of the Group's property, plant and equipment, investment in associate are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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Notes to the consolidated financial statements for the period ended 31 December 2020

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

The carrying amounts of Group's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

ii) Financial assets

A financial asset or a group of financial assets are impaired and impairment losses are incurred if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

All Group's financial assets are subject to impairment review at each balance sheet date. If there is an objective evidence that carrying amount of financial assets exceeds the recoverable amount, the carrying value is adjusted to reflect the recoverable amount. Any decrease in the carrying amount due to impairment is recognised in the profit or loss.

4 Revenue

The Group derives its income from the manufacturing , wholesale and retail of spectacles and other optical goods.

	30/01/2020 to 31/12/2020 Euro
Revenue from wholesale	3,750,061
Revenue from retail	785,416
Revenue from manufacturing	1,728,935
	<hr/> 6,264,412 <hr/>

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020**

5 Other income

	30/01/2020 to 31/12/2020 Euro
Management fees receivable	95,447
Marketing contribution and similar income	39,190
Sundry income	23,323
Gain on difference on exchange	695
	<u>158,655</u>

6 Share of loss of associate

	30/01/2020 to 31/12/2020 Euro
Share of loss on associate	<u>1,217</u>

Finance costs

	30/01/2020 to 31/12/2020 Euro
Interest on bank overdrafts	1,625
Interest on bank loans	3,925
Finance Charges	96
	<u>5,646</u>

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020****7 Profit before tax****7.1 Profit before tax is stated after charging the following:**

	30/01/2020 to 31/12/2020 Euro
<i>Cost of sales</i>	
Employee benefit expense	84,127
Depreciation charge	102,553
Inventory write down	2,523
	<u>189,203</u>
	30/01/2020 to 31/12/2020 Euro
<i>Expenses</i>	
Employee benefit expense	569,908
Professional fees	45,688
Management fees	826,088
Insurance	333
Motor Vehicle Expenses	21,571
Depreciation charge	37,415
Property rentals	209,397
Offices expenses	13,879
Utilities	31,960
Repairs and replacements	28,311
Bank charges	14,557
Marketing and selling expenses	100,594
Other expenses	41,806
	<u>1,941,507</u>

7.2 The remuneration paid to the Company's auditors during the year amounts:

	30/01/2020 to 31/12/2020 Euro
Annual statutory audit	13,200
Other non-audit services	600
	<u>13,800</u>

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020**

**30/01/2020
to
31/12/2020
Euro**

7.3 Employees benefit expenses

Wages and salaries	549,823
Social security costs	64,556
Recharges of wages	39,655
	<u>654,034</u>

Wages and salaries are presented net of payroll grants receivable from Government in view of COVID-19 pandemic. Grants relating to income are presented as a deduction in reporting the related expense.

7.4 The average number of persons employed by the Group during the period was 54. These were employed as follows

2020

Laboratory	15
Wholesale	17
Retail	18
Administration	4
	<u>54</u>

8 Income tax expense

**30/01/2020
to
31/12/2020
Euro**

Tax expense	324,412
Deferred tax expense	(19,241)
	<u>305,171</u>

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020**

The tax expense and the result of accounting profit multiplied by the statutory domestic income tax rate is reconciled as follows:

	30/01/2020 to 31/12/2020 Euro
Profit before tax	860,689
Tax at 35%	<u>301,241</u>
Other	<u>3,930</u>
	<u><u>305,171</u></u> :

9 Property, Plant and Equipment

	Air- Conditioners Euro	Electronic equipment Euro	Furniture & fittings Euro	Plant and equipment Euro	Total Euro
At 30 January 2020					
Revaluation/cost amounts	-	-	-	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Period ended 31 December 2020					
Opening net book amount	-	-	-	-	-
Additions	-	2,577	31,874	-	34,451
Acquisition of subsidiaries - additions	13,321	48,162	195,535	1,404,175	1,661,193
Depreciation charge	(2,152)	(11,729)	(17,884)	(108,203)	(139,968)
Acquisition of subsidiaries - depreciation	(6,596)	(25,729)	(47,315)	(842,565)	(922,205)
Closing net book amount	<u><u>4,573</u></u>	<u><u>13,281</u></u>	<u><u>162,210</u></u>	<u><u>453,407</u></u>	<u><u>633,471</u></u>
At 31 December 2020					
Revaluation/cost amounts	13,321	50,739	227,409	1,404,175	1,695,644
Accumulated depreciation	<u>(8,748)</u>	<u>(37,458)</u>	<u>(65,199)</u>	<u>(950,768)</u>	<u>(1,062,173)</u>
Net book amount	<u><u>4,573</u></u>	<u><u>13,281</u></u>	<u><u>162,210</u></u>	<u><u>453,407</u></u>	<u><u>633,471</u></u>

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020**

10 Investments in associate

	Euro
At 30 January 2020	
Carrying amount	-
Net Carrying amount	-
Period ended 31 December 2020	
Net Carrying amount	-
Additions	18,485
Share of profit for the period	(1,217)
Net Carrying amount	17,268
At 31 December 2020	
Carrying amount	17,268
Accumulated impairment	-
Net Carrying amount	17,268

Investment in associate additions consist of additions acquired through the acquisition of a subsidiary

The company's associate is as follows

	Registered Office	Class of shares held	2020
Optical (CCSG) Limited	UBT 13/14, Industrial Estate, San Gwann, Malta	Ordinary shares	33%

11 Inventories

	2020 Euro
Finished goods	2,156,630
	2,156,630

The Group's inventories consists mainly of lenses, sunglasses, eyewear and other optical products. Inventory is stated net of write-downs of Eur 13,412.

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020**

12 Trade and other receivables

	2020 Euro
Trade receivables	1,065,043
Amounts receivables from related parties	1,358,012
Accounts receivable	45,592
VAT refundable	21,857
Prepayments	792,775
Accrued income	173,548
Other current assets	5
	<u>3,456,832</u>

Amounts receivables from related parties are unsecured, interest free and repayable on demand.

13 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2020 Euro
Cash at bank	618,373
Other Bank	3,487
Cash in hand	16,209
Bank overdraft	(1,369)
	<u>636,700</u>

14 Share Capital

	2020 Euro
<i>Authorised</i>	
40,863 Ordinary A Shares of Euro10 each	408,630
2 Ordinary B Shares of Euro10 each	20
	<u>408,650</u>
<i>Issued</i>	
4,698 Ordinary A Shares of Euro10 each - 25% paid-up	11,745
36,165 Ordinary A Shares of Euro10 each - 100% paid-up	361,650
2 Ordinary B Shares of Euro each - 25% paid-up	5
	<u>373,400</u>

CLASS FINANCE P.L.C.

Notes to the consolidated financial statements for the period ended 31 December 2020

The ordinary 'A' shares carry one voting right per share at the general meetings of the Company, Ordinary 'A' shareholders are entitled to any distribution of dividends. Ordinary 'B' shares do not carry voting rights and they are not entitled to distribution of dividends. Both classes of shares rank simultaneously for any residual assets of the Company after the settlement of all liabilities in the event of the Company's winding up.

15 Reserves

15.1 Other reserves reconciliation

	Other Reserve Euro	Total Euro
At 30 January 2020	-	-
Acquisition of subsidiaries	4,246,322	4,246,322
At 31 December 2020	<u>4,246,322</u>	<u>4,246,322</u>

Other reserve is a reserve that resulted from the acquisition of subsidiaries. This is the difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entities.

15.2 Retained earnings

Retained earnings represent accumulated profits. During the period Class Finance PLC paid Eur 320,000 in dividends to its parent company.

16 Borrowings

Non-current Liabilities

Borrowings included under non-current liabilities on the balance sheet comprise the following amounts:

	2020 Euro
Bank loans	<u>240,861</u>

Current liabilities

Borrowings included under current liabilities on the balance sheet comprise the following amounts:

	2020 Euro
Bank overdraft	1,369
Bank loans	74,555
Loans from minority interest	15,250
	<u>91,174</u>

CLASS FINANCE P.L.C.

Notes to the consolidated financial statements for the period ended 31 December 2020

Loans from minority interest are unsecured, interest free and repayable on demand.

The company bank loans are secured by:

- 1) General hypothec over the company's assets
- 2) Guarantees by third parties
- 3) Special hypothec on an immovable property
- 3) Pledges on insurance policies

The weighted average effective interest rate on bank loans at balance sheet date was 2.5%.

The weighted average effective interest rate on bank overdraft at balance sheet date was 4.65%.

17 Deferred tax

Deferred tax is attributable to the following

	2020 Euro
Acquisition of subsidiaries	26,262
Temporary difference on Property, Plant and Equipment	9,648
Provisions	426
Tax losses	8,007
	<u>44,343</u>

Movement in temporary differences during the period

	30/01/2020 Eur	Movement Eur	31/12/2020 Eur
Difference on Property, Plant and Equipment		65,157	65,157
Provisions	-	(5,166)	(5,166)
Tax losses	-	(15,648)	(15,648)
	<u>-</u>	<u>44,343</u>	<u>44,343</u>

All movement in deferred tax during the period is recognised in the income statement.

CLASS FINANCE P.L.C.**Notes to the consolidated financial statements for the period ended 31 December 2020**

18 Trade and other payables

	2020
	Euro
Trade payables	1,254,045
Amount payable to related parties	62,151
Deposits Received	12,159
VAT payable	85,807
Social Security and FSS due	22,391
Accruals	202,517
	<u>1,639,070</u>

Amount payable to related parties are unsecured, interest free and repayable on demand.

19 Related parties***Controlling Parties and related parties***

Class Finance plc forms part of a bigger group whose ultimate parent is Class Holding Ltd. Class Holding Ltd is also the Company's immediate parent company. Class Holding Ltd is registered in Malta, having its registered address at UBT 13/14, San Gwann Industrial Estate, San Gwann, Malta.

The Company is the parent company of Eyewearthese Limited whose registered address is listed in note .

19.1 Transactions with related parties

During the period, the company entered into the following transactions with related parties:

Trading Transactions

There were no trading transactions with related parties during for the period.

	2020
	Euro
Sales to other related parties	1,290,597
Management fee charged to fellow subsidiary	8,748
Recharge of expenses to parent company	(39,555)
Management fee charged by parent company	<u>(826,088)</u>

CLASS FINANCE P.L.C.

Notes to the consolidated financial statements for the period ended 31 December 2020

Financial Transactions

There were no financial transactions with related parties during the period.

	2020 Euro
Dividends to the parent company	(320,000)

19.2 Amounts at reporting date

The following balances were outstanding at the reporting date:

	2020 Euro
Amounts due from fellow subsidiaries	303,235
Amounts due from other related parties	749,381
Amounts due from ultimate parent company	305,396
Amount to ultimate parent	(7,823)
Amounts to fellow subsidiaries	(54,328)

Balances from financial transactions

Loans from minority interest	(15,250)
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The amounts outstanding are unsecured, interest-free and repayable on demand. No guarantees have been given. No expenses have been recognised within the current year for bad or doubtful debts in respect of the amounts owed by related parties.

19.3 Transactions with key management personnel

There were no transactions with key management employees during the period.

20 Guarantees and contingencies

The Group has provided two guarantees for the total amount of Eur 5,750 in favour of a third party and a governmental authority. These amounts become payable if certain conditions set by the third party and authority are not fulfilled.

21 Contingent liabilities

The Group agreed to rent a premises for 35 year period for a total consideration of Eur 1,088,415. As part of this agreement the Group agreed to make an investment in the property of not less than Eur 1,300,000.

22 Financial risk

The Group activities exposed to a number of financial risks, including credit risk and liquidity risk.

Credit risk

Credit risk is the risk that a debtor or counterparty is unable or unwilling to meet its financial commitments that it has entered into and therefore causing the Group to incur a financial loss.

The Group's credit risk arises mainly on trade and other receivables and cash and cash equivalents. The maximum exposure to credit risk at the end of reporting period with respect trade and other receivables is disclosed in note 12. Trade and other receivable consist mainly on trade amounts receivable from third party and amounts due from related parties.

Credit risk with respect of trade amounts receivable from both related and third parties is considered to be low considering the significant amount of clients.

The Group's cash and cash equivalents are managed by banks with an investment rating of investment grade or better.

Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities. The Company is exposed to liquidity risk in relation to trade and other payables. Trade and other payables consist mainly of amount due to related parties.

The Group's management monitors liquidity risk by means of cash flow forecasts on the expected cash flows over a twelve-month period. The following table provides analyses on the Group's financial liabilities into relevant maturity grouping based on the remaining period at balance sheet date to the contractual maturity date.

	Contractual amounts Eur	Less than 1 year Eur	Between 1 and 5 years Eur	More than 5 years Eur
At 31 December 2020				
Borrowings	332,035	91,174	240,861	-
Trade and other payables	1,639,070	1,639,070	-	-
Lease	1,034,945	26,736	137,689	870,520
	<u>3,006,050</u>	<u>1,756,980</u>	<u>378,550</u>	<u>870,520</u>



Independent Auditor's Report

To the Shareholders of CLASS FINANCE P.L.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of CLASS FINANCE P.L.C. set out on pages 4 to 25, which comprise the consolidated balance sheet as at 31 December 2020 the consolidated income statement, consolidated statement of changes in equity, consolidated statements of cashflows and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the Group as at 31 December 2020, and of its financial performance for the year then ended in accordance with the Accounting Profession (General Accounting Principles for Small and Medium-sized Entities) and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

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

Other Information

The directors are responsible for the other information, which comprises the general information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the General Accounting Principles for Small and Medium-sized Entities, 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 to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or has 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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 findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that proper returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

Alexander Micallef

For Griffiths + Associates Ltd

Level 1, Casal Naxaro

Labour Avenue

Naxxar, Malta

Date: 08 July 2021

CLASS FINANCE P.L.C.**Cost of Sales for the period ended 31 December 2020**

	2020
	Euro
Cost of sales	
Opening Stock	#####
Purchases of stock	2,887,763
Other Production expenses	14,459
Productive Wages	84,127
Rent/Lease of factory premises	7,589
Freight, Insurance & Duty on Goods	9,385
Depreciation charge	102,553
Stock Write off	2,523
Closing Stock	2,716,698
	<u>3,614,008</u>

CLASS FINANCE P.L.C.**Sales and marketing and administration expenses for the period ended 31 December 2020**

	2020
	Euro
Sales and marketing	
Advertising	35,589
Promotion	4,318
Meals & entertainment	481
Commissions payable	19,651
Travel Expenses	78
Other Selling Expenses	40,478
	<u>100,594</u>

CLASS FINANCE P.L.C.**Sales and marketing and administration expenses for the period ended 31 December 2020**

	2020 Euro
Administration expenses	
Wages - Regular	534,654
Employers' Share of NI Contributions	35,254
Staff training & Education	821
Staff Safety	258
Staff Welfare	760
Staff Uniforms	894
Sub Contracting and Out-sourcing	17,265
Professional Fees	33,721
Management and Administration Fees	826,088
Audit Fees	11,967
Insurance	333
Fuel Costs	7,279
Motor running expenses	14,292
Repairs and maintenance - machinery and equipment	10,124
Computer-related expenses	18,188
Cleaning	9,304
Water and electricity	26,850
Telephone and Communications	5,110
Office Stationery and supplies	13,879
General expenses	8,334
Property Rental	209,397
Membership and subscription fees	3,248
Licences Fees	0
Company Registration Fees	920
Depreciation	37,415
Bank charges	14,557
	<u><u>1,840,913</u></u>

