SUNBORN LONDON

2726819-7

FINANCIAL STATEMENTS 2023

30 April 2024

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REPORT OF BOARD OF DIRECTORS 2023

Key Figures – Sunborn London Oyj

EUR thousand	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**
Rental income	3 223	3 969
EBITDA	2 930	3 648
Operating profit	1 421	2 143
Investment property (yacht hotel)	32 026	33 393
Total Equity	25 873	26 998
Borrowings	24 185	24 273

Key Figures – Operator Sunborn International (UK) Ltd

GBP thousand	**1 Jan – 31 Dec 2023**	**1 Jan – 31 Dec 2022**
Revenue	10 548	10 048
EBITDAR	3 652	3 783

Financial summary 1 January - 31 December 2023

Sunborn London Oyj ("The Company") continued to be a SPV with no other purpose than owning and leasing out the Sunborn London yacht hotel to Sunborn International (UK) Ltd, a sister company to the Company.

Rental income for the reporting period was 3.22 MEUR (3.97 MEUR), a difference attributable to one-off additional rent charges applied during the year to 31 December 2022, to account for updated capital cost, planned bond repayments, vessel insurance and classification costs. Therefore the rental income is not directly comparable year-on-year. Rental income in EUR was slightly affected by exchange rate fluctuations. Operating costs were in line with previous year.

The operations under sister company Sunborn International (UK) Ltd were highly successful and again achieved strong market performance measured in all key metrics - ADR, Occupancy and RevPar. The monthly charter cost was increased with inflation to GBP 234,000 per month from 1.1.2023 onwards and to GBP 246,000 from 1.1.2024 onwards.

During the period, the company made a planned repayment of 0.500 MEUR, and the outstanding nominal value of bond on 31 December 2023 was 24.500 MEUR.

Book value of the yacht hotel as of 31 December 2023 approximates the fair value of the yacht hotel based on income approach using discounted cash flow analyses.

Business environment

Continued inflationary pressure caused increases in cost of materials, labor and energy expenditure, consequently requiring faster than expected price development for our sales and short-term fluctuations in profit margins as the business adapts to volatile market conditions.

Following the robust post pandemic demand of 2022, revenue growth in 2023 was expected to be a difficult task. Despite the challenges in the operating environment, operator's revenue increased, and the operator had a successful year. Sunborn has achieved a strong market performance measured in all key metrics - guest satisfaction, ADR, Occupancy and RevPar.

Notable events during and after the reporting period

Nothing to report.

Estimated future development

Management believes the property will continue successful operations under the current management and Sunborn London Oyj's financial performance and debt service capacity to remain stable.

Short-term risks and uncertainties

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.

The Company's bond is maturing for repayment on September 22, 2024. The Company has engaged advisors and is in progress of pursuing and negotiating refinancing in advance of maturity. The company is negotiating with several parties and has received an indicative loan offer. The financial market is challenging, but management believes refinancing is available due to strong performance and the fair value of the yacht in relation to the amount of refinancing.

According to the terms of the Company's bond, the Company's internal long-term receivable of EUR 24.1 million from the parent company Sunborn International Holding Oy would also due for payment immediately, if the Company failed to repay the bond. The immediate payment of the receivable to the Company could require the company to divest Sunborn International Holding Oy's subgroup assets or raise additional capital.

Refinancing has not been confirmed by the date of approval of the financial statements, so obtaining of financing constitutes such a material factor of uncertainty, which may give significant reason to doubt the Company's and the Group´s ability to continue its operations. If the company is unable to secure refinancing of the bond by maturity date and the assumption of continuity of operations therefore no longer applies, the situation would require the above-described receivable and other assets to be valued at the recoverable amount and possible additional liabilities to be recorded. Therefore the timely refinancing of the current outstanding bond is assumed for continued going concern operations.

Floating interest rate risk has not been hedged and may negatively and materially impact Sunborn London Oyj liquidity.

The Company is exposed to foreign currency risk through rental receivables and future cash flows arising from the lease contract of the Yacht hotel that is denominated in GBP. The management of the company closely monitors the development of the GBP/EUR exchange rate and aims to protect the Company against unfavourable developments at the group level.

The Company´s financial risk management aims to protect it against unfavorable developments in the financial markets and ensure the performance. The management reviews financial risks on regular basis to secure the financial risk position and decide on necessary actions.

Incidents relating to environmental or public health may cause the Operator possible business interruptions.

The war in Ukraine and Israel-Gaza are not estimated to have a direct impact on the company's operations.

Company's shares

Number of the shares has been 200 shares since the establishment of the Company. Shares have no nominal value.

Corporate Governance

Sunborn London Oyj's ownership, corporate structure, operational activities and related party transactions are described in notes to the financial statements.

The governance of Sunborn London Oyj is based on the Finnish Limited Liability Companies Act and Sunborn London Oyj's articles of association. The Company's shares are not listed for public trading. Sunborn London Oyj has issued a secured bond that is listed by NASDAQ Helsinki Oy, and the company complies with its rules and regulations for listed bonds, the Securities Markets Act as well as the Financial Supervisory Authority's regulations.

The Annual General Meeting is the highest decision-making body in Sunborn London Oyj, deciding on matters laid down in the Finnish Limited Liability Companies Act. The AGM is held once a year, in June at the latest, on a date determined by the company's Board of Directors.

The Board of Directors of Sunborn London Oyj consists of four ordinary members, elected by the AGM for one year at a time. The Board of Directors decides on significant matters concerning the company strategy, investments and finance. In 2023 the Board had four meetings.

Members of the Board of Directors in 2023 were Ritva Niemi, Pekka Niemi, Hans Niemi and Jari Niemi. There has not been any remuneration for the Board of Directors in 2023. Sunborn London Oyj has no committees.

Sunborn London Oyj's Board of Directors appoints the Chief Executive Officer. The CEO Hans Niemi is responsible for the Company's financial performance and for organizing business operations and administration according to legislation as well as instructions and orders issued by the Board.

The Annual General Meeting elects the authorized public accountants until further notice. Sunborn London Oyj auditors are PricewaterhouseCoopers Oy with Tomi Moisio, APA, KHT and JHT.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that the funds are carried forward to retained earnings.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	Note	1 Jan -31 Dec 2023	1 Jan -31 Dec 2022
Rental income from group companies	5,13	3 223	3 969
Depreciation	9	-1 508	-1 505
Other operating expenses	6	-293	-321
Operating profit		**1 421**	**2 143**
Finance income	7,13	2 169	1 445
Finance costs	4,7	-2 613	-2 078
Finance income and costs, net		-445	-633
Profit before taxes		**977**	**1 510**
Income tax expense	8	0	(0)
Change in deferred tax	8	-195	-302
Profit for the period		**781**	**1 208**
Total comprehensive income for the period		**781**	**1 208**
Profit attributable to			
Shareholders of the Parent company		781	1 208

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET (IFRS)

EUR thousand	Note	**31 Dec 2023**	**31 Dec 2022**
Assets			
Non-current assets			
Investment property	9	32 026	33 393
Construction in process		-	95
Receivables from group companies	13	24 138	20 826
Total non-current assets		**56 164**	**54 314**
Current assets			
Trade receivables from group companies	4,13	1	3 579
Trade and other receivables		21	16
Cash and cash equivalents		234	1 162
Total current assets		**255**	**4 758**
Total assets		**56 419**	**59 072**
Equity and liabilities			
Equity			
Share capital	11	80	80
Reserve for invested unrestricted equity		600	600
Retained earnings		25 193	26 318
Total equity		**25 873**	**26 998**
Liabilities			
Non-current liabilities			
Borrowings	4,12	-	23 773
Deferred income tax liabilities	10	6 276	6 557
Total non-current liabilities		**6 276**	**30 330**
Current liabilities			
Borrowings	4,12	24 185	500
Payables to group companies	13	-	1 195
Trade and other payables		26	2
Accrued expenses		58	47
Total current liabilities		**24 270**	**1 745**
Total liabilities		**30 546**	**32 075**
Total equity and liabilities		**56 419**	**59 072**

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

EUR thousand	Share capital	Reserve for invested unrestricted equity	Retained earnings	**Total equity**
Equity at 1.1.2022	80	600	27 392	**28 072**
Profit for the period			1 208	1 208
Total comprehensive income	0	0	1 208	1 208
Transactions with owner:				
Group contribution net of tax			-2 282	-2 282
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	-2 282	-2 282
Equity at 31.12.2022	80	600	26 318	**26 998**
Equity at 1.1.2023	80	600	26 318	**26 998**
Profit for the period			781	781
Total comprehensive income	0	0	781	781
Transactions with owner:				
Group contribution net of tax			-1 905	-1 905
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	-1 905	-1 905
Equity at 31.12.2023	80	600	25 193	**25 873**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR thousand	Note	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Cash flows from operating activities			
Profit before tax		977	1 510
Adjustments for			
Depreciation	9	1 508	1 505
Finance income and costs, net	7	445	633
Change of working capital			
Change in trade and other receivables		116	-262
Change in trade and other payables		-1 171	-1 359
Net cash flows from operating activities		**1 874**	**2 027**
Cash used in investing activities			
Capital Expenditure		-46	-95
Net cash flows used in investing activities		**-46**	**-95**
Cash used in financing activities			
Repayment of borrowings	12	-500	-500
Contribution from/to Sunborn group companies	13	-119	-
Transaction / loan agent costs		0	-13
Interest and finance costs paid		-2 175	-1 485
Net cash used in financing activities		**-2 794**	**-1 997**
Cash and cash equivalents at the beginning of period		1 162	1 405
Effects of exchange rate changes on cash and cash equivalents		37	-177
Change in cash and cash equivalents		**-929**	**-243**
Cash and cash equivalents at the end of period		**234**	**1 162**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS (IFRS)

1. General information

Sunborn London Oyj is a public limited liability company ("the Company") incorporated in Finland. The registered address of Sunborn London Oyj is Juhana Herttuan puistokatu 23, Turku, Finland. Sunborn London Oyj was established on April 30, 2016 through a demerger of Sunborn International Oy. Sunborn London Oyj owns a luxury yacht hotel "Sunborn London" docked at Royal Victoria Dock in London, the UK ("Yacht hotel"), which it has leased to its sister company Sunborn International (UK) Limited ("Sunborn UK").

The Yacht hotel is equipped with 138 cabins, including five suites, conference and auditorium facilities for up to 200 delegates, restaurant and two bars. The Company had no employees in 2023 and 2022. Sunborn London Oyj's ultimate parent company Sunborn Oy provides management and administrative services to the Company. Sunborn UK's sole operations consist of acting as the lessee and operator of the Yacht hotel.

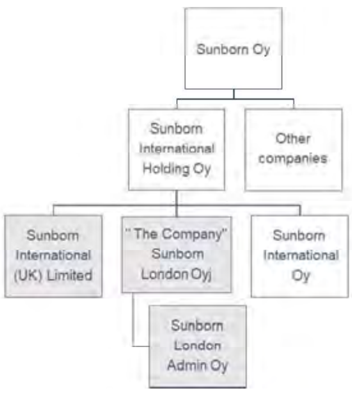
Sunborn International Holding Oy is the parent company of Sunborn London Oyj owning 100 % of the shares of the Company, as well as Sunborn International UK. Sunborn International Holding Oy is owned by Sunborn Oy, a family-owned company based in Finland. Sunborn Group focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has over 50 years of experience in the hospitality sector. Sunborn Oy had altogether 16 subsidiaries as at December 31, 2023 ("Sunborn Group"). Sunborn Oy prepares consolidated financial statements under Finnish Accounting Standards. The copies of the consolidated financial statements as well as the Company's standalone financial statements are available at the parent company's head office, Juhana Herttuan puistokatu 23, Turku, Finland.

Sunborn London Oyj owns a dormant subsidiary for administrative purposes and is the parent company of the group ("Group"). The consolidated financial statements have been prepared in accordance with the basis of preparation and accounting policies set out below.

These financial statements have been published in accordance with the European Single Electronic Format (ESEF) reporting requirements. The ESEF financial statements have not been audited.

These financial statements were approved for publication at the Sunborn London Oyj board meeting on April 10, 2024. According to the Finnish Companies Act, the annual general meeting can change or reject the financial statements.

Sunborn Group structure:



2. Summary of significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS and IFRS standards as well as SIC and IFRIC interpretations applicable as per December 31, 2023. International Financial Reporting Standards refer to the standards and interpretations applicable by corporations set out by the Finnish accounting ordinance and other guidance set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards. There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

These financial statements have been prepared primarily under the historical cost convention unless otherwise indicated.

Preparation of consolidated 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 group'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 3.

The financial statements are presented in thousands of euros unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Going concern and liquidity risk

The Company's management has assessed the Company's ability to continue its operations in the future. The financial statements are prepared on the basis of the going concern.

The Company's bond is maturing for repayment on September 22, 2024. The Company has engaged advisors and is in progress of pursuing and negotiating refinancing in advance of maturity. The company is negotiating with several parties and has received an indicative loan offer. The financial market is challenging, but management believes refinancing is available due to strong performance and the fair value of the yacht in relation to the amount of refinancing.

According to the terms of the Company's bond, the Company's internal long-term receivable of EUR 24.1 million from the parent company Sunborn International Holding Oy would also due for payment immediately, if the Company failed to repay the bond. The immediate payment of the receivable to the Company could require the company to divest Sunborn International Holding Oy's subgroup assets or raise additional capital.

Refinancing has not been confirmed by the date of approval of the financial statements, so obtaining of financing constitutes such a material factor of uncertainty, which may give significant reason to doubt the Company's and the Group´s ability to continue its operations. If the company is unable to secure refinancing of the bond by maturity date and the assumption of continuity of operations therefore no longer applies, the situation would require the above-described receivable and other assets to be valued at the recoverable amount and possible additional liabilities to be recorded. Therefore the timely refinancing of the current outstanding bond is assumed for continued going concern operations.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company is euro, which is also the presentation currency of these consolidated statements.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All foreign exchange gains and losses are presented in the income statement within finance income or costs.

Investment property

The Company presents as investment property its investment in a Yacht hotel that is leased out under operating lease, and it is operated as Yacht hotel “Sunborn London” by Sunborn UK. The Yacht hotel has the physical characteristics of a building. It is a non-propelled vessel that is permanently moored along quayside at Royal Victoria Dock in London, the UK. The Yacht hotel, as it is lacking propels and other standard equipment of a ship, is not readily movable and the future rental cash flows to be earned from the Yacht hotel 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 measured the investment property at fair value as at 1 January 2015, as the Company 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 Yacht hotel are capitalized as additions to the Yacht hotel and depreciated over the shorter of the improvements’ estimated useful lives or that of the Yacht hotel.

Subsequently, the investment property is carried at cost less 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 Yacht hotel divided to its significant components is presented in the table below:

Yacht	40 years
Yacht, short term components (interior and fittings)	10 years

The Yacht hotel’s residual value is estimated to be EUR 5 million. The residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Transfers to and from investment property are made if there is a change in use. Investment property is derecognised on disposal or when the asset is withdrawn from use and no future economic benefits are expected.

Impairment of investment property

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

Financial assets

The group classifies all its financial assets as financial assets measured at amortised cost. The group’s financial assets comprise lease receivables and loan receivables and are held within a business model whose objective is to collect the contractual cash flows, and the financial assets’ contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost are recognised initially at fair value, including any transaction costs incurred. They are subsequently carried at amortised cost less provision for impairment. Interest income is recognised in the income statement using the effective interest method. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the group transfers the financial asset or the group of financial assets in question.

The group’s financial assets are included in current assets, expect for maturities greater than 12 months after the end of the reporting period in which case they are classified as non-current assets. The financial assets comprise non-current loan given to Sunborn International Holding Oy, a parent company of Sunborn London Oyj, current trade and other receivables which include mainly rental receivable from the lessee Sunborn UK, related party, and cash and cash equivalents, which includes deposits held at call with banks.

Impairment of financial assets at amortised cost

The group assesses on a forward-looking basis the expected credit losses associated with the receivables which are carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If there is no significant increase in credit risk, 12 month expected losses are recognised in profit or loss. Otherwise, the lifetime expected credit losses are recognised.

The group assesses expected losses based on the historical payment profiles and the corresponding historical credit losses experienced within the current period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 360 days past due.

Financial liabilities

Financial liabilities of the group consist of borrowings and accounts and other payable. A financial liability is derecognized when it is extinguished – that is when the obligation is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

Borrowings

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. The group's borrowings consist of senior secured bonds which the Company withdrew during 2021.

Accounts payable and other payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables consist of interest and tax accruals. 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. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost.

Current tax and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to group contribution that is recognised directly in equity. In this case, the tax is also recognised directly in equity. The current 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 Group entities operate and generate taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred 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 tax asset is realised, or the deferred tax liability is settled. Deferred 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 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 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.

Recognition of rental income

The Company recognises rental income from renting out the Yacht hotel "Sunborn London" to Sunborn UK based on fixed monthly payments determined in the lease contract. 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.

Interest income

Interest income on the loan to the parent company Sunborn International Holding Oy is recognised using the effective interest method and presented within finance income in the statement of comprehensive income.

Group contribution

Group contribution given under Finnish Group Contribution Act 1986/825 to the entities in the Sunborn Group in Finland is recognised as a liability or receivable in the consolidated financial statements in the period to which it relates to. Group contribution is deducted directly from equity net of taxes.

Segment reporting

The Group 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 group after its establishment based on the rental income generated from the lease agreement less operating expenses.

3. Critical accounting estimates and management judgement

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.

Useful life and residual value of the Yacht hotel

The Yacht hotel 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 hotel 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. The management of the Company has made estimates on the depreciation period and residual value of the Yacht hotel. The management has estimated that the useful life of the Yacht hotel is 40 years for the hull and structure and 10 years for the interior and fittings. The residual value is estimated to be EUR 5 million. Should certain factors or circumstances cause the management to revise its estimates of the Yacht hotel's useful lives or projected residual values, depreciation expense could be materially higher or lower. If the estimated average Yacht hotel useful life had reduced or increased by one year, depreciation expense for 2023 would have increased by approximately EUR 0.1 million / decreased by 0.1 million. If the Yacht hotel was estimated to have no residual value, depreciation expense for 2023 would have increased by approximately EUR 0.13 million.

Determination of the functional currency of the Company

Determination of the functional currency of the Company requires critical judgement. The management of the Company has prepared the financial statements based on the judgement that the functional currency is the Euro. Management's view is that the Company acts as an extension of its ultimate parent entity Sunborn Oy, whose functional currency is euro.

Impairment of the long-term loan receivable from the parent entity

The management has applied judgement in considering that the credit risk of the loan receivable from the parent entity has not increased significantly. If the credit risk for a loan receivable is not significantly increased, the impairment loss is recognized based on 12 month expected losses. If the credit risk is significantly increased, the impairment is recognized based on lifetime expected losses. This might have significant impact on the profit for the period.

4. Financial risk management

The 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 aims to protect the group 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.

Foreign exchange risk

The objective of foreign exchange risk management is to reduce the uncertainty caused by fluctuations in foreign exchange rates in the group's profit and loss, cash flows and balance sheet to an acceptable level. The Group is exposed to foreign currency risk through rental receivables and future cash flows arising from the lease contract of the Yacht hotel that is denominated in GBP.

The management of the company closely monitors the development of the GBP/EUR exchange rate and aims to protect the Company against unfavourable developments at the group level.

The GBP denominated receivables and cash balances on the balance sheet in the periods presented are as follows:

EUR thousand	**31 Dec 2023**	**31 Dec 2022**
Lease receivables	1	3 354
Cash and cash equivalents	198	589
Total	**199**	**3 943**

At December 31, 2023, if the GB Pound strengthened/weakened by 15 % against the euro, post-tax profit for the year would have been EUR 26 thousand (2022: EUR 514 thousand) higher/lower.

Interest rate risk

The Company has issued senior secured bonds during year 2021 whose interest is bound to 3-month Euribor. The nominal value of the bonds is EUR 24.5 million in total and they carry interest at rate of 9.42 % as at December 31, 2023 consisting of margin of 5.5 % plus 3-month Euribor at 3.92 %. Cash and cash equivalents do not carry significant interest. The loan receivable, amounting to EUR 24 million from the parent of the Company Sunborn International Holding Oy, carries floating interest rate based on 3-month Euribor, being 9.43 % as at December 31, 2023.

If the Euribor had increased 100 basis points higher or lower during the periods presented, that would have had EUR 0.25 million impact on the interest expense or interest income. Possible future fluctuations in interest rates would be mainly offset by the opposite impacts of the changes in interest rates on the receivable and liability. The management of the Company monitors changes in the interest rate level and its possible impact on future cash outflows. The need for any hedging activity is assessed continuously.

Credit risk

Credit risk is the risk that the other party to the loans and receivables will cause a financial loss for the group by failing to discharge an obligation. Credit risk arises from rental receivables from its sister company Sunborn UK, loan to Sunborn International Holding Oy, the parent company, and cash and cash equivalents held at banks.

The Company assesses on a forward-looking basis the expected credit losses associated with these receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If there is no significant increase in credit risk, 12 month expected losses are recognized in profit or loss. Otherwise, the lifetime expected credit losses are recognized.

The Company has leased the Yacht hotel to its sister company Sunborn UK. The lease receivables from Sunborn UK amounted to approximately EUR 1 thousand on 31.12.2023 (EUR 3.6 million on 31.12.2022). Sunborn UK makes the lease payments according to the contract, and the management has assessed that there is no significant increase in the credit risk of the receivables. The management has assessed that the 12-month expected loss on the lease receivables is not material.

The most significant receivable is the loan granted to the parent Sunborn International Holding Oy. The loan carries normal credit risk related to intra-group receivables. The credit quality of the loan depends on the financial performance of the parent company. Financial activities of the Sunborn Group companies are directed by common management. The amounts and terms and conditions of the receivables and payables from group companies are presented in note 13.

The management considers that there has not been a significant increase in credit risk since initial recognition of the loan receivable. Accordingly, impairment based on 12 month expected losses is recognised. The management of the Company has made the assessment and concluded that there is no material impairment loss to be recognised.

Cash and cash equivalents are held in reputable Nordic banks, whose credit ratings are strong. While cash and cash equivalents are also subject to the same impairment requirements as other receivables, the management has assessed that the impairment loss for them is immaterial.

The calculations of expected credit loss for financial assets are based on assumptions about risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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.

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 Group’s liquidity position is monitored by the management.

The bond terms include an interest cover ratio, which requires the Company to generate EBITDA minimum of 1.1 times the net finance charge to maintain profitability and the covenant for maintain liquidity in an amount exceeding the aggregate amount of six months of interests. The financial covenants are measured semi-annually, and the Company has not breached the covenant.

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

31 Dec 2023

EUR thousand	**< 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Payables to group companies	-	-	-	-	-
Trade and other payable	26	-	-	-	26
Senior secured bond	24 500	-	-	-	24 500
Senior secured bond, interest payments	1 762	-	-	-	1 762
Total	26 288	-	-	-	**26 288**

31 Dec 2022

EUR thousand	**< 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Payables to group companies	1 195	-	-	-	1 195
Trade and other payable	2	-	-	-	2
Senior secured bond	500	24 500	-	-	25 000
Senior secured bond, interest payments	1 912	1 419	-	-	3 331
Total	3 609	25 919	-	-	**29 528**

The Company’s bond is maturing for repayment in September 2024, as further described in note 12. The management of the Company has reasonable expectations it is able to refinance the bonds at maturity due to strong performance compared to financial costs and favourable loan to value.

Capital management

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

Capital management is based on the evaluation of essential risks concerning the group. The management of the Company monitors equity ratio. Capital is managed through group contributions or equity instalments. In accordance with the terms of bonds issued by the Company and guaranteed by Sunborn UK, as described in note 12 Borrowings, the Company is not permitted to raise new external debt, however intra-group financing is allowed if needed either in form of equity or debt instruments.

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 120.0 %. 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 financial covenant is measured semi-annually, and the Company has not breached the covenant.

5. Rental income from related parties and other income

The Group's rental income consists of rental income from Sunborn UK. Bareboat charter agreement is in force until terminated by either party subject to six months' prior notice. Rental income relates to investment property, see note 9 for details.

The Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj is with a minimum sum of GBP 195,000 per month. During the year to 31 December 2022, an additional 1.100 MGBP was charged by the Sunborn London Oyj to account for updated capital cost, planned bond repayments, vessel insurance and classification costs. The monthly charter cost is updated with inflation to GBP 234,000 per month from 1.1.2023 onwards and to GBP 246,000 from 1.1.2024 onwards.

Future minimum lease payments from the lease contract translated at exchange rate prevailing on each balance sheet date are as follows:

EUR thousand	**31 Dec 2023**	**31 Dec 2022**
Within 1 year	1 698	1 583
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
Between 3 and 4 years	-	-
Between 4 and 5 years	-	-
Later than 5 years	-	-
Total	**1 698**	**1 583**

6. Operating expenses

Operating expenses are presented in the table below:

Operating expenses

EUR thousand	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**
Insurance	111	108
Repair and maintenance	6	-
Professional services	46	92
Management fee	90	96
Administrative expenses	40	25
Total	**293**	**321**

Auditor's fee

EUR thousand	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**
Statutory fees	17	13

7. Finance income and costs

Finance income and costs are presented in the table below:

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Finance income:		
Interest income on loan given to parent company	2 116	1 444
Foreign exchange gains	52	1
Total finance income	2 169	1 445
Finance expenses:		
Interest expenses on borrowings	-2 598	-1 890
Foreign exchange losses	-15	-189
Total finance costs	-2 613	-2 078
Finance income and costs, net	**-445**	**-633**

Foreign exchange differences relate mainly to the lease receivables from Sunborn UK which are denominated in GBP. Terms and conditions on loan given to the parent company is described in note 13 Related party transactions.

8. Income tax expense

The effective tax rate in 2023 and in 2022 was 20 %.

Income tax expense

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Current tax	0	0
Change in deferred taxes	-195	-302
Total	**-195**	**-302**

Tax charge

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Profit before income tax	977	1 510
Tax calculated at Finnish tax rate (20%)	-195	-302
Tax recognized in profit loss	**-195**	**-302**

9. Investment property

The Group presents as investment property its investment in a Yacht Hotel that is leased out under operating lease and it is operated as Yacht hotel Sunborn London by Sunborn International UK Ltd. The investment property is carried at cost less any accumulated depreciation and any accumulated losses.

The Yacht hotel is registered in Finland but located in London, United Kingdom, where it is leased under a bareboat charter agreement to Sunborn UK. Sunborn UK is also responsible for the management.

Fair value measurement of the Yacht hotel

Fair value of the yacht hotel as at 31 December 2023 has been estimated to be EUR 37 million (31.12.2022: EUR 37 million). The fair value has been determined based on income approach using discounted cash flow analyses. The fair value measurement is based on unobservable inputs and accordingly, is classified in Level 3 in the fair value hierarchy. The volatility in the fair value is due to the impact of estimated cash flows and the fluctuation of the GBP/EUR exchange rate. Fair value of the yacht hotel as at 31, December 2023 exceeds the book value of the yacht hotel.

The calculation takes into account different scenarios for determining the residual value after the contractual lease term: its estimated terminal value at the end of the lease term and assumed continuation of the lease contract after the contractual fixed period. Discount rate of 7 % is based on hotel yields in London added by average yearly inflation of 2 %. The payments for the extrapolated period include adjustment for risk of 1 %.

The fair value measurement is prepared using unobservable inputs based on the management estimation. The cash flows in the discounted cash flow calculation are based on the fixed payments in the lease contract less estimated operating expenses. If the discount rate used in the calculation would be one percentage point lower/higher, the fair value would have been approximately 4.1 million higher / 3.4 million lower.

Changes in the carrying amount of investment property

EUR thousand	**Yacht hotel**
Cost at January 1, 2022	45 432
Cost at December 31, 2022	**45 432**
Accumulated depreciation at January 1, 2022	10 535
Depreciation	1 505
Accumulated depreciation and impairment at December 31, 2022	**12 040**
Net book value at January 1, 2022	34 898
Net book value at December 31, 2022	33 393

EUR thousand	**Yacht hotel**
Cost at January 1, 2023	45 432
Additions	141
Cost at December 31, 2023	**45 574**
Accumulated depreciation at January 1, 2023	12 040
Depreciation	1 508
Accumulated depreciation and impairment at December 31, 2023	**13 548**
Net book value at January 1, 2023	33 393
Net book value at December 31, 2023	32 026

Rental income and direct operating expenses related to Yacht hotel recognised in the comprehensive income statement are as follows:

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Rental income	3 223	3 969
Direct operating expenses from property that generated rental income	117	108

10. Deferred tax assets and liabilities

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Deferred tax liabilities:		
Depreciation difference on investment property	6 251	6 501
Measurement of the borrowings using effective interest method	25	56
Total	6 276	6 557
At January 1	6 557	6 826
Recognized in income statement	-281	-269
Book value at December 31	6 276	6 557
Deferred tax assets and liabilities, net	**6 276**	**6 557**

The Company has recognised directly in equity income tax liability related to group contribution EUR 0.476 (2022: EUR 0.571) million.

11. Equity

Number of the shares has been 200 shares since the establishment of the Company. Shares have no nominal value. The Company has not distributed any dividend and the bond agreement set some restrictions for distribution of dividend. However, group contributions are allowed. The group contribution recognised directly in equity amounted to EUR 1.905 (2022: EUR 2.282) million net of tax.

12. Borrowings

EUR thousand	31 Dec 2023	31 Dec 2022
Non-current:		
Senior secured bond	-	23 773
Current:		
Senior secured bond	24 185	500
Total	**24 185**	**24 273**

The bonds are denominated in euros and mature by 22 September 2024. The bonds have been repaid by the Company in two small instalments and the remaining amount will be fully redeemed on maturity date at nominal amount in addition to 1 % call premium. The contractual interest is 5.5 % plus 3-month Euribor. The effective interest rate is 7.27 %.

The management estimates that the fair value of the bond payable approximates the carrying amount as credit standing of the Company has not changed significantly from the issue date.

A summary table with maturity of all financial liabilities is presented in note 4 Financial risk management.

Collaterals and guarantees given

The bonds are secured by a 1st lien mortgage in the Yacht hotel. In addition the security package includes a pledge over shares of Sunborn London Oyj and Sunborn International (UK) Ltd, a pledge granted on subordinated loans, parent loan, intra-group loans, pledged Accounts and other bank accounts held by the Issuer, a floating charge over relevant assets, rights and revenues of the Issuer, an assignment by the Issuer of all rights, titles and interests, under the Bareboat Agreement, including step-in rights for the Trustee, a floating charge granted by the Guarantor creating security over all relevant assets, rights and revenues of the Guarantor and a pledge granted by the Guarantor of the Guarantor's receivable and any intra-group loans from time to time, an assignment by the Guarantor of any relevant insurances related to the Barge and an on demand guarantee (In Norwegian: "påkravsgaranti').

The bond terms include an asset cover ratio of minimum 120.0 % to maintain the market value to adjusted financial indebtedness, an interest cover ratio, which requires the Company to generate EBITDA minimum of 1.1 times the net finance charges to maintain profitability and the covenant for maintain liquidity in an amount exceeding the aggregate amount of six months of interests. The financial covenants are measured semi-annually, and the Company has not breached the covenant. The financial covenants are further described in note 4 Financial risk management.

Changes in liabilities from financing activities:

EUR thousand	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Liabilities as at January 1 2022	500	23 880	24 380
Cash flows - repayment (-) / withdrawal (+) of bonds	-500	0	-500
Amortisation using effective interest method	0	393	393
Other changes	500	-500	0
Liabilities as at December 31 2022	500	23 773	**24 273**
Liabilities as at January 1 2023	500	23 773	24 273
Cash flows - repayment (-) / withdrawal (+) of bonds	-500	0	-500
Amortisation using effective interest method	0	412	412
Other changes	24 185	-24 185	0
Liabilities as at December 31 2023	24 185	0	**24 185**

13. Related parties

Transactions with related parties

Related parties are the ultimate parent company Sunborn Oy, the direct parent company Sunborn International Holding Oy, other Sunborn Group entities, the board of directors and key management of the Group and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the group’s transactions and outstanding balances with related parties during or at the end of the years presented:

EUR thousand	1 Jan – 31 Dec 2023 Rental income from the operating lease	Management fee	Interest income	1 Jan – 31 Dec 2022 Rental income from the operating lease	Management fee	Interest income
Ultimate parent - Sunborn Oy	-	-55	-	-	-53	-
Parent - Sunborn International Holding Oy	-	-25	2 116	-	-20	1 444
Sunborn International Oy	-	-10	-	-	-24	-
Sunborn UK	3 223	-	-	3 969	-	-
Total	**3 223**	**-90**	**2 116**	**3 969**	**-97**	**1 444**

EUR thousand	31 Dec 2023 Receivables	Liabilities	31 Dec 2022 Receivables	Liabilities
Ultimate parent - Sunborn Oy	-	-	-	1 170
Parent - Sunborn International Holding Oy	24 138	-	20 826	25
Sunborn UK	1	-	3 579	-
Total	**24 139**	**-**	**24 405**	**1 195**

The rental income arises from a lease contract related to the Yacht hotel with Sunborn UK. The Bareboat charter agreement is in force until terminated by either party subject to six months' prior notice.

The Group has paid management fee to Sunborn Oy, Sunborn International Holding Oy and Sunborn International Oy and received interest income from Sunborn International Holding Oy. The interest income arises from the loan granted to the parent as described below.

The intercompany receivable from the parent company Sunborn International Holding Oy matures in September 2026, however subject to the occurrence of certain events in the bond terms receivable mature and become immediately due. The loan receivable accumulates interest income based on market rate and is recognised as receivable from the parent company. Fair value of the loan receivable approximates its carrying amount, as it was given to the parent in September 2021 and carries interest rate based on market rate.

The lease receivables from Sunborn UK amounted to approximately EUR 1 thousand on 31.12.2023 (EUR 3.6 million on 31.12.2022).

Sunborn UK and Sunborn International Holding Ltd have guaranteed the senior secured bonds of the Company. Detailed information on the guarantee is described in note 12 Borrowings.

14. Events after the balance sheet date

Nothing to report.

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

		1 Jan – 31 Dec 2023		1 Jan – 31 Dec 2022
TURNOVER		3 223 148,12		3 968 733,91
Depreciation		-291 396,96		-909 046,32
Other operating charges		-293 463,05		-320 858,88
		===========		===========
EBITA		2 638 288,11		2 738 828,71
Financial income and expenses				
Interest income and financial income	2 168 791,21		1 444 897,70	
Interest expenses and financial expenses	-2 459 585,24	-290 794,03	-1 944 473,80	-499 576,10
		===========		===========
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		2 347 494,08		2 239 252,61
Adjustment items				
Group contribution		-2 381 800,00		-2 852 618,29
Increase (-)/decrease(+) in depreciation difference		34 324,54		613 418,29
Income taxes		0,00		-10,30
		===========		===========
PROFIT FOR THE PERIOD		18,62		42,31

BALANCE SHEET OF THE PARENT COMPANY (FAS)

ASSETS	31 Dec 2023		31 Dec 2022	
FIXED ASSETS				
Tangible assets				
Machinary and equipment	7 024 029,56		7 174 020,90	
Construction in process	261 205,30	7 285 234,86	356 677,40	7 530 698,30
Investments				
Shares		2 500,00		2 500,00
CURRENT ASSETS				
Receivables				
Receivables from Group companies		24 137 944,84		20 826 138,04
Current receivables				
Receivables from Group companies	1 155,57		3 578 913,73	
Other receivables	7 384,44		7 083,42	
Prepaid expenses and accrued income	201 969,36	210 509,37	457 161,43	4 043 158,58
Cash and bank receivables		231 213,50		1 159 877,70
		============		============
TOTAL ASSETS		31 867 402,57		33 562 372,62

LIABILITIES	31 Dec 2023		31 Dec 2022	
SHAREHOLDERS' EQUITY				
Share capital	80 000,00		80 000,00	
Reserve for invested non-restricted equity	600 000,00		600 000,00	
Retained earnings	350 355,93		350 313,62	
Profit for the period	18,62	1 030 374,55	42,31	1 030 355,93
APPROPRIATIONS				
Accumulated depreciation difference		6 252 812,31		6 287 136,85
LIABILITIES				
Non-current liabilities				
Bond		0,00		24 500 000,00
Current liabilities				
Bond	24 500 000,00		500 000,00	
Debt to group companies	0,00		1 195 118,29	
Accounts payable	26 432,46		2 370,00	
Accrued liabilities and deferred income	57 783,25	24 584 215,71	47 391,55	1 744 879,84
		============		============
TOTAL LIABILITIES		31 867 402,57		33 562 372,62

CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Cash flows from/used in operating activities		
Profit before tax	2 347 494,08	2 239 252,61
Depreciation and amortisation	291 396,96	909 046,32
Income taxes paid	0,00	-10,30
Finance costs	290 794,03	499 576,10
Change in trade and other receivables	115 645,25	-262 272,31
Change in trade and other payables	-1 171 055,83	-1 358 941,44
Net cash flows from/used in operating activities (A)	1 874 274,49	2 026 650,98
Cash flows used in investing activities		
Capital Expenditure	-45 933,52	-95 472,10
Net cash flows used in investing activities (B)	-45 933,52	-95 472,10
Cash flows from financing activities		
Proceeds from borrowings	-500 000,00	-500 000,00
Contriburion to group companies	-119 224,04	0,00
Transaction costs	393,02	-12 856,00
Interest ja finance costs paid	-2 174 779,24	-1 484 541,65
Net cash flows from financing activities (C)	-2 793 610,26	-1 997 397,65
Change in cash and cash equivalents (A+B+C)	-965 269,29	-66 218,77
Cash and cash equivalents at the beginning of period	1 159 877,70	1 402 492,76
Change in cash and cash equivalents	36 605,09	-176 396,29
Cash and cash equivalents at the end of period	231 213,50	1 159 877,70

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

ACCOUNTING PRINCIPLES

The accounting period of the company is a calendar year.

Valuation principles for fixed assets

Fixed assets are valued at their current acquisition cost less planned depreciation. Planned depreciation is calculated according to the predefined depreciation plan as straight-line depreciation on the original acquisition cost of fixed assets. Minor acquisitions (below EUR 850) are booked as costs for accounting period.

Depreciation periods based on estimated economic working lives are as follows:

Machinery and equipment	25 years

The depreciation plan has been changed during the accounting period to better reflect the asset's economic life. The remaining economic life of the machines and equipment on 1 January 2023 is estimated to be 25 years.

Receivables and liabilities denominated in foreign currency

Receivables and liabilities denominated in foreign currency are valued on the basis of the average rate on the balance sheet date.

Consolidated Financial Statements

The company belongs to Sunborn Group. The parent company is Sunborn Oy, domicile in Turku.
Copies of group financial statements are available at the Group's Headquarters:
Juhana Herttuan puistokatu 23, 20100 TURKU, FINLAND.

Going concern and liquidity risk

The company's management has assessed the company's ability to continue its operations in the future. The financial statements are prepared on the basis of the going concern.

The company’s bond is maturing for repayment on September 22, 2024. The company has engaged advisors and is in progress of pursuing and negotiating refinancing in advance of maturity. The company is negotiating with several parties and has received an indicative loan offer. The financial market is challenging, but management believes refinancing is available due to strong performance and the fair value of the yacht in relation to the amount of refinancing.

According to the terms of the company's bond, the company's internal long-term receivable of EUR 24.1 million from the parent company Sunborn International Holding Oy would also due for payment immediately, if the company failed to repay the bond. The immediate payment of the receivable to the company could require the sale of Sunborn International Holding Oy's subgroup assets or raise additional capital.

Refinancing has not been confirmed by the date of approval of the financial statements, so obtaining of financing constitutes such a material factor of uncertainty, which may give significant reason to doubt the Company's and the Group´s ability to continue its operations. If the company is unable to secure refinancing of the bond by maturity date and the assumption of continuity of operations therefore no longer applies, the situation would require the above-described receivable and other assets to be valued at the recoverable amount and possible additional liabilities to be recorded. Therefore the timely refinancing of the current outstanding bond is assumed for continued going concern operations.

The war in Ukraine and Israel-Gaza are not estimated to have a direct impact on the company's operations.

DEPRECIATON AND DEPRECIATION DIFFERENCE

Tangible assets	2023	2022
Machinery and equipment		
Planned depreciation	291 396,96	909 046,32
Depreciation difference	-34 324,54	-613 418,29
Total depreciation	257 072,42	295 628,03

OTHER OPERATING EXPENSES

	2023	2022
Administrative expenses	147 769,50	133 975,68
Repair and maintenance	5 843,16	0,00
Insurance expenses	111 330,61	107 667,74
Other expenses	28 519,78	79 215,46
Total	293 463,05	320 858,88

AUDITOR'S FEES

	2023	2022
Pricewaterhousecoopers Oy		
Audit fees	17 077,82	12 510,00

FINANCIAL INCOME AND EXPENSES

	2023	2022
Financial income		
Interest income from group companies	2 116 392,26	1 443 723,06
Other financial income	52 398,95	1 174,64
Total	2 168 791,21	1 444 897,70
Financial expenses		
Interest expenses	2 185 214,28	1 496 860,40
Other financial expenses	274 370,96	447 613,40
Total	2 459 585,24	1 944 473,80
Financial income and expenses total	-290 794,03	-499 576,10

GROUP CONTRIBUTIONS

	2023	2022
Group contributions given	2 381 800,00	2 852 618,29

CHANGES IN FIXED ASSETS

Tangible assets:	2023	2022
Machinery and equipment		
Acquisition cost 1 Jan	24 217 754,42	24 217 754,42
Additions	141 405,62	0,00
Accumulated depreciation 1 Jan	17 043 733,52	16 134 687,20
Depreciation during the financial year	291 396,96	909 046,32
Accumulated depreciation 31 Dec	17 335 130,48	17 043 733,52
Book value 31 Dec	7 024 029,56	7 174 020,90
Construction in process		
Acquisition cost 1 Jan	356 677,40	261 205,30
Additions	0,00	95 472,10
Disposals	-95 472,10	0,00
Acquisition cost 31 Dec	261 205,30	356 677,40
Accumulated depreciation difference		
Machinery and equipment	6 252 812,31	6 287 136,85

INVESTMENTS

Name	Holding %	Domicile	Share capital
Sunborn London Admin Oy	100 %	Turku	2 500,00

Subgroup companies are consolidated in the Sunborn Group´s financial statements.

INTERCOMPANY BALANCES

		2023	2022
Long-term receivables		24 137 944,84	20 826 138,04
Short-term receivables			
Accounts receivable		1 155,57	3 578 913,73
	Total	24 139 100,41	24 405 051,77
Short-term liabilities			
Accounts payable		0,00	24 800,00
Other liabilities		0,00	1 170 318,29
	Total	0,00	1 195 118,29

PREPAID EXPENSES AND ACCRUED INCOME

	2023	2022
Other receivables	201 969,36	457 161,43

SHAREHOLDERS' EQUITY

	2023	2022
Shareholders´ equity		
Share capital 1 Jan	80 000,00	80 000,00
Share capital 31 Dec	80 000,00	80 000,00
Reserve for invested non-restricted equity 1 Jan	600 000,00	600 000,00
Reserve for invested non-restricted equity 31 Dec	600 000,00	600 000,00
Retained earnings 1 Jan	350 355,93	350 313,62
Profit for the period 31 Dec	18,62	42,31
Total shareholders' equity	1 030 374,55	1 030 355,93
Distributable assets 31 Dec		
Reserve for invested non-restricted equity	600 000,00	600 000,00
Retained earnings	350 355,93	350 313,62
Profit for the period	18,62	42,31
	950 374,55	950 355,93

The number of company shares is 200. Each share entitles equal voting rights and rights to dividend and company assets. The company's shares are 100 % owned by Sunborn International Holding Oy.

ACCRUED EXPENSES

	2023	2022
Interest accrual	57 783,25	47 381,25
Accrued tax liability	0,00	10,30
Total	57 783,25	47 391,55

COLLATERALS AND CONTINGENT LIABILITIES

	2023	2022
Bonds	24 500 000,00	25 000 000,00
Mortgages	40 000 000,00	40 000 000,00
Floating charge	41 600 000,00	41 600 000,00
Pledged bank accounts	229 119,60	1 082 067,20
Pledged internal receivables	24 139 100,41	24 405 051,77

PROPOSAL OF PROFIT DISTRIBUTION

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and the funds are carried forward to retained earnings.

SIGNATURES FOR THE FINANCIAL STATEMENTS

SUNBORN LONDON OYJ

Turku, April 10, 2024

_________________________ _________________________

Ritva Niemi	Pekka Niemi
Chairman of the Board	Board member

_________________________ _________________________

Jari Niemi	Hans Niemi
Board member	Board member and Chief Executive Officer (CEO)

THE AUDITOR'S NOTE

A report on the audit performed has been issued today.

Turku, the date of electronic signature

PricewaterhouseCoopers Oy

Authorized Public Accountant Firm

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Tomi Moisio

KHT, JHT

Authorized Public Accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Sunborn London Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Sunborn London Oyj (business identity code 2726819-7) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information

- the parent company's balance sheet, income statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 6 to the Financial Statements.

Material uncertainty related to going concern

We draw attention to the consolidated financial statement note 2. Summary of significant accounting policies, Going concern and liquidity risk and parent company financial statement note Accounting principles, Going concern and liquidity risk and Report of board of directors, Short-term risks and uncertainties, which describe that the company's bond is maturing for repayment on September 22, 2024. As the refinancing is not secured by the date of approval these financial statements, represents the refinancing material uncertainty that may cast significant doubt on company's and the group's ability to continue as going concern.

Our opinion is not modified in respect of this matter.

Our Audit Approach

Overview

- Overall group materiality: 0,6 million euros, which represents 1% of group total assets.

- The group audit scoping encompassed the parent company of the group.

- Revenue recognition
- Investment property valuation
- Group receivables 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.

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 group materiality for the consolidated 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 group materiality	0,6 million euros
How we determined it	1% of group total assets
Rationale for the materiality benchmark applied	We chose group total assets as the benchmark because, in our view, it is the benchmark against which the assets of the company is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group operates mainly in the parent company. The group audit scope encompassed the parent company. We determined that no risk for material misstatements relates to the subsidiary and therefore our procedures regarding this entity comprised only of analytical procedures performed at group level. By performing the procedures above, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole in order to provide an opinion on the consolidated financial statements.

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. 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.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In addition to the matter described in the "material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Revenue recognition *Refer to Accounting policies and note 5.* The Company recognises rental income based on fixed monthly payments determined in the lease contract. This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.	We assessed 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 agreement.

Valuation of investment property

Refer to Accounting policies and note 9

Company´s investment property consists of the Yacht hotel.

The company's investment property includes the yacht hotel. The yacht hotel is the most significant asset item on the Company's balance sheet and the most important security for the bond.

Valuation of investment property is a key audit matter as it is a significant balance sheet item and it includes management's estimates.

We assessed 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.

Group receivables valuation

Refer to Accounting policies and note 13 (related parties)

The company has a long-term loan receivable from the parent company Sunborn International Holding Oy of 24.1 million euros.

The valuation of group receivables is a key audit matter as it is a significant balance sheet item and it includes management's estimates.

We have inspected the valuation principles of receivables and the appropriateness of the notes to the consolidated financial statements.

We evaluate the calculations prepared by the management, which are related to the valuation of receivables and evaluate their appropriateness.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they 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 Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is 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 good auditing practice 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 good auditing practice, we exercise professional judgment and maintain professional skepticism 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 parent company's or the group's internal control.

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

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or 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 parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 19 November 2015. Our appointment represents a total period of uninterrupted engagement of 8 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Turku 30.4.2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tomi Moisio
Authorised Public Accountant (KHT, JHT),

COMPANY NUMBER 03843168

SUNBORN INTERNATIONAL (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS OF THE FINANCIAL STATEMENTS

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

Directors:	Pekka Niemi Hans Niemi Karen Thomson
Secretary:	Goodwille Limited
Registered office:	1 Chapel Street Warwick United Kingdom CV34 4HL
Registered number:	03843168 (England and Wales)
Independent Auditor:	Shaw Gibbs (Audit) Limited Statutory Auditor Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

The directors of Sunborn International (UK) Limited ("the Company") present their annual report and audited financial statements for the year ended 31 December 2023.

Principal Activity

The principal activity of the Company is that of the operation of a luxury floating hotel and restaurant from the yacht, Sunborn London.

Directors

The directors of the Company during the year and up to the approval of the financial statements were as follows:

Pekka Niemi
Hans Niemi
Karen Thomson

Dividends

No dividends were declared or paid by the Company during the current period and the directors do not propose a final dividend.

Going Concern

The directors have considered the Company's financial position, liquidity and future performance together with financial projections for the Company over the foreseeable future. The company had a successful year and Sunborn achieved a strong market position in London. The year ahead looks good and the parent company will continue to provide financial support to the Company if needed. After making enquiries, the directors are satisfied that the Company has or will have sufficient resources to continue in operation for the foreseeable future, being at least 12 months from the date of the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Non Adjusting Events After the Financial Period

Since the end of the reporting period, there have been no matters or circumstances not otherwise dealt with, within the financial statements that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the period subsequent to the period ended 31 December 2023.

Financial Instruments

Details of financial instruments and their associated risks are given in note 17 to the financial statements.

Statement as to Disclosure of Information to Auditor

Each of the current directors who held office at the date of approval of this directors' report confirms that:

- so far as the director is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Reappointment of Auditors

Following a merger of Harmer Slater Limited with Shaw Gibbs (Audit) Limited in November 2023, Harmer Slater Limited resigned as the company's auditors and Shaw Gibbs (Audit) Limited were appointed to act as the company's auditors. Shaw Gibbs (Audit) Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small Companies Provision Statement

The directors have taken advantage of the small companies exemptions provided by sections 414B and 415A of the Companies Act 2006 from the requirement to prepare a strategic report and in preparing the directors' report on the grounds that the Company is entitled to prepare its financial statements for the year in accordance with small companies' regime.

The directors' report was approved by the board on 30 April 2024 and signed on its behalf by:

………………………………………….

H Niemi
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the Company affairs and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

OPINION

We have audited the financial statements of Sunborn International UK Limited (the 'Company') for the year ended 31 December 2023 which comprise: the statement of comprehensive income, statement of financial position, statement of changes in equity, statements of cash flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements;
- we obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our cumulative audit and commercial knowledge and experience of the Company and the hospitality sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We are also required to perform specific procedures to respond to the risk of management bias and override of controls. To address this, we performed analytical procedures to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions; assessed whether judgements and assumptions made in determining the accounting estimates set out in note 18 were indicative of potential bias; and investigated the business rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement to disclosures underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, analysing legal costs to ascertain if there have been instances of non-compliance with laws and regulations

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUNBORN INTERNATIONAL (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

USE OF THIS REPORT

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

……………………………….

Ransford Agyei-Boamah (Senior Statutory Auditor)
For and on behalf of Shaw Gibbs (Audit) Limited, Statutory Auditor
Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

30 April 2024

COMPANY NUMBER 03843168

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
Continuing operations		**£**	**£**
Revenue	6	10,547,681	10,047,973
Cost of sales		5,336,031	(5,718,211)
Gross profit		5,211,650	4,329,762
Administrative expenses	7	(4,732,988)	(4,254,946)
Operating profit		**478,662**	**74,816**
Finance income/(costs)	8	12,774	(18,894)
Profit/(Loss) before tax		**491,436**	**55,922**
Profit /(Loss) for the year attributable to the shareholder		**491,436**	**55,922**
Total comprehensive profit/ (loss) for the year attributable to the shareholder		**491,436**	**55,922**

Profit / (Loss) per share

		2023	2022
		£	**£**
Basic and diluted profit/ (loss) per share	12	3.28	0.37

COMPANY NUMBER 03843168

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
ASSETS:			
Non-current assets			
Property, plant and equipment	13	391,366	367,137
Right-of-use asset	19	411,666	519,057
Total non-current assets		**803,032**	**886,194**
Current assets			
Inventories	14	114,774	112,278
Trade and other receivables	15	272,431	1,466,241
Cash and cash equivalents	16	2,039,905	3,408,659
Total current assets		2,427,110	4,987,178
Total assets		**3,230,142**	**5,873,372**
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS:			
Share capital	17	150,000	150,000
Retained earnings		442,882	(48,554)
Total equity		**592,882**	**101,446**
LIABILITIES:			
Non-current liabilities			
Lease liabilities	19	330,198	434,654
Total non-current liabilities		**330,198**	**434,654**
Current liabilities			
Trade and other payables	18	2,211,526	5,238,645
Lease liabilities	19	95,536	98,627
Total current liabilities		**2,307,062**	**5,337,272**
Total liabilities		**2,637,260**	**5,771,926**
Total equity and liabilities		**3,230,142**	**5,873,372**

ON BEHALF OF THE BOARD:

The financial statements of Sunborn International (UK) Limited were approved and authorised for issue by the board of directors on 30 April 2024 and signed on its behalf by:

....

H Niemi
Director

COMPANY NUMBER 03843168

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Retained Earnings £	Total £
Balance at 1 January 2022	150,000	(104,476)	45,524
Profit for the year and total comprehensive income	-	55,922	55,922
Total comprehensive income for the year	-	55,922	55,922
Balance at 31 December 2022	**150,000**	**(48,554)**	**101,446**
Balance at 1 January 2023	150,000	(48,554)	101,446
Loss for the year and total comprehensive income	-	491,436	491,436
Total comprehensive income for the year	-	491,436	491,436
Balance at 31 December 2023	**150,000**	**442,882**	**592,882**

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2023

	2023	2022
	£	£
Cash flows from operating activities		
Profit / (loss) for the year	491,436	55,922
Finance cost	27,887	28,719
Depreciation	364,775	258,519
(Increase)/decrease in inventories	(2,496)	(23,576)
(Increase)/decrease in receivables	1,193,810	(115,933)
Increase/(decrease) in payables	(3,027,118)	1,178,115
Net cash generated from/(utilised in) operating activities	**(951,706)**	**1,381,766**
Cash flows from investing activities		
Purchases of property, plant and equipment	(281,614)	(174,512)
Net cash used in investing activities	**(281,614)**	**(174,512)**
Cash flows from financing activities		
Repayment of lease liabilities	(135,434)	(126,510)
Net cash used in financing activities	**(135,434)**	**(126,510)**
Net increase/(decrease) in cash and cash equivalents	(1,368,754)	1,080,744
Cash and cash equivalents at beginning of the year	3,408,659	2,327,915
Cash and cash equivalents at end of the year	**2,039,905**	**3,408,659**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Reporting entity and nature of operation

Sunborn International (UK) Limited ('the Company') is a private Company limited by share capital incorporated in England and Wales under the Companies Act. Its ultimate parent and holding Company is Sunborn Oy, an undertaking incorporated in Finland. The address of the Company's registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the directors' report on page 2.

Sunborn International (UK) Limited ("Sunborn UK") is acting as a charterer for a luxury yacht hotel "Sunborn London" docked at 'at Royal Victoria Dock in London, the UK ("Yacht hotel"), which it is own by its sister Company Sunborn London Oyj. The Yacht hotel is equipped with 138 cabins, including 5 suites, conference and auditorium facilities for up to 100 delegates, restaurant and two bars. Since 2021 operations consist of acting as the charterer and operator of the Yacht hotel.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the UK (collectively IFRSs). Details of the Company's accounting policies, including changes during the year, are included in note 4.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

2.1 Statement of compliance

As a result of the UK leaving the EU, the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685) require all companies with accounting periods beginning on or after 1 January 2023 to apply UK-adopted IAS. In the previous year the Company applied International Financial Reporting Standards as adopted in the European Union (EU-adopted IFRS). Prior year comparatives have not been restated for this change.

On 1 January 2023 UK-adopted IAS and EU-adopted IFRS were identical. Since this date timing differences in endorsement have arisen, however no amendments would be required to these financial statements if they were to be prepared in accordance with EU-adopted IFRS as at 31 December 2023.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments, as described in the accounting policies set out below.

3. Functional and presentational currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are summarised below. They have all been applied consistently throughout the year and the preceding year.

4.1 Going concern

The directors have considered the Company's financial position, liquidity and future performance together with financial projections for the Company over the foreseeable future. The company had a successful year and Sunborn achieved a strong market position in London. The year ahead looks good and the parent company will continue to provide financial support to the Company if needed. After making enquiries, the directors are satisfied that the Company has or will have sufficient resources to continue in operation for the foreseeable future, being at least 12 months from the date of the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

4.2 Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of value added tax. The Company's revenue comprises the provision of hotel accommodation and events, sale of food and beverage and other revenue. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities. Revenue from accommodation is recognised when rooms are occupied. Revenue from events when the events takes place, revenue from food and beverages is recognised is recognised when these are sold.

4.3 Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

4.4 Short term and long term employee benefits

An expense relating to contributions for defined contribution retirement benefit plans is recognised when employees have rendered the service entitling them to the contributions. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company has no obligation to fund any shortfall between the value of these assets and the return that the employees were hoping to earn.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4.5 Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting 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 and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

4.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

- Furniture and fittings 3 years straight line
- Improvements to property 10 years straight line

4.7 Impairment of assets

Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indicating that the carrying amount might not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less selling expenses and value in use. In assessing impairment loss, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets that have been previously impaired, testing is conducted on each balance-sheet date on whether reversal should be done.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4.8 Leases

Company as a lessee

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized using the straight-line basis so as to write the cost of assets over the lease term.

Company as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as finance lease. The Company recognises a lease receivable at the net present value of the lease payments receivables and derecognises the right-of-use asset when the Company becomes an intermediate lessor in accordance with IFRS 16.

4.9 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.10 Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise bank current account and cash balances. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows where applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4.12 Trade and other payable

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 the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The risk associated with going concern as explained in note 4.1 is considered by management to be the only critical judgement and estimate for investors to understand when considering some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

6. Revenue

	2023	2022
	£	£
Accommodation and events	5,018,955	6,193,623
Food and beverages	3,601,486	3,017,787
Other revenue	1,927,240	836,563
	10,547,681	**10,047,973**

7. Expenses by Nature

	2023	2022
	£	£
Employment costs	2,714,325	2,453,427
Depreciation & amortisation	364,775	258,519
Legal & Professional	41,764	62,888
Repairs & maintenance	165,869	254,683
Advertising & marketing	138,426	97,103
Bank charges	204,324	185,480
Management fees	87,106	-
Other costs	1,016,399	942,846

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

8. Finance Income/(Cost)

	2023	2022
	£	£
Other interest income	40,661	9,825
Other interest (payable)	(27,887)	(28,719)
	12,774	**(18,894)**

9. Operating Profit for the year

The profit for the year is stated after charging:	2023	2022
	£	£
Depreciation of owned assets	257,384	151,128
Depreciation of right to use assets	107,391	107,391
Auditor's remuneration:		
Audit of these financial statements	8,500	8,500
Other services	7,200	6,458

10. Personnel expenses (including Directors' remuneration)

The average number of employees during the period, including directors were as follows:

	2023	2022
Operations	119	111

The aggregate staff costs of Company employees were as follows:

	2023	2022
	£	£
Wages and salaries	2,795,938	2,508,378
Social security costs	225,361	204,390
Pension costs – defined contribution plans	53,975	59,252
	3,075,274	**2,772,020**

A director charged the Company £24,000 (2022: £25,000) during the year for his services. All other directors were remunerated by other group undertakings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

11. Income tax expense

Recognised in the income statement

	2023	2022
	£	£
Current tax expense		
UK Corporation tax	-	-

Reconciliation of effective tax rate	2023	2022
	£	£
Profit / (Loss) before tax	491,436	55,922
Income tax using the UK corporation tax rate of 19% (2022: 19%)	93,373	(10,625)
Depreciation in excess of capital allowances and depreciation	48,903	(108,017)
Depreciation in excess of disallowable expense	3,004	30,574
Tax losses (utilised)/carried forward	(161,829)	21,521
Income tax charge	-	-

The Company has unrelieved tax losses of £263,214 (2022: £715,067) carried forward at 31 December 2023. These unrelieved tax losses are available for tax utilisation against future trading profits. No deferred tax asset is recognised in the Statement of Financial Position in respect of these losses.

12. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2023 was based on the profit attributable to ordinary shareholders of £491,436 (2022: of £55,922) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2023 of £150,000 (2022: £150,000) calculated as follows:

Profit attributable to ordinary shareholders

	2023	2022
	£	£
Profit for the period	491,436	55,922
Loss attributable to ordinary shareholders	491,436	55,922

Weighted average number of ordinary shares

	2023	2022
	Number	Number
Number of shares in issue at beginning of year	150,000	150,000
Weighted average number of ordinary shares in issue for the year	150,000	150,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	2023	2022
	£	£
Earnings per share	3.28	0.37

Diluted earnings per share is the same as basic earnings per share as there were no dilutive instruments.

13. Property, plant and equipment

	Improvements to property	Fixtures & fittings	Total
	£	£	£
Cost			
Balance at 1 January 2022	1,262,031	7,111	1,269,142
Additions	37,874	136,638	174,512
Balance at 31 December 2022	1,299,904	143,749	1,443,654
Balance at 1 January 2023	1,299,904	143,749	1,443,654
Additions	59,138	222,476	281,614
Balance at 31 December 2023	1,359,042	366,225	1,725,268
Depreciation			
Balance at 1 January 2022	923,859	1,531	925,389
Depreciation charge for the period	134,015	17,112	151,127
Balance at 31 December 2022	1,057,874	18,643	1,076,517
Balance at 1 January 2023	1,057,874	18,643	1,076,517
Depreciation charge for the period	164,606	92,779	257,385
Balance at 31 December 2023	1,222,480	111,422	1,333,902
Net book value			
At 31 December 2022	242,030	125,107	367,137
At 31 December 2023	**136,562**	**254,803**	**391,366**

14. Inventories

	2023	2022
	£	£
Consumable supplies	114,774	112,278
	114,774	**112,278**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. Trade and other receivables

	2023	2022
	£	£
Trade receivables	81,987	62,365
Amounts due from group undertakings	-	1,226,374
Other receivables	190,444	177,502
	272,431	**1,466,241**

The carrying value of trade and other receivables classified as loans and receivables approximates fair value. The average credit period for trade receivables is 14 days. The directors consider that the carrying value of trade receivables approximates to their fair value.

16. Cash and cash equivalents

	2023	2022
	£	£
Bank balances	2,038,405	3,407,009
Petty cash	1,500	1,650
	2,039,905	**3,408,659**

17. Share capital

	2023		2022	
	No.	£	No.	£
Authorised, allotted, called up and fully paid shares of £1 each	150,000	150,000	150,000	150,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company has one class of share capital which carries no right to fixed income.

The retained profit reserve represents cumulative profit or losses net of dividends paid and other adjustments.

Capital management

The Company is not subject to either internally or externally imposed capital requirements. The Company's objective when managing capital is to provide sufficient resources and to safeguard the Company's ability to continue as a going concern, so that it can continue to increase the value of the entity for the benefit of its shareholder.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objectives, policies and processes during the current or previous year.

The directors consider the Company's capital as follows:

	2023	2022
	£	£
Cash and cash equivalents	2,039,905	3,408,659
Net cash	2,039,905	3,408,659
Equity	592,881	101,446
Total capital	**2,632,786**	**3,510,105**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. Trade and other payables

	2023	2022
	£	£
Current Liabilities		
Trade payables	276,766	311,164
Amounts owed to group undertakings	65,668	3,204,077
Other payables	1,558,375	1,384,413
Accruals	310,717	338,991
	2,211,526	**5,238,645**

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 70 days. No interest is charged on overdue amounts.

The directors consider that the carrying value of trade and other payables approximates to their fair value.

19. Leases

Company is the lessee

On adoption of IFRS 16, the Company recognised a right of use asset and a lease liability related to mooring rights.

Right- of – use assets

	Mooring rights
	£
Cost	
Balance at 1 January 2022	782,988
Additions	138,287
Balance at 31 December 2022	921,275
Balance at 1 January 2023	921,275
Additions	-
Balance at 31 December 2023	921,275
Depreciation	
Balance at 1 January 2022	294,827
Depreciation charge for the period	107,391
Balance at 31 December 2022	402,218
Balance at 1 January 2023	402,218
Depreciation charge for the period	107,391
Balance at 31 December 2023	509,609
Net book value	
At 31 December 2022	**519,057**
At 31 December 2023	**411,666**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. Leases – continued

Lease liabilities

At 31 December 2023 the Company is committed to £425,734 (2022: £533,281) in future lease payments, none of which relates to short-term. The carrying amount of the lease liabilities approximate the fair value.

The following table outlines the future lease payments

	2023	2022
	£	£
Not later than one year	138,408	126,516
Later than one year and not later than five years	392,156	484,976
	530.564	611,492
Less: unearned interest cost	(104,830)	(78,211)
Lease liabilities	425,734	533,281

The future lease payments analysed as:

	2023	2022
	£	£
Non-current	330,198	434,654
Current	95,536	98,627
	425,734	533,281

Amounts recognised in statement of comprehensive income:

	2023	2022
	£	£
Depreciation of right-of-use assets	107,391	107,391
Interest expense on lease liabilities	27,887	28,719
	135,278	136,110

Cash Flows

The total cash outflows for leases amounted to £135,434 (2022: £126,516), split as follows:

- cash payments of £123,900 (2022: £115,973) for the principal portion of the lease liabilities within financing activities; and
- cash payments of £11,534 (2022: 10,543) for the interest portion of the lease liabilities within operating activities.

20. Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £53,975 (2022: £59,252). Contributions totalling £nil (2022: 22,830) were payable to the scheme at the end of the year are included in other payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Financial instruments

The principal financial assets comprise: cash and cash equivalents; amounts due from group undertakings; and trade and other receivables. The financial liabilities comprise: trade payables; amount due the parent undertaking; other payables and accrued expenses. All of the financial liabilities are measured at amortised cost and their financial assets are classified as loans and receivables and measured at amortised cost.

The Company held the following categories of financial instruments at 31 December 2023:

	2023	2022
	£	£
Financial assets		
Loans and receivables at amortised cost:		
Amounts owed by group undertakings	-	1,226,374
Other receivables	190,444	177,502
Cash at bank	2,039,905	3,408,659
Total financial assets	**2,230,349**	**4,812,535**

	2023	2022
Liabilities at amortised cost or equivalent:		
	£	£
Trade payables	(276,766)	(311,164)
Amount owed to group undertakings	(65,668)	(3,204,077)
Other payables	(1,558,375)	(1,384,413)
Accruals and deferred income	(310,718)	(338,991)
Total financial liabilities	**2,211,527**	**(5,238,645)**

There were no financial assets and financial liabilities that are measured at fair value on a recurring basis at the current or previous year ends. In consequence, no further information has been presented about how the Company establishes the fair values of financial instruments.

The directors determine, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are liquidity risk, credit risk, market risk and interest rate risk each of which is discussed below.

Liquidity risk

Liquidity risk arises from the management of working capital and the finance and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The trade payables, other payables and accrued expenses are generally due between one and three months.

Credit risk

The principal financial assets are bank balances and cash, trade and other receivables. The credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful debts. It is Company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the statement of financial position date there were no significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements (interest rate risk). The Company is not exposed to foreign exchange rate risk as all its financial assets and liabilities are denominated in British pound. The Company has no significant exposure to price risk as it does not hold any equity securities or commodities.

Interest rate risk
Company's interest rate risk principally arises from long-term loan receivable and borrowing. As they bear variable interest rates, they expose the Company to cash flow interest rate risk. On the other hand, not having loan receivables and borrowings at fixed rates, does not expose the Company to fair value interest rate risk. Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

Company's interest rate risk is monitored on a regular basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

Fair values
In the directors' opinion there is no material difference between the book value and fair value of any of the financial instruments.

Classes of financial instruments
The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All the Company's financial assets are categorised as receivables and all financial liabilities are measured at amortised cost.

22. Related parties

The Company's related parties are Sunborn group entities controlled by Sunborn Oy and the board of directors of the Company, the board of directors of the parent Company Sunborn Oy together with their close family members, and companies controlled by these individuals.

At the year end the Company was owed by Sunborn International OY £nil (2022: £1, 226,374) and Sunborn Gibraltar £nil (2022: £nil) and owed by Sunborn London Oy £7,077 (2022: £(3,166,165)), Sunborn Saga Oy £11,366 (2022: £(873)), Sunborn Energy Ltd £2,995 (2022: £nil) and Sunborn International Holding Oy £87,106 (2022: 37,040). These amounts are interest free and repayable on demand.

23. Immediate and ultimate parent undertaking

The Company is a wholly owned subsidiary of Sunborn International Holding Oy. The smallest and largest group in which the results of the Company are consolidated is that of Sunborn Oy, the financial statements of which can be obtained from Juhana Hertuan Puistokatu 23, 20100 Turku, Finland.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. Non adjusting events after the financial period

There have been no significant events between the year end and the date of approval of these accounts which would require a change to, or disclosure in, the financial statements.

25. Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended Standards and Interpretations effective from 1 January 2023

The following new and amended Standards and Interpretations have been issued and are effective for the current financial period but have had no impact on the Company's financial statements:

Narrow scope amendments to IFRS 3, IAS 16 and IAS 37 effective 1 January 2023

Annual improvements to IFRS Standards 2018-2020 effective 1 January 2023

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

Standard or Interpretation	UK Adoption date	Mandatory effective date (period beginning)
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	Not applicable	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	Not applicable	1 January 2023
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a single transaction.	Not applicable	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	Not applicable	1 January 2024

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed.

The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.