Brincat Anna at Parlament-MT

From:	Cutajar Christopher at MFT
Sent:	Friday, 07 February 2025 16:12
To:	Brincat Anna at Parlament-MT
Cc:	Sant Josette at MFT; Briguglio Tonio at MFT; Mahoney Kevin at MHAL - OPS
Subject:	Kontijiet Statutorji - MFC
Attachments:	Audited Accounts (MFC) 2020.PDF; Audited Accounts (MFC) 2021.PDF; Audited Accounts (MFC) 2022.PDF; Audited Accounts (MFC) 2019.PDF; Audited Accounts (MFC) 2018.PDF

Sa Brincat,

Fl-hemża ssib kopja tal-kontijiet statutorji tal-*Malta Film Commission* li ġew preżentati fis-snin 2019 sa 2023. Il-Malta Film Commission ma kienetx f'qagħda li tippreżentali l-kontijiet għas-sena finanzjarja 2023, ċjoe' dawk li li kellhom jiġu preżentati fl-2024.

Peress li MHAL huwa fil-preżent il-Ministeru li jkopri l-Malta Film Commission qiegħed ngħaddi kopja ta' din l-email lis-Segretarju Permanenti s-Sur Kevin Mahoney.

Tislijiet,

Christopher Cutajar
Permanent Secretary
Office of the Permanent Secretary

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Malta Film Commission

Report Financial Statements

31 December 2018

Contents

Report of the members of the Commission

The Members present their report and the financial statements of Malta Film Commission for the year ended 31 December 2018.

Principal activities

The principal activity of the Malta Film Commission is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on the audio-visual policy for the promotion, development and support of the audio-visual and filming servicing industry.

The Malta Film Commission has continued with its drive to promote Malta's film industry abroad while driving the development of the indigenous industry, creating business opportunities while investing in training and outreach programmes to develop core skills.

The Malta Film Commission, as part of its programme of initiatives to market Malta as a unique and dynamic location, has attended a number of film festivals and gave a series of presentations to potential film makers.

During 2016, the Commission had also taken over the management of the film studios facilities including the water tank facilities in Kalkara. Management of the facilities was retained throughout 2018. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the commission.

Results and dividends

The Members of the Commission report a loss for the year of € 535,058 (2017: € 71,046), of which a loss of € 37,969 (2017: € 37,887) was generated by Malta Film Studios.

Members of the Commission

The following have served as Members of the Commission during the year under rereview:

Dr. Beverly Cutajar (Chairperson)
Mr. Johann Grech (Commissioner)
Ms. Audrey Harrison
Dr. Joseph Chetcuti (resigned on 22 May 2018)
Mr. Jonathan Mangion
Ms. Giselle Desira (appointed on 22 May 2018)
Ms. Marouska Debono (resigned on 22 May 2018)
Mr. Ryan Pace (appointed on 22 May 2018)

In accordance with Malta Film Commission Act, Cap. 478 of the Laws of Malta, the Commission Members are appointed for a term of 3 years, and they shall be eligible for re-appointment on the expiration of their term of office.

Disclosure of information to the auditor

At the date of making this report the Members of the Commission confirm the following:

- As far as the members are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and;
- The members have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of responsibilities of the Members of the Commission

The Members of the Commission are required by the Malta Film Commission Act, Cap. 478 of the Laws of Malta, to keep proper accounts and other records concerning the Commission's operations and transactions, and to ensure that a relative statement of accounts is prepared in respect of each financial year.

In preparing the financial statements, the Members of the Commission:

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

The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Registered address:
Malta Film Commission
St Rocco Street
Kalkara KKR 9062
Malta

3 June 2020

Income statement

	Notes	Malta Film Commission		Malta Film Studios		Total	
		2018	2017	2018	2017	2018	2017
		€	€	€	€	€	€
Revenue	5	**430,000**	**390,000**	**229,579**	**684,971**	**659,579**	**1,074,971**
Operating and other Admin expenses		(1,213,992)	(531,212)	(299,582)	(722,858)	(1,513,574)	(1,254,070)
		(783,992)	**(141,212)**	**(70,003)**	**(37,887)**	**(853,995)**	**(179,099)**
Other income		286,903	108,053	32,034	-	318,937	108,053
Loss for the year	7	**(497,089)**	**(33,159)**	**(37,969)**	**(37,887)**	**(535,058)**	**(71,046)**

Statement of financial position

	Notes	Malta Film Commission 2018 €	Malta Film Commission 2017 €	Malta Film Studios 2018 €	Malta Film Studios 2017 €	Total 2018 €	Total 2017 €
Assets							
Non-current							
Plant and equipment	9	118,016	11,324	124,517	6,354	242,533	17,678
		118,016	**11,324**	**124,517**	**6,354**	**242,533**	**17,678**
Current							
Trade and other receivables	10	32,404	104,217	924	43,177	33,328	147,394
Cash and cash equivalents	11	167,561	28,931	55,796	191,613	223,357	220,544
		199,965	**133,148**	**56,720**	**234,790**	**256,685**	**367,938**
Total assets		**317,981**	**144,472**	**181,237**	**241,144**	**499,218**	**385,616**
Liabilities							
Current							
Borrowings	12	-	4,474	-	-	-	4,474
Trade and other payables	13	774,723	99,651	104,199	126,137	878,922	225,788
		774,723	**104,125**	**104,199**	**126,137**	**878,922**	**230,262**
Equity							
(Deficit)/Surplus		(456,742)	40,347	77,038	115,007	(379,704)	155,354
Total		**317,981**	**144,472**	**181,237**	**241,144**	**499,218**	**385,616**

The financial statements on pages 4 to 19 were approved, authorised for issue and signed by the director on 3 June 2020.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Statement of changes in equity

	Malta Film Commission Surplus(deficit) €	Malta Film Studios surplus €	Total €
At 1 January 2017	73,506	152,894	226,400
Loss for the year	(33,159)	(37,887)	(71,046)
At 31 December 2017	**40,347**	**115,007**	**155,354**
At 1 January 2018	40,347	115,007	155,354
Loss for the year	(497,089)	(37,969)	(535,058)
At 31 December 2018	**(456,742)**	**77,038**	**(379,704)**

Statement of cash flows

	Notes	Malta Film Commission 2018	Malta Film Commission 2017	Malta Film Studios 2018	Malta Film Studios 2017	Total 2018	Total 2017
		€	€	€	€	€	€
Operating activities							
Loss before tax		(497,089)	(33,159)	(37,969)	(37,887)	(535,058)	(71,046)
Adjustments	14	13,144	2,965	1,235	705	14,379	3,670
Net changes in working Capital	14	746,885	(23,182)	20,315	27,957	767,200	4,775
Taxation paid		-	(10,525)	-	-	-	(10,525)
Net cash flows generated from (used in) operating Activities		**262,940**	**(63,901)**	**(16,419)**	**(9,225)**	**246,521**	**(73,126)**
Investing activities							
Purchase of property, plant and equipment		(119,836)	(6,439)	(119,398)	(7,059)	(239,234)	(13,498)
Net cash flows used in investing activities		**(119,836)**	**(6,439)**	**(119,398)**	**(7,059)**	**(239,234)**	**(13,498)**
Net movement in cash and cash		143,104	(70,340)	(135,817)	(16,284)	7,287	(86,624)
Cash and cash equivalents at beginning of year		24,457	94,797	191,613	207,897	216,070	302,694
Cash and cash at end of year	11	**167,561**	**24,457**	**55,796**	**191,613**	**223,357**	**216,070**

Notes to the financial statements

1 Nature of operations

The principal activity of the Malta Film Commission ("the Commission") is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on audio-visual policy for the promotion, development and support of the audio-visual and film servicing industry.

During 2016, the Commission also took over the management of the film studios facilities including the water tank facilities in Kalkara. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the Commission.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

The Malta Film Commission is incorporated and domiciled in Malta. The address of the Commission's registered office, which is also its principal place of business, if St. Rocco Street, Kalkara KKR 9062.

These financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and comply ith Malta Film Commission Act, Cap. 478 of the Laws of Malta.

These financial statements are presented in euro (€), which is also the functional currency of the Commission.

3 Change in accounting policies

3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2018

A number of the new and revised standards are effective for annual periods beginning on or after 1 January 2018. These and other amendments to IFRSs that became mandatorily effective in 2018 have no material impact on the Commission's financial results or position.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations.

The adoption of IFRS 15 did not have a material impact on these financial statements. There were no adjustments to the Commission's reserves at 1 January 2018 arising from the first-time adoption of IFRS 15. A further analysis is therefore not required.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

There was no impact from the adoption of IFRS 9 on these financial statements.

There have been no reclassifications of financial instruments between measurement categories arising from the first-time application of IFRS 9.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission

At the date of authorisation of these financial statements, several new but not yet effective standards, amendments to existing standards and interpretations, have been published by the IASB. These standards, amendments or interpretations have not been adopted early by the Commission.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, interpretations and amendments neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Commission's financial statements.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the balance sheet in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the standard and therefore is unable to provide quantified information.

4 Summary of accounting policies

4.1 Overall considerations and presentation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies have been consistently applied by the Commission and are consistent with those used in previous years.

4.2 Income and expense recognition

Government subvention

Income from subvention voted to the Commission from the consolidated fund is accrued for in accordance with the Commission's approved budget for the year.

Other income

Other income is recognised upon the performance of services rendered. Income arising from sponsorships is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Operating expenses

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.3 Plant and equipment

Items of plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

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

Depreciation is charged on a straight-line basis so as to write off the cost of the assets over their estimated useful lives using the rates below.

	%	Method
Improvements to premises	20	Straight line
Furniture and fittings	10	Straight line
Computer and electronic equipment	20	Straight line
AC and other equipment	20	Straight line

No depreciation is provided on assets that are not yet brought into use.

4.4 Impairment testing of plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, members of the Commission estimate expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all asses are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Commission becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Commission does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Commission's cash and cash equivalents fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Commission's first identifying a credit loss event. Instead the Commission considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Commission's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Commission's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Commission designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in income statement are included within finance costs or finance income.

4.6 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and short-term deposits which are held to maturity and are carried at cost.

For the purposes of cash flow statement, cash and cash equivalents consist of cash at bank and in hand.

4.7 Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of these financial statements requires the members to make judgements, estimates and assumptions. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, the members estimate the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4.4).

Useful lives of depreciable assets

The members review its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5 Revenue

	Malta Film Commission		Malta Film Studios		Total	
	2018	2017	2018	2017	2018	2017
	€	€	€	€	€	€
Government subvention	430,000	390,000	-	-	430,000	390,000
Tank services	-	-	229,579	684,971	229,579	684,971
	430,000	**390,000**	**229,579**	**684,971**	**659,579**	**1,074,971**

6 Staff costs

	Malta Film Commission		Malta Film Studios		Total	
	2018	2017	2018	2017	2018	2017
	€	€	€	€	€	€
Wages and salaries	231,164	234,193	166,586	169,941	397,750	404,134
Social security costs	24,534	25,574	-	-	24,534	25,574
Members' remuneration	27,686	20,032	-	-	27,686	20,032
	283,384	**279,799**	**166,586**	**169,941**	**449,970**	**449,740**

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

	Total	
	2018	2017
	No.	No.
Administration	19	21

7 Loss for the year

The loss for the year is stated after charging:

	Malta Film Commission		Malta Film Studios		Total	
	2018	2017	2018	2017	2018	2017
	€	€	€	€	€	€
Depreciation of plant and equipment	13,144	2,965	1,235	705	14,379	3,670
Members' remuneration	27,686	20,032	-	-	27,686	20,032
Auditor's remuneration	2,250	1,050	2,250	4,750	4,500	5,800

8 Tax expense

The relationship between the expected tax income based on the effective tax rate of the Commission at 35% (2017: 35%) and the income tax expense actually recognised in the income statement can be reconciled as follows:

	Malta Film Commission		Malta Film Studios		Total	
	2018	2017	2018	2017	2018	2017
	€	€	€	€	€	€
Loss before tax	(497,089)	(33,159)	(37,969)	(37,887)	(535,058)	(71,046)
Tax rate	35%	35%	35%	35%	35%	35%
Expected tax income	**173,981**	**11,605**	**13,289**	**13,261**	**187,270**	**24,866**
Adjustments for:						
Disallowable expenses	(1,870)	(3,935)	-	-	(1,870)	(3,935)
Other differences	-	(254)	-	-	-	(254)
Unrecognised deferred tax	(172,111)	(7416)	(13,289)	(13,261)	(185,400)	(20,677)
Actual tax expense	-	-	-	-	-	-

At 31 December 2018 the Commission had a deferred tax asset amount to € 206,077 (2017: € 20,677), which arose from unabsorbed tax losses and capital allowances. The members of the commission had not recognised this asset in view of doubts over its realisation.

9 Plant and equipment

Details of the Commission's plant and equipment and their carrying amounts are as follows:

Malta Film commission

	Office equipment €	Furniture and fixtures €	Computer hardware and software €	Assets not yet capitalised €	Total €
Cost					
As 1 January 2018	7,839	7,377	31,102	-	46,318
Additions	5,293	70,226	10,519	33,798	119,836
At 31 December 2018	**13,132**	**77,603**	**41,621**	**33,798**	**166,154**
Depreciation					
At 1 January 2018	3,129	4,690	27,175	-	34,994
Depreciation for the year	1,207	7,755	4,182	-	13,144
At 31 December 2018	**4,336**	**12,445**	**31,357**	**-**	**48,138**
Carrying amount at 31 December 2018	**8,796**	**65,158**	**10,264**	**33,798**	**118,016**
Cost					
As 1 January 2017	4,690	7,377	27,812	-	39,879
Additions	3,149	-	3,290	-	6,439
At 31 December 2017	**7,839**	**7,377**	**31,102**	**-**	**46,318**
Depreciation					
At 1 January 2017	2,451	3,955	25,623	-	32,029
Depreciation for the year	678	735	1,552	-	2,965
At 31 December 2017	**3,129**	**4,690**	**27,175**	**-**	**34,994**
Carrying amount at 31 December 2017	**4,710**	**2,687**	**3,927**	**-**	**11,324**

Malta Film Studios

	Plant and machinery €	Air-conditioning €	Office equipment €	Electrical infrastructure €	Total €
Cost					
As 1 January 2018	2,135	4,924	-	-	7,059
Additions	-	492	4,790	114,116	119,398
At 31 December 2018	**2,135**	**5,416**	**4,790**	**114,116**	**126,457**
Depreciation					
At 1 January 2018	214	491	-	-	705
Depreciation for the year	214	542	479	-	1,235
At 31 December 2018	**428**	**1,033**	**479**	**-**	**1,940**
Carrying amount at 31 December 2018	**1,707**	**4,383**	**4,311**	**114,116**	**124,517**
Cost					
Additions	2,135	4,924	-	-	7,059
At 31 December 2017	**2,135**	**4,924**	**-**	**-**	**7,059**
Depreciation					
Depreciation for the year	214	491	-	-	705
At 31 December 2017	**214**	**491**	**-**	**-**	**705**
Carrying amount at 31 December 2017	**1,921**	**4,433**	**-**	**-**	**6,354**

Depreciation expense for the year has been included within 'Operating and other administrative expenses' in the income statement.

10 Trade and other receivables

	Malta Film Commission		Malta Film Studios		Total	
	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €
Trade debtors	501	97,876	838	43,177	1,339	141,053
Other receivables	31,903	6,341	86	-	31,989	6,341
Trade and other receivables	**32,404**	**104,217**	**924**	**43,177**	**33,328**	**147,394**

The carrying amount of trade and other receivables is considered a reasonable approximation of fair value.

11 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Malta Film Commission		Malta Film Studios		Total	
	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €
Cash at bank	167,561	27,147	55,004	190,821	222,565	217,968
Cash at hand	-	1,784	792	792	792	2,576
Bank balance overdraft	-	(4,474)	-	-	-	(4,474)
Cash and cash equivalents in the statement of cash flows	**167,561**	**24,457**	**55,796**	**191,613**	**223,357**	**216,070**

The Commission did not have any restrictions on its cash at bank at year end.

12 Borrowings

	Malta Film Commission 2018 €	2017 €	Malta Film Studios 2018 €	2017 €	Total 2018 €	2017 €
Bank overdraft	-	4,474	-	-	-	4,474

The Commission aims at maintaining a positive balance on its bank accounts through efficient treasury management.

13 Trade and other payables

	Malta Film Commission 2018 €	2017 €	Malta Film Studios 2018 €	2017 €	Total 2018 €	2017 €
Trade payables	493,115	66,250	212,136	13,392	705,251	79,642
Accrued expenses	5,114	1,090	9,028	31,710	14,142	32,800
Other payables	150,833	81,913	8,696	31,433	159,529	113,346
Intercompany account	125,661	(49,602)	(125,661)	49,602	-	-
Trade and other payables	**774,723**	**99,651**	**104,199**	**126,137**	**878,922**	**225,788**

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

14 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to loss before tax to arrive at operating cash flow:

	Malta Film Commission 2018 €	2017 €	Malta Film Studios 2018 €	2017 €	Total 2018 €	2017 €
Adjustments:						
Depreciation of plant and equipment	13,144	2,965	1,235	705	14,379	3,670
	13,144	**2,965**	**1,235**	**705**	**14,379**	**3,670**
Working capital:						
Trade and other receivables	71,813	(132,927)	42,253	42,259	114,066	(90,668)
Trade and other payables	675,072	109,745	(21,938)	(14,302)	653,134	95,443
	746,885	**(23,182)**	**20,315**	**27,957**	**767,200**	**4,775**

15 Financial instrument risk

Risk management objectives and policies

The Commission is exposed to credit risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The Commission's risk management is coordinated by the members of the Commission and focuses on actively securing the Commission's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Commission is exposed to are described below. See also note 15.4 for a summary of the Commission's financial assets and liabilities by category.

15.1 Credit risk

The Commission's exposure to credit risk is limited to the carrying amount of its financial assets recognised at the end of the reporting period, as summarised below:

	Malta Film Commission 2018 €	Malta Film Commission 2017 €	Malta Film Studios 2018 €	Malta Film Studios 2017 €	Total 2018 €	Total 2017 €
Classes of financial assets - carrying amounts:						
Trade and other receivables	32,404	104,217	924	43,177	33,338	147,394
Cash and cash equivalents	167,561	28,931	55,796	191,613	223,357	220,544
	200,466	**133,148**	**56,720**	**234,790**	**256,695**	**367,938**

The Commission's credit risk on its trade and other receivables is limited as the commission has no significant concentration of credit risk. Cash and cash equivalents are placed with reputable banks, thus the exposure to credit risk is considered minimal.

15.2 Liquidity risk

The Commission's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see note 13). The Commission manages liquidity risk by continuously monitoring forecasted and annual cash terms and matching the maturity of financial assets and liabilities. The Commission's policy is to ensure adequate funding is available from operations and other sources as required.

The contractual maturities of the Commission's financial liabilities at the reporting dates under review are all current.

15.3 Interest rate risk

The Commission has no exposure to interest rate risk since it has no interest-bearing borrowings. Interest exposure on its financial assets bearing variable interest rates is not considered to be significant.

15.4 Summary of financial assets and liabilities by category

The carrying amounts of the Commission's financial assets and liabilities as recognized at the end of the reporting periods under review may also be categorised as follows. See note 4.5 for explanations about how the category of financial instruments affect their subsequent measurement.

	Malta Film Commission 2018 €	Malta Film Commission 2017 €	Malta Film Studios 2018 €	Malta Film Studios 2017 €	Total 2018 €	Total 2017 €
Classes of financial assets - carrying amounts:						
Trade and other receivables	32,404	104,217	924	43,177	33,338	147,394
Cash and cash equivalents	167,561	28,931	55,796	191,613	223,357	220,544
	200,466	**133,148**	**56,720**	**234,790**	**256,695**	**367,938**
Classes of financial liabilities - carrying amounts:						
Trade and other payables	774,723	99,651	104,119	126,137	878,922	225,788
	774,723	**99,651**	**104,119**	**126,137**	**878,922**	**225,788**

16 Capital management policies and procedures

The Malta Film Commission is considered to be a public entity as defined and incorporated under the provisions of the Malta Film Commission Act, 2005. Although the Commission's existence is dependent on political decisions, the members' objective is to ensure that the Commission continues to operate as a going concern.

To ensure proper capital management, the Commission monitors the level of debt, which includes other creditors less cash and bank balances against total capital on an ongoing basis.

17 Events after the end of the reporting year

No adjusting or significant non-adjusting events have occurred between the end of the reporting year and the date of authorisation.

Independent auditor's report

To the Members of Malta Film Commission

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Film Commission set out on pages 4 to 19 which comprise the statement of financial position as at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the Malta Film Commission Act, Cap. 478 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. 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.

Other information

The Members are responsible for the other information. The other information comprises the report to the Members of the Commission shown on pages 2 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

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 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 to the members, we also considered whether the Members' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- The information given in the Report to the Members for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Report to the Members has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Commission and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report to the Members and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Members for the financial statements

The Members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Members 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 Members are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

The Members are responsible for overseeing the Commission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission'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 members' 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 Commission'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 Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Members 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.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara BKR 1050
Malta

3 June 2020

Malta Film Commission

Report & Financial Statements

31 December 2019

Contents

Report of the Members of the Commission

The Members present their report and the financial statements of Malta Film Commission for the year ended 31 December 2019.

Principal activities

The principal activity of the Malta Film Commission is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on the audio-visual policy for the promotion, development and support of the audio-visual and filming servicing industry.

The Malta Film Commission has continued with its drive to promote Malta's film industry abroad while driving the development of the indigenous industry, creating business opportunities while investing in training and outreach programmes to develop core skills.

The Malta Film Commission, as part of its programme of initiatives to market Malta as a unique and dynamic location, has attended a number of film festivals and gave a series of presentations to potential film makers.

During 2016, the Commission had also taken over the management of the film studios facilities including the water tank facilities in Kalkara. Management of the facilities was retained throughout 2019. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the commission.

Results

The loss for the year amounted to € 188,902 (2018: € 535,058), of which a profit of € 189,980 (2018: loss of € 37,969) was generated by Malta Film Studios.

Members of the Commission

The following have served as Members of the Commission during the year under review:

Beverly Cutajar (Chairperson)
Clinton Bajada (Deputy Chairperson) (appointed on 27 May 2020)
Johann Grech (Commissioner)
Audrey Harrison
Ryan Pace
Sean Schembri (appointed on 27 May 2020)
Giselle Desira (resigned on 27 May 2020)
Jonathan Mangion (resigned on 27 May 2020)

In accordance with Malta Film Commission Act, Cap. 478 of the Laws of Malta, the Members of the Commission are appointed for a term of 3 years, and they shall be eligible for re-appointment on the expiration of their term of office.

Disclosure of information to the auditor

At the date of making this report, the Members of the Commission confirm the following:

- As far as the Members are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and;
- The Members have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of responsibilities of the Members of the Commission

The Members of the Commission are required by the Malta Film Commission Act, Cap. 478 of the Laws of Malta, to keep proper accounts and other records concerning the Commission's operations and transactions, and to ensure that a relative statement of accounts is prepared in respect of each financial year.

In preparing the financial statements, the Members of the Commission:

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

The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Registered address:
Malta Film Commission
St Rocco Street
Kalkara KKR 9062
Malta

24 March 2021

Income statement

	Notes	Malta Film Commission		Malta Film Studios		Total	
		2019	2018	2019	2018	2019	2018
		€	€	€	€	€	€
Revenue	5	800,000	430,000	717,667	229,579	1,517,667	659,579
Expenses		(1,705,278)	(1,213,992)	(672,428)	(299,582)	(2,377,706)	(1,513,574)
		(905,278)	**(783,992)**	**45,239**	**(70,003)**	**(860,039)**	**(853,995)**
Other income		526,396	286,903	144,741	32,034	671,137	318,937
(Loss) profit before tax	7	**(378,882)**	**(497,089)**	**189,980**	**(37,969)**	**(188,902)**	**(535,058)**
Tax expense	8	-	-	-	-	-	-
(Loss) profit for the year		**(378,882)**	**(497,089)**	**189,980**	**(37,969)**	**(188,902)**	**(535,058)**

Statement of financial position

	Notes	Malta Film Commission 2019	Malta Film Commission 2018	Malta Film Studios 2019	Malta Film Studios 2018	Total 2019	Total 2018
		€	€	€	€	€	€
Assets							
Non-current							
Plant and equipment	9	237,407	118,016	580,863	124,517	818,270	242,533
		237,407	**118,016**	**580,863**	**124,517**	**818,270**	**242,533**
Current							
Trade and other receivables	10	20,218	32,404	63,267	924	83,485	33,328
Cash and cash equivalents	11	44,258	167,561	952,501	55,796	996,759	223,357
		64,476	**199,965**	**1,015,768**	**56,720**	**1,080,244**	**256,685**
Total assets		**301,883**	**317,981**	**1,596,631**	**181,237**	**1,898,514**	**499,218**
Equity							
(Deficit)/Surplus		(835,624)	(456,742)	267,018	77,038	(568,606)	(379,704)
Total equity		**(835,624)**	**(456,742)**	**267,018**	**77,038**	**(568,606)**	**(379,704)**
Liabilities							
Current							
Trade and other payables	12	1,137,507	774,723	1,329,613	104,199	2,467,120	878,922
Total liabilities		**1,137,507**	**774,723**	**1,329,613**	**104,199**	**2,467,120**	**878,922**
Total equity and liabilities		**301,883**	**317,981**	**1,596,631**	**181,237**	**1,898,514**	**499,218**

The financial statements on pages 4 to 20 were approved, authorised for issue and signed by the Members of the Commission on 24 March 2021.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Statement of changes in equity

	Malta Film Commission Deficit €	Malta Film Studios Surplus €	Total Deficit €
At 1 January 2018	40,347	115,007	155,354
Loss for the year	(497,089)	(37,969)	(535,058)
At 31 December 2018	**(456,742)**	**77,038**	**(379,704)**
At 1 January 2019	(456,742)	77,038	(379,704)
(Loss) profit for the year	(378,882)	189,980	(188,902)
At 31 December 2019	**(835,624)**	**267,018**	**(568,606)**

Statement of cash flows

	Notes	Malta Film Commission 2019	Malta Film Commission 2018	Malta Film Studios 2019	Malta Film Studios 2018	Total 2019	Total 2018
		€	€	€	€	€	€
Operating activities							
(Loss) profit before tax		(378,882)	(497,089)	189,980	(37,969)	(188,902)	(535,058)
Non-cash adjustments	13	23,777	13,144	23,797	1,235	47,574	14,379
Net changes in working capital	13	375,655	746,885	1,163,071	20,315	1,538,726	767,200
Net cash flows generated from (used in) operating activities		**20,550**	**262,940**	**1,376,848**	**(16,419)**	**1,397,398**	**246,521**
Investing activities							
Purchase of plant and equipment	9	(145,710)	(119,836)	(480,143)	(119,398)	(625,853)	(239,234)
Proceeds from disposal of equipment		1,857	-	-	-	1,857	-
Net cash flows used in investing activities		**(143,853)**	**(119,836)**	**(480,143)**	**(119,398)**	**(623,996)**	**(239,234)**
Net movement in cash and cash equivalents		(123,303)	143,104	896,705	(135,817)	773,402	7,287
Cash and cash equivalents at beginning of year		167,561	24,457	55,796	191,613	223,357	216,070
Cash and cash equivalents at end of year	11	**44,258**	**167,561**	**952,501**	**55,796**	**996,759**	**223,357**

Notes to the financial statements

1 Nature of operations

The principal activity of the Malta Film Commission ("the Commission") is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on audio-visual policy for the promotion, development and support of the audio-visual and film servicing industry.

During 2016, the Commission also took over the management of the film studios facilities including the water tank facilities in Kalkara. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the Commission.

2 General information and statement of compliance with International Financial Reporting Standards

The Malta Film Commission is incorporated and domiciled in Malta. The address of the Commission's registered office, which is also its principal place of business, is St Rocco Street, Kalkara KKR 9062.

These financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and comply with Malta Film Commission Act, Cap. 478 of the Laws of Malta.

These financial statements are presented in euro (€), which is also the functional currency of the Commission.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2019

IFRS 16 'Leases'

IFRS 16 replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of IFRS 16 did not have a material impact to the Commission.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission

At the date of authorisation of these financial statements, several new but not yet effective standards, amendments and interpretations to existing standards, have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the Commission and are not expected to have any effect whatsoever.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Commission's financial statements.

4 Summary of accounting policies

4.1 Overall considerations and presentation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies have been consistently applied by the Commission and are consistent with those used in previous years.

4.2 Revenue and expense recognition

Revenue arises mainly from government subvention, tank services and other income.

To determine whether to recognise revenue, the Commission follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The Commission often enters into transactions which involve rendering of services to customers. In all cases, the total transaction price for a contract is based on market assessment approach. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Commission satisfy performance obligations by transferring the promised services to its customers.

The Commission recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as part of trade and other payables in the statement of financial position. Similarly, if the Commission satisfies a performance obligation before it receives the consideration, the Commission recognises trade and other receivables in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Government subvention

Income from subvention voted to the Commission from the consolidated fund is accrued for in accordance with the Commission's approved budget for the year.

Tank services

Income from tank services is recognised on a straight-line basis over the term as specified in the agreement with customers.

Other income

Other income is recognised upon the performance of services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Expenses

Expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.3 Plant and equipment

Items of plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

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

Depreciation is charged on a straight-line basis so as to write off the cost of the assets over their estimated useful lives using the rates below.

	%	Method
Computer hardware and software	25	Straight line
Air conditioning	16.67	Straight line
Furniture and fixtures	10	Straight line
Office equipment	10	Straight line
Plant and machinery	10/25	Straight line
Electrical infrastructure	5	Straight line

No depreciation is provided on assets that are not yet brought into use.

4.4 Impairment testing of plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, members of the Commission estimate expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Commission becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Commission does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Commission's cash and cash equivalents and trade and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Commission's first identifying a credit loss event. Instead the Commission considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Commission's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Commission's financial liabilities include trade and most payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Commission designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in income statement are included within finance costs or finance income.

4.6 Cash and cash equivalents

For the purposes of statement of financial position and statement of cash flows, cash and cash equivalents consist of cash at bank and cash in hand.

4.7 Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of these financial statements requires the Members of the Commission to make judgements, estimates and assumptions. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the Members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, the Members estimate the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4.4).

Useful lives of depreciable assets

The Members review its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5 Revenue

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Government subvention	800,000	430,000	-	-	800,000	430,000
Tank services	-	-	717,667	229,579	717,667	229,579
	800,000	**430,000**	**717,667**	**229,579**	**1,517,667**	**659,579**

6 Staff costs

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Wages and salaries	225,268	231,164	280,602	166,586	505,870	397,750
Social security costs	23,715	24,534	-	-	23,715	24,534
Members' remuneration	30,285	27,686	-	-	30,285	27,686
	279,268	**283,384**	**280,602**	**166,586**	**559,870**	**449,970**

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

	Total	
	2019	2018
	No.	No.
Administration	18	19

7 (Loss) profit before tax

The loss before tax is stated after charging:

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Depreciation of plant and equipment	23,777	13,144	23,797	1,235	47,574	14,379
Members' remuneration	30,285	27,686	-	-	30,285	27,686
Auditor's remuneration	2,375	2,250	2,375	2,250	4,750	4,500

8 Tax expense

The relationship between the expected tax income (expense) based on the effective tax rate of the Commission at 35% (2018: 35%) and the income tax expense actually recognised in the income statement can be reconciled as follows:

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
(Loss) profit before tax	(378,882)	(497,089)	189,980	(37,969)	(188,902)	(535,058)
Tax rate	35%	35%	35%	35%	35%	35%
Expected tax income (expense)	**132,608**	**173,981**	**(66,493)**	**13,289**	**66,115**	**187,270**
Adjustments for:						
Disallowable expenses	(2,432)	(1,870)	-	-	(2,432)	(1,870)
Unrecognised deferred tax	(130,176)	(172,111)	66,493	(13,289)	(63,683)	(185,400)
Actual tax expense	-	-	-	-	-	-

At 31 December 2019, the Commission had a deferred tax asset amount to € 443,867 (2018: € 206,077), which arose from unabsorbed tax losses and capital allowances. The Members of the Commission had not recognised this asset in view of doubts over its realisation.

9 Plant and equipment

Details of the Commission's plant and equipment and their carrying amounts are as follows:

Malta Film Commission

	Office equipment	Furnitures and fixtures	Computer hardware and software	Air conditioning	Assets not yet capitalised	Total
	€	€	€	€	€	€
Cost						
At 1 January 2019	13,132	77,603	41,621	-	33,798	166,154
Additions	-	47,250	14,636	15,173	68,651	145,710
Disposals	(2,825)	-	-	-	-	(2,825)
At 31 December 2019	**10,307**	**124,853**	**56,257**	**15,173**	**102,449**	**309,039**
Accumulated depreciation						
At 1 January 2019	4,336	12,445	31,357	-	-	48,138
Depreciation for the year	925	12,482	7,841	2,529	-	23,777
Released on disposals	(283)	-	-	-	-	(283)
At 31 December 2019	**4,978**	**24,927**	**39,198**	**2,529**	-	**71,632**
Carrying amount at 31 December 2019	**5,329**	**99,926**	**17,059**	**12,644**	**102,449**	**237,407**
Cost						
At 1 January 2018	7,839	7,377	31,102	-	-	46,318
Additions	5,293	70,226	10,519	-	33,798	119,836
At 31 December 2018	**13,132**	**77,603**	**41,621**	-	**33,798**	**166,154**
Accumulated depreciation						
At 1 January 2018	3,129	4,690	27,175	-	-	34,994
Depreciation for the year	1,207	7,755	4,182	-	-	13,144
At 31 December 2018	**4,336**	**12,445**	**31,357**	-	-	**48,138**
Carrying amount at 31 December 2018	**8,796**	**65,158**	**10,264**	-	**33,798**	**118,016**

Malta Film Studios

	Plant and machinery	Air conditioning	Office equipment	Electrical infrastructure	Assets not yet capitalised	Total
	€	€	€	€	€	€
Cost						
At 1 January 2019	2,135	5,416	4,790	114,116	-	126,457
Additions	45,503	-	21,451	66,724	346,465	480,143
At 31 December 2019	**47,638**	**5,416**	**26,241**	**180,840**	**346,465**	**606,600**
Accumulated depreciation						
At 1 January 2019	428	1,033	479	-	-	1,940
Depreciation for the year	11,589	542	2,624	9,042	-	23,797
At 31 December 2019	**12,017**	**1,575**	**3,103**	**9,042**	-	**25,737**
Carrying amount at 31 December 2019	**35,621**	**3,841**	**23,138**	**171,798**	**346,465**	**580,863**

	Plant and machinery	Air conditioning	Office equipment	Electrical infrastructure	Assets not yet capitalised	Total
	€	€	€	€	€	€
Cost						
At 1 January 2018	2,135	4,924	-	-	-	7,059
Additions	-	492	4,790	114,116	-	119,398
At 31 December 2018	**2,135**	**5,416**	**4,790**	**114,116**	-	**126,457**
Accumulated depreciation						
At 1 January 2018	214	491	-	-	-	705
Depreciation for the year	214	542	479	-	-	1,235
At 31 December 2018	**428**	**1,033**	**479**	-	-	**1,940**
Carrying amount at 31 December 2018	**1,707**	**4,383**	**4,311**	**114,116**	-	**124,517**

Assets not yet capitalised refers to the construction of new office of the Commission and upgrade of Malta Film Studios' facilities with works currently ongoing as at year-end date.

Depreciation expenses for the year has been included within 'Expenses' in the income statement.

10 Trade and other receivables

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Trade debtors	15,070	501	43,706	838	58,776	1,339
Other receivables	321	31,903	8,459	86	8,780	31,989
Financial assets	**15,391**	**32,404**	**52,165**	**924**	**67,556**	**33,328**
Prepayments	4,827	-	-	-	4,827	-
Statutory receivable	-	-	**11,102**	-	11,102	-
Trade and other receivables	**20,218**	**32,404**	**63,267**	**924**	**83,485**	**33,328**

The carrying amount of financial assets is considered a reasonable approximation of fair value.

11 Cash and cash equivalents

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Cash at bank	44,084	167,561	951,709	55,004	995,793	222,565
Cash in hand	174	-	792	792	966	792
	44,258	**167,561**	**952,501**	**55,796**	**996,759**	**223,357**

The Commission did not have any restrictions on its cash at bank at year end.

12 Trade and other payables

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Trade payables	366,330	493,115	461,778	212,136	828,108	705,251
Accrued expenses	25,270	5,114	14,685	9,028	39,955	14,142
Other payables	30,875	17,592	-	-	30,875	17,592
Intercompany balances	367,988	125,661	(367,988)	(125,661)	-	-
Financial liabilities	**790,463**	**641,482**	**108,475**	**95,503**	**898,938**	**736,985**
Deferred income	-	-	1,221,138	-	1,221,138	-
Statutory liabilities	347,044	133,241	-	8,696	347,044	141,937
Trade and other payables	**1,137,507**	**774,723**	**1,329,613**	**104,199**	**2,467,120**	**878,922**

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

13 Non-cash adjustments and net changes in working capital

The following non-cash flow adjustments and adjustments for net changes in working capital have been made to (loss) profit before tax to arrive at operating cash flow:

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Non-cash adjustments:						
Depreciation of plant and equipment	23,777	13,144	23,797	1,235	47,574	14,379
	23,777	**13,144**	**23,797**	**1,235**	**47,574**	**14,379**
Net changes in working capital:						
Trade and other receivables	12,186	71,813	(62,343)	42,253	(50,157)	114,066
Trade and other payables	363,469	675,072	1,225,414	(21,938)	1,588,883	653,134
	375,655	**746,885**	**1,163,071**	**20,315**	**1,538,726**	**767,200**

14 Financial instrument risk

Risk management objectives and policies

The Commission is exposed to credit risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The Commission's risk management is coordinated by the Members of the Commission and focuses on actively securing the Commission's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Commission is exposed to are described below. See also note 14.4 for a summary of the Commission's financial assets and financial liabilities by category.

14.1 Credit risk

The Commission's exposure to credit risk is limited to the carrying amount of its financial assets recognised at the end of the reporting period, as summarised below:

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Classes of financial assets - carrying amounts:						
Financial assets at amortised costs						
Trade and other receivables	15,391	32,404	52,165	924	67,556	33,328
Cash and cash equivalents	44,258	167,561	952,501	55,796	996,759	223,357
	59,649	**199,965**	**1,004,666**	**56,720**	**1,064,315**	**256,685**

The Commission's credit risk on its trade and other receivables is limited as the Commission has no significant concentration of credit risk. Cash and cash equivalents are placed with reputable banks, thus the exposure to credit risk is considered minimal.

14.2 Liquidity risk

The Commission's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see note 12). The Commission manages liquidity risk by continuously monitoring forecasted and annual cash terms and matching the maturity of financial assets and liabilities. The Commission's policy is to ensure adequate funding is available from operations and other sources as required.

The contractual maturities of the Commission's financial liabilities at the reporting dates under review are all current.

14.3 Interest rate risk

The Commission has no exposure to interest rate risk since it has no interest-bearing borrowings. Interest exposure on its financial assets bearing variable interest rates is not considered to be significant.

14.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the Commission's financial assets and financial liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.5 for explanations about how the category of financial instruments affect their subsequent measurement.

	Malta Film Commission		Malta Film Studios		Total	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Current assets						
Financial assets at amortised costs:						
Trade and other receivables	15,391	32,404	52,165	924	67,556	33,328
Cash and cash equivalents	44,258	167,561	952,501	55,796	996,759	223,357
	59,649	**199,965**	**1,004,666**	**56,720**	**1,064,315**	**256,685**
Current liabilities						
Financial liabilities at amortised costs:						
Trade and other payables	790,463	641,482	108,475	95,503	898,938	736,985
	790,463	**641,482**	**108,475**	**95,503**	**898,938**	**736,985**

15 Capital management policies and procedures

The Malta Film Commission is considered to be a public entity as defined and incorporated under the provisions of the Malta Film Commission Act, 2005. Although the Commission's existence is dependent on political decisions, the Members' objective is to ensure that the Commission continues to operate as a going concern.

To ensure proper capital management, the Commission monitors the level of debt, which includes trade and other payables less cash and bank balances against total capital on an ongoing basis.

16 Events after the end of the reporting year

Following the outbreak of the COVID-19 pandemic, the Members are monitoring the situation and taking immediate action to safeguard the interests of the Commission. To date, the Commission is operating as normal.

The Members are of the opinion that it is premature to comment on the consequences of the events that are still unfolding and that they cannot make an estimate of the financial effect that these events may have on the Commission. These events may adversely affect the Commission's current and future performance and future financial position. The financial statements do not include any adjustments that may be required should the Commission not realise the full value of its assets and discharge its liabilities in the normal course of business as a result of the prevailing situation.

There were no other adjusting or significant non-adjusting events between the balance sheet date and the date of authorisation of these financial statements by the directors.

Independent auditor's report

To the Members of Malta Film Commission

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Film Commission set out on pages 4 to 20 which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the Malta Film Commission Act, Cap. 478 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. 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.

Other information

The Members are responsible for the other information. The other information comprises the report of the Members of the Commission shown on pages 2 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

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 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 Members of the Commission, we also considered whether such report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- The information given in the Report of the Members of the Commission for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Commission and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Members of the Commission and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Members for the financial statements

The Members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Members 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 Members are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

The Members are responsible for overseeing the Commission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission'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 members' 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 Commission'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 Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Members 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.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara BKR 1050
Malta

24 March 2021

Malta Film Commission

Report & Financial Statements

31 December 2020

Contents

Report of the Members of the Commission

The Members present their report and the financial statements of Malta Film Commission for the year ended 31 December 2020.

Principal activities

The principal activity of the Malta Film Commission is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on the audio-visual policy for the promotion, development and support of the audio-visual and filming servicing industry.

The Malta Film Commission has continued with its drive to promote Malta's film industry abroad while driving the development of the indigenous industry, creating business opportunities while investing in training and outreach programmes to develop core skills.

The Malta Film Commission, as part of its programme of initiatives to market Malta as a unique and dynamic location, has attended a number of film festivals and gave a series of presentations to potential film makers.

During 2016, the Commission had also taken over the management of the film studios facilities including the water tank facilities in Kalkara. Management of the facilities was retained throughout 2020. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the commission.

Results

The surplus for the year amounted to € 321,480 (deficit in 2019: € 188,902), of which a deficit of € 117,622 (surplus in 2019: € 189,980) was incurred by Malta Film Studios.

Members of the Commission

The following have served as Members of the Commission during the year under review:

Beverly Cutajar (Chairperson)
Clinton Bajada (Deputy Chairperson) (appointed on 27 May 2020)
Johann Grech (Commissioner)
Audrey Harrison
Ryan Pace
Sean Schembri (appointed on 27 May 2020)
Giselle Desira (resigned on 27 May 2020)
Jonathan Mangion (resigned on 27 May 2020)

In accordance with Malta Film Commission Act, Cap. 478 of the Laws of Malta, the Members of the Commission are appointed for a term of 3 years, and they shall be eligible for re-appointment on the expiration of their term of office.

Disclosure of information to the auditor

At the date of making this report, the Members of the Commission confirm the following:

- As far as the Members are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and;
- The Members have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of responsibilities of the Members of the Commission

The Members of the Commission are required by the Malta Film Commission Act, Cap. 478 of the Laws of Malta, to keep proper accounts and other records concerning the Commission's operations and transactions, and to ensure that a relative statement of accounts is prepared in respect of each financial year.

In preparing the financial statements, the Members of the Commission:

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

The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Registered address:
Malta Film Commission
St Rocco Street
Kalkara KKR 9062
Malta

10 October 2023

Income statement

	Notes	Malta Film Commission		Malta Film Studios		Total	
		2020	2019	2020	2019	2020	2019
		€	€	€	€	€	€
Revenue	5	1,300,000	800,000	110,135	717,667	1,410,135	1,517,667
Expenses		(1,137,130)	(1,705,278)	(510,181)	(672,428)	(1,647,311)	(2,377,706)
		162,870	**(905,278)**	**(400,046)**	**45,239**	**(237,176)**	**(860,039)**
Other income	7	276,232	526,396	282,424	144,741	558,656	671,137
Surplus (deficit) before tax	8	**439,102**	**(378,882)**	**(117,622)**	**189,980**	**321,480**	**(188,902)**
Tax expense	9	-	-	-	-	-	-
Surplus (deficit) for the year		**439,102**	**(378,882)**	**(117,622)**	**189,980**	**321,480**	**(188,902)**

Statement of financial position

	Notes	Malta Film Commission 2020 €	2019 €	Malta Film Studios 2020 €	2019 €	Total 2020 €	2019 €
Assets							
Non-current							
Plant and equipment	10	281,893	237,407	858,872	580,863	1,140,765	818,270
		281,893	**237,407**	**858,872**	**580,863**	**1,140,765**	**818,270**
Current							
Trade and other receivables	11	86,419	20,218	558,707	63,267	645,126	83,485
Cash and cash equivalents	12	758,180	44,258	1,151	952,501	759,331	996,759
		844,599	**64,476**	**559,858**	**1,015,768**	**1,404,457**	**1,080,244**
Total assets		**1,126,492**	**301,883**	**1,418,730**	**1,596,631**	**2,545,222**	**1,898,514**
Equity							
(Deficit)/Surplus		(396,522)	(835,624)	149,396	267,018	(247,126)	(568,606)
Total equity		**(396,522)**	**(835,624)**	**149,396**	**267,018**	**(247,126)**	**(568,606)**
Liabilities							
Current							
Trade and other payables	13	1,523,014	1,137,507	1,269,334	1,329,613	2,792,348	2,467,120
Total liabilities		**1,523,014**	**1,137,507**	**1,269,334**	**1,329,613**	**2,792,348**	**2,467,120**
Total equity and liabilities		**1,126,492**	**301,883**	**1,418,730**	**1,596,631**	**2,545,222**	**1,898,514**

The financial statements on pages 4 to 20 were approved, authorised for issue and signed by the Members of the Commission on 10 October 2023.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Statement of changes in equity

	Malta Film Commission Deficit €	Malta Film Studios Surplus €	Total Deficit €
At 1 January 2019	(456,742)	77,038	(379,704)
Surplus (deficit) for the year	(378,882)	189,980	(188,902)
At 31 December 2019	**(835,624)**	**267,018**	**(568,606)**
At 1 January 2020	(835,624)	267,018	(568,606)
Surplus (deficit) for the year	439,102	(117,622)	321,480
At 31 December 2020	**(396,522)**	**149,396**	**(247,126)**

Statement of cash flows

	Notes	Malta Film Commission 2020 €	Malta Film Commission 2019 €	Malta Film Studios 2020 €	Malta Film Studios 2019 €	Total 2020 €	Total 2019 €
Operating activities							
Surplus (deficit) before tax		439,102	(378,882)	(117,622)	189,980	321,480	(188,902)
Non-cash adjustments	14	37,569	23,777	32,052	23,797	69,621	47,574
Net changes in working capital	14	319,306	375,655	(555,719)	1,163,071	(236,413)	1,538,726
Net cash flows generated from (used in) operating activities		**795,977**	**20,550**	**(641,289)**	**1,376,848**	**154,688**	**1,397,398**
Investing activities							
Purchase of plant and equipment	10	(104,549)	(145,710)	(313,257)	(480,143)	(414,610)	(625,853)
Proceeds from disposal of equipment		22,494	1,857	3,196	-	22,494	1,857
Net cash flows used in investing activities		**(82,055)**	**(143,853)**	**(310,061)**	**(480,143)**	**(392,116)**	**(623,996)**
Net movement in cash and cash equivalents		713,922	(123,303)	(951,350)	896,705	(237,428)	773,402
Cash and cash equivalents at beginning of year		44,258	167,561	952,501	55,796	996,759	223,357
Cash and cash equivalents at end of year	12	**758,180**	**44,258**	**1,151**	**952,501**	**759,331**	**996,759**

Notes to the financial statements

1 Nature of operations

The principal activity of the Malta Film Commission ("the Commission") is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on audio-visual policy for the promotion, development and support of the audio-visual and film servicing industry.

During 2016, the Commission also took over the management of the film studios facilities including the water tank facilities in Kalkara. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the Commission.

2 General information and statement of compliance with International Financial Reporting Standards

The Malta Film Commission is incorporated and domiciled in Malta. The address of the Commission's registered office, which is also its principal place of business, is St Rocco Street, Kalkara KKR 9062.

These financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and comply with Malta Film Commission Act, Cap. 478 of the Laws of Malta.

These financial statements are presented in euro (€), which is also the functional currency of the Commission.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2020

IFRS 16 'Leases'

IFRS 16 replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of IFRS 16 did not have a material impact to the Commission.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission

At the date of authorisation of these financial statements, several new but not yet effective standards, amendments and interpretations to existing standards, have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the Commission and are not expected to have any effect whatsoever.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Commission's financial statements.

4 Summary of accounting policies

4.1 Overall considerations and presentation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies have been consistently applied by the Commission and are consistent with those used in previous years.

4.2 Revenue and expense recognition

Revenue arises mainly from government subvention, tank services and other income.

To determine whether to recognise revenue, the Commission follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The Commission often enters into transactions which involve rendering of services to customers. In all cases, the total transaction price for a contract is based on market assessment approach. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Commission satisfy performance obligations by transferring the promised services to its customers.

The Commission recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as part of trade and other payables in the statement of financial position. Similarly, if the Commission satisfies a performance obligation before it receives the consideration, the Commission recognises trade and other receivables in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Government subvention

Income from subvention voted to the Commission from the consolidated fund is accrued for in accordance with the Commission's approved budget for the year.

Tank services

Income from tank services is recognised on a straight-line basis over the term as specified in the agreement with customers.

Other income

Other income is recognised upon the performance of services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Expenses

Expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.3 Plant and equipment

Items of plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

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

Depreciation is charged on a straight-line basis so as to write off the cost of the assets over their estimated useful lives using the rates below.

	%	Method
Computer hardware and software	25	Straight line
Air conditioning	16.67	Straight line
Furniture and fixtures	10	Straight line
Office equipment	10	Straight line
Plant and machinery	10/25	Straight line
Electrical infrastructure	5	Straight line

No depreciation is provided on assets that are not yet brought into use.

4.4 Impairment testing of plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment deficit is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, members of the Commission estimate expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

Impairment deficit for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment deficit is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment deficit previously recognised may no longer exist. An impairment deficit is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Commission becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through surplus or deficit (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Commission does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Commission's cash and cash equivalents and trade and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit deficit - the 'expected credit deficit (ECL) model'. This replaces IAS 39's 'incurred deficit model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through surplus or deficit.

Recognition of credit deficit is no longer dependent on the Commission's first identifying a credit deficit event. Instead the Commission considers a broader range of information when assessing credit risk and measuring expected credit deficit, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Commission's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Commission's financial liabilities include trade and most payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Commission designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in surplus or deficit (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in income statement are included within finance costs or finance income.

4.6 Cash and cash equivalents

For the purposes of statement of financial position and statement of cash flows, cash and cash equivalents consist of cash at bank and cash in hand.

4.7 Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of these financial statements requires the Members of the Commission to make judgements, estimates and assumptions. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the Members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, the Members estimate the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4.4).

Useful lives of depreciable assets

The Members review its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5 Revenue

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Government subvention	1,300,000	800,000	-	-	1,300,000	800,000
Tank services	-	-	110,135	717,667	110,135	717,667
	1,300,000	**800,000**	**110,135**	**717,667**	**1,410,135**	**1,517,667**

6 Staff costs

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Wages and salaries	237,001	234,376	100,916	126,989	337,917	361,365
Social security costs	15,395	14,607	7,320	9,108	22,715	23,715
Members' remuneration	37,937	30,285	-	-	37,937	30,285
	290,333	**279,268**	**108,236**	**136,097**	**398,569**	**415,365**

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

	Total	
	2020	2019
	No.	No.
Administration	18	18

7 Other income

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Rental income	111,441	53,904	-	-	111,441	53,904
Miscellaneous income	-	1,720	-	-	-	1,720
Other government income	104,810	472,142	272,432	144,741	377,242	616,883
Adjustments on creditor balances	59,981	-	9,992	-	69,973	-
	276,232	**526,396**	**282,424**	**144,741**	**558,656**	**671,137**

8 Surplus (deficit) before tax

The surplus (deficit) before tax is stated after charging:

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Depreciation of plant and equipment	37,569	23,777	32,052	23,797	69,621	47,574
Members' remuneration	-	30,285	-	-	-	30,285
Auditor's remuneration	2,375	2,375	2,375	2,375	4,750	4,750

9 Tax expense

The relationship between the expected tax income (expense) based on the effective tax rate of the Commission at 35% (2019: 35%) and the income tax expense actually recognised in the income statement can be reconciled as follows:

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
(Deficit) surplus before tax	439,102	(378,882)	(117,622)	189,980	321,480	(188,902)
Tax rate	35%	35%	35%	35%	35%	35%
Expected tax income (expense)	**153,686**	**132,608**	**(41,168)**	**(66,493)**	**112,518**	**66,115**
Adjustments for:						
Disallowable expenses	-	(2,432)	-	-	-	(2,432)
Unrecognised deferred tax	(153,686)	(130,176)	41,168	66,493	(112,518)	(63,683)
Actual tax expense	-	-	-	-	-	-

At 31 December 2020, the Commission had a deferred tax asset amount to € 556,385 (2019: € 443,867), which arose from unabsorbed tax deficit and capital allowances. The Members of the Commission have not recognised this asset in view of doubts over its realisation.

10 Plant and equipment

Details of the Commission's plant and equipment and their carrying amounts are as follows:

Malta Film Commission

	Office equipment €	Furnitures and fixtures €	Computer hardware and software €	Air conditioning €	Improvements €	Motor vehicle €	Assets not yet capitalised €	Total €
Cost								
At 1 January 2020	10,307	124,853	56,257	15,173	-	-	102,449	309,039
Additions	-	-	6,736	649	64,694	29,456	3,014	104,549
Released on disposals	-	(22,494)	-	-	-	-	-	(22,494)
At 31 December 2020	**10,307**	**102,359**	**62,993**	**15,822**	**64,694**	**29,456**	**105,463**	**391,094**
Accumulated depreciation								
At 1 January 2020	4,978	24,927	39,198	2,529	-	-	-	71,632
Depreciation for the year	925	12,851	8,796	2,637	6,469	5,891	-	37,569
Released on disposals	-	-	-	-	-	-	-	-
At 31 December 2020	**5,903**	**37,778**	**47,994**	**5,166**	**6,469**	**5,891**	**-**	**109,201**
Carrying amount at 31 December 2020	**4,404**	**64,581**	**14,999**	**10,656**	**58,225**	**23,565**	**105,463**	**281,893**
Cost								
At 1 January 2019	13,132	77,603	41,621	-	-	-	33,798	166,154
Additions	-	47,250	14,636	15,173	-	-	68,651	145,710
Released on disposals	(2,825)	-	-	-	-	-	-	(2,825)
At 31 December 2019	**10,307**	**124,853**	**56,257**	**15,173**	**-**	**-**	**102,449**	**309,039**
Accumulated depreciation								
At 1 January 2019	4,336	12,445	31,357	-	-	-	-	48,138
Depreciation for the year	925	12,482	7,841	2,529	-	-	-	23,777
Released on disposals	(283)	-	-	-	-	-	-	(283)
At 31 December 2019	**4,978**	**24,927**	**39,198**	**2,529**	**-**	**-**	**-**	**71,632**
Carrying amount at 31 December 2019	**5,329**	**99,926**	**17,059**	**12,644**	**-**	**-**	**102,449**	**237,407**

10 Plant and equipment - continued

Malta Film Studios

	Plant and machinery	Air conditioning	Office equipment	Infrastructure	Assets not yet capitalised	Total
	€	€	€	€	€	€
Cost						
At 1 January 2020	47,638	5,416	26,241	180,840	346,465	606,600
Additions	1,806	-	-	276,745	34,706	313,257
Disposals	(3,196)	-	-	-	-	(3,196)
At 31 December 2020	**46,248**	**5,416**	**26,241**	**457,585**	**381,171**	**916,661**
Accumulated depreciation						
At 1 January 2020	12,017	1,575	3,103	9,042	-	25,737
Depreciation for the year	11,770	542	2,625	17,115	-	32,052
At 31 December 2020	**23,787**	**2,117**	**5,728**	**26,157**	**-**	**57,789**
Carrying amount at 31 December 2020	**22,461**	**3,299**	**20,513**	**431,428**	**381,171**	**858,872**
Cost						
At 1 January 2019	2,135	5,416	4,790	114,116	-	126,457
Additions	45,503	-	21,451	66,724	346,465	480,143
At 31 December 2019	**47,638**	**5,416**	**26,241**	**180,840**	**346,465**	**606,600**
Accumulated depreciation						
At 1 January 2019	428	1,033	479	-	-	1,940
Depreciation for the year	11,589	542	2,624	9,042	-	23,797
At 31 December 2019	**12,017**	**1,575**	**3,103**	**9,042**	**-**	**25,737**
Carrying amount at 31 December 2019	**35,621**	**3,841**	**23,138**	**171,798**	**346,465**	**580,863**

Assets not yet capitalised refers to the construction of new office of the Commission and upgrade of Malta Film Studios' facilities with works currently ongoing as at year-end date.

Depreciation expenses for the year has been included within 'Expenses' in the income statement.

11 Trade and other receivables

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Trade debtors	11,263	15,070	8,017	43,706	19,280	58,776
Other receivables	69,492	321	8,316	8,459	77,808	8,780
Financial assets	**80,755**	**15,391**	**16,333**	**52,165**	**97,088**	**67,556**
Accrued income	-	-	462,211	-	462,211	-
Prepayments	5,664	4,827	-	-	5,664	4,827
Statutory receivable	-	-	80,163	11,102	80,163	11,102
Trade and other receivables	**86,419**	**20,218**	**558,707**	**63,267**	**645,126**	**83,485**

The carrying amount of financial assets is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Cash at bank	756,586	44,084	359	951,709	756,945	995,793
Cash in hand	1,594	174	792	792	2,386	966
	758,180	**44,258**	**1,151**	**952,501**	**759,331**	**996,759**

The Commission did not have any restrictions on its cash at bank at year end.

13 Trade and other payables

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Trade payables	392,330	366,330	556,977	461,778	949,307	828,108
Accrued expenses	25,128	25,270	11,000	14,685	36,128	39,955
Other payables	385,213	30,875	-	-	385,213	30,875
Inter-department balances	520,867	367,988	(520,867)	(367,988)	-	-
Financial liabilities	**1,323,538**	**790,463**	**47,110**	**108,475**	**1,370,648**	**898,938**
Deferred income	-	-	1,222,224	1,221,138	1,222,224	1,221,138
Statutory liabilities	199,476	347,044	-	-	199,476	347,044
Trade and other payables	**1,523,014**	**1,137,507**	**1,269,334**	**1,329,613**	**2,792,348**	**2,467,120**

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

14 Non-cash adjustments and net changes in working capital

The following non-cash flow adjustments and adjustments for net changes in working capital have been made to (deficit) surplus before tax to arrive at operating cash flow:

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Non-cash adjustments:						
Depreciation of plant and equipment	37,569	23,777	32,052	23,797	69,621	47,574
	37,569	**23,777**	**32,052**	**23,797**	**69,621**	**47,574**
Net changes in working capital:						
Trade and other receivables	(66,201)	12,186	(495,440)	(62,343)	(561,641)	(50,157)
Trade and other payables	385,507	363,469	(60,279)	1,225,414	325,228	1,588,883
	319,306	**375,655**	**(555,719)**	**1,163,071**	**(236,413)**	**1,538,726**

15 Financial instrument risk

Risk management objectives and policies

The Commission is exposed to credit risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The Commission's risk management is coordinated by the Members of the Commission and focuses on actively securing the Commission's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Commission is exposed to are described below. See also note 14.4 for a summary of the Commission's financial assets and financial liabilities by category.

15.1 Credit risk

The Commission's exposure to credit risk is limited to the carrying amount of its financial assets recognised at the end of the reporting period, as summarised below:

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Classes of financial assets carrying amounts:						
Financial assets at amortised costs						
Trade and other receivables	80,755	15,391	16,333	52,165	97,088	67,556
Cash and cash equivalents	758,180	44,258	1,151	952,501	759,331	996,759
	838,935	**59,649**	**17,484**	**1,004,666**	**856,419**	**1,064,315**

The Commission's credit risk on its trade and other receivables is limited as the Commission has no significant concentration of credit risk. Cash and cash equivalents are placed with reputable banks, thus the exposure to credit risk is considered minimal.

15.2 Liquidity risk

The Commission's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see note 12). The Commission manages liquidity risk by continuously monitoring forecasted and annual cash terms and matching the maturity of financial assets and liabilities. The Commission's policy is to ensure adequate funding is available from operations and other sources as required.

The contractual maturities of the Commission's financial liabilities at the reporting dates under review are all current.

15.3 Interest rate risk

The Commission has no exposure to interest rate risk since it has no interest-bearing borrowings. Interest exposure on its financial assets bearing variable interest rates is not considered to be significant.

15.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the Commission's financial assets and financial liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.5 for explanations about how the category of financial instruments affect their subsequent measurement.

	Malta Film Commission		Malta Film Studios		Total	
	2020	2019	2020	2019	2020	2019
	€	€	€	€	€	€
Current assets						
Financial assets at amortised costs:						
Trade and other receivables	80,755	15,391	16,333	52,165	97,088	67,556
Cash and cash equivalents	758,180	44,258	1,151	952,501	759,331	996,759
	838,935	**59,649**	**17,484**	**1,004,666**	**856,419**	**1,064,315**
Current liabilities						
Financial liabilities at amortised costs:						
Trade and other payables	1,323,538	790,463	47,110	108,475	1,370,648	898,938
	1,323,538	**790,463**	**47,110**	**108,475**	**1,370,648**	**898,938**

16 Capital management policies and procedures

The Malta Film Commission is considered to be a public entity as defined and incorporated under the provisions of the Malta Film Commission Act, 2005. Although the Commission's existence is dependent on political decisions, the Members' objective is to ensure that the Commission continues to operate as a going concern.

To ensure proper capital management, the Commission monitors the level of debt, which includes trade and other payables less cash and bank balances against total capital on an ongoing basis.

Independent auditor's report

To the Members of Malta Film Commission

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Film Commission set out on pages 4 to 20 which comprise the statement of financial position as at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the Malta Film Commission Act, Cap. 478 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. 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.

Other information

The Members are responsible for the other information. The other information comprises the report of the Members of the Commission shown on pages 2 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

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 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 Members of the Commission, we also considered whether such report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- The information given in the Report of the Members of the Commission for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Commission and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Members of the Commission and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Members for the financial statements

The Members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Members 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 Members are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

The Members are responsible for overseeing the Commission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission'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 members' 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 Commission'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 Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Members 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.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara BKR 1050
Malta

10 October 2023

Malta Film Commission

Report & Financial Statements

31 December 2021

Contents

Report of the Members of the Commission

The Members present their report and the financial statements of Malta Film Commission for the year ended 31 December 2021.

Principal activities

The principal activity of the Malta Film Commission (the commission) is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on the audio-visual policy for the promotion, development and support of the audio-visual and filming servicing industry.

The commission has continued with its drive to promote Malta's film industry abroad while driving the development of the indigenous industry, creating business opportunities while investing in training and outreach programmes to develop core skills.

The commission, as part of its programme of initiatives to market Malta as a unique and dynamic location, has attended a number of film festivals and gave a series of presentations to potential film makers.

During 2016, the commission had also taken over the management of the film studios facilities including the water tank facilities in Kalkara. Management of the facilities was retained throughout 2021. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the commission.

Results

The surplus for the year amounted to € 703,712 (2020: € 321,480).

Members of the Commission

The following have served as Members of the Commission during the year under review:

Beverly Cutajar (Chairperson)
Clinton Bajada (Deputy Chairperson)
Johann Grech (Commissioner)
Audrey Harrison
Ryan Pace
Sean Schembri

In accordance with Malta Film Commission Act, Cap. 478 of the Laws of Malta, the Members of the Commission are appointed for a term of 3 years, and they shall be eligible for re-appointment on the expiration of their term of office.

Disclosure of information to the auditor

At the date of making this report, the Members of the Commission confirm the following:

- As far as the Members are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and;
- The Members have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of responsibilities of the Members of the Commission

The Members of the Commission are required by the Malta Film Commission Act, Cap. 478 of the Laws of Malta, to keep proper accounts and other records concerning the Commission's operations and transactions, and to ensure that a relative statement of accounts is prepared in respect of each financial year.

In preparing the financial statements, the Members of the Commission:

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

The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Registered address:
Malta Film Commission
St Rocco Street
Kalkara KKR 9062
Malta

4 October 2024

Income statement

	Notes	2021	2020
		€	€
Revenue	5	3,089,356	1,410,135
Expenses		(2,606,477)	(1,647,311)
		482,879	**(237,176)**
Other income	7	220,833	558,656
Surplus before tax		**703,712**	**321,480**
Tax expense	9	-	-
Surplus for the year	8	**703,712**	**321,480**

Statement of financial position

	Notes	2021 €	2020 €
Assets			
Non-current			
Plant and equipment	10	3,404,299	1,140,765
		3,404,299	**1,140,765**
Current			
Trade and other receivables	11	344,103	645,126
Cash and cash equivalents	12	1,543,724	759,331
		1,887,827	**1,404,457**
Total assets		**5,292,126**	**2,545,222**
Equity			
Surplus (deficit)		456,586	(247,126)
Total equity		**456,586**	**(247,126)**
Liabilities			
Current			
Trade and other payables	13	4,835,540	2,792,348
Total liabilities		**4,835,540**	**2,792,348**
Total equity and liabilities		**5,292,126**	**2,545,222**

The financial statements on pages 4 to 18 were approved, authorised for issue and signed by the Members of the Commission on 4 October 2024.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Statement of changes in equity

	Surplus (deficit)
	€
At 1 January 2020	(568,606)
Surplus for the year	321,480
At 31 December 2020	**(247,126)**
At 1 January 2021	(247,126)
Surplus for the year	703,712
At 31 December 2021	**456,586**

Statement of cash flows

	Notes	2021	2020
		€	€
Operating activities			
Surplus before tax		703,712	321,480
Non-cash adjustments	14	111,308	69,621
Net changes in working capital	14	2,344,215	(236,413)
Net cash flows generated from operating activities		**3,159,235**	**154,688**
Investing activities			
Purchase of plant and equipment	10	(2,374,842)	(417,806)
Proceeds from disposal of equipment		-	25,690
Net cash flows used in investing activities		(2,374,842)	**(392,116)**
Net movement in cash and cash equivalents		784,393	(237,428)
Cash and cash equivalents at beginning of year		759,331	996,759
Cash and cash equivalents at end of year	12	**1,543,724**	**759,331**

Notes to the financial statements

1 Nature of operations

The principal activity of the Malta Film Commission (the commission) is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The commission also acts as an advisory body on audio-visual policy for the promotion, development and support of the audio-visual and film servicing industry.

During 2016, the Commission also took over the management of the film studios facilities including the water tank facilities in Kalkara. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the Commission.

2 General information and statement of compliance with International Financial Reporting Standards

The commission is incorporated and domiciled in Malta. The address of the Commission's registered office, which is also its principal place of business, is St Rocco Street, Kalkara KKR 9062.

These financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and comply with Malta Film Commission Act, Cap. 478 of the Laws of Malta.

These financial statements are presented in euro (€), which is also the functional currency of the Commission.

3 New or revised Standards or Interpretations

3.1 New standards adopted as at 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the commission's results or position.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the commission.

Management anticipates that all relevant pronouncements will be adopted in the commission's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to have a material impact on the commission's financial statements.

4 Summary of accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the entity's material accounting policies below are appropriate.

4.1 Overall considerations and presentation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies have been consistently applied by the Commission and are consistent with those used in previous years.

4.2 Revenue and expense recognition

Revenue arises mainly from government subvention, tank services and other income.

To determine whether to recognise revenue, the Commission follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The Commission often enters into transactions which involve rendering of services to customers. In all cases, the total transaction price for a contract is based on market assessment approach. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Commission satisfy performance obligations by transferring the promised services to its customers.

The Commission recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as part of trade and other payables in the statement of financial position. Similarly, if the Commission satisfies a performance obligation before it receives the consideration, the Commission recognises trade and other receivables in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Government subvention

Income from subvention voted to the Commission from the consolidated fund is accrued for in accordance with the Commission's approved budget for the year.

Tank services

Income from tank services is recognised on a straight-line basis over the term as specified in the agreement with customers.

Other income

Other income is recognised upon the performance of services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Expenses

Expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.3 Plant and equipment

Items of plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

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

Depreciation is charged on a straight-line basis so as to write off the cost of the assets over their estimated useful lives using the rates below.

	%	Method
Computer hardware and software	25	Straight line
Air conditioning	16.67	Straight line
Furniture and fixtures	10	Straight line
Office equipment	10	Straight line
Plant and machinery	10/25	Straight line
Electrical infrastructure	5	Straight line
Improvements	10	Straight line
Motor vehicle	20	Straight line

No depreciation is provided on assets that are not yet brought into use.

4.4 Impairment testing of plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment deficit is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, members of the Commission estimate expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

Impairment deficit for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment deficit is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment deficit previously recognised may no longer exist. An impairment deficit is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Commission becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through surplus or deficit (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Commission does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Commission's cash and cash equivalents and trade and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit deficit - the 'expected credit deficit (ECL) model'. This replaces IAS 39's 'incurred deficit model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through surplus or deficit.

Recognition of credit deficit is no longer dependent on the Commission's first identifying a credit deficit event. Instead the Commission considers a broader range of information when assessing credit risk and measuring expected credit deficit, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Commission's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Commission's financial liabilities include trade and most payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Commission designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in surplus or deficit (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in income statement are included within finance costs or finance income.

4.6 Cash and cash equivalents

For the purposes of statement of financial position and statement of cash flows, cash and cash equivalents consist of cash at bank and cash in hand.

4.7 Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of these financial statements requires the Members of the Commission to make judgements, estimates and assumptions. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the Members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, the Members estimate the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4.4).

Useful lives of depreciable assets

The Members review its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5 Revenue

	2021	2020
	€	€
Government subvention	1,400,000	1,300,000
Tank services	1,689,356	110,135
	3,089,356	1,410,135

6 Staff costs

	2021	2020
	€	€
Wages and salaries	367,024	337,917
Social security costs	22,967	22,715
Members' remuneration	39,600	37,937
	429,591	**398,569**

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

	2021	2020
	No.	No.
Administration	17	18

7 Other income

	€	€
Rental income	-	111,441
Release of depreciation charge from grant	111,308	-
Other government income	125,143	377,242
Adjustments on creditor balances	(15,618)	69,973
	220,833	**558,656**

8 Surplus before tax

The surplus before tax is stated after charging:

	2021	2020
	€	€
Depreciation of plant and equipment	111,308	69,621
Members' remuneration	39,600	37,937
Auditor's remuneration	10,100	4,750

9 Tax expense

The relationship between the expected tax expense based on the effective tax rate of the Commission at 35% (2020: 35%) and the income tax expense actually recognised in the income statement can be reconciled as follows:

	2021	2020
	€	€
Surplus before tax	703,712	321,480
Tax rate	35%	35%
Expected tax expense	**(246,299)**	**(112,518)**
Adjustments for:		
Disallowable expenses	-	-
Unrecognised deferred tax	246,299	112,518
Actual tax expense	-	-

10 Plant and equipment

Details of the Commission's plant and equipment and their carrying amounts are as follows:

	Office equipment €	Furniture and fixtures €	Computer hardware and software €	Air conditioning €	Plant and machinery €	Infrastructure €	Improvements €	Motor Vehicle €	Assets not yet allocated €	Total €
Cost										
At 1 January 2021	36,548	102,359	62,993	21,238	46,248	457,585	64,694	29,456	486,634	1,307,755
Additions	2,366	1,607	26,295	1,491	33,931	14,581	-	7,565	2,287,006	2,374,842
At 31 December 2021	**38,914**	**103,966**	**89,288**	**22,729**	**80,179**	**472,166**	**64,694**	**37,021**	**2,773,640**	**3,682,597**
Accumulated depreciation										
At 1 January 2021	11,631	37,778	47,994	7,283	23,787	26,157	6,469	5,891	-	166,990
Depreciation for the year	3,166	10,520	14,546	3,788	8,018	57,396	6,470	7,404	-	111,308
At 31 December 2021	**14,797**	**48,298**	**62,540**	**11,071**	**31,805**	**83,553**	**12,939**	**13,295**	**-**	**278,298**
Carrying amount at 31 December 2021	**24,117**	**55,668**	**26,748**	**11,658**	**48,374**	**388,613**	**51,755**	**23,726**	**2,773,640**	**3,404,299**
Cost										
At 1 January 2020	36,548	124,853	56,257	20,589	47,638	180,840	-	-	448,914	915,639
Additions	-	-	6,736	649	1,806	276,745	64,694	29,456	37,720	417,806
Disposals	-	(22,494)	-	-	(3,196)	-	-	-	-	(25,690)
At 31 December 2020	**36,548**	**102,359**	**62,993**	**21,238**	**46,248**	**457,585**	**64,694**	**29,456**	**486,634**	**1,307,755**
Accumulated depreciation										
At 1 January 2020	8,081	24,927	39,198	4,104	12,017	9,042	-	-	-	97,369
Depreciation for the year	3,550	12,851	8,796	3,179	11,770	17,115	6,469	5,891	-	69,621
At 31 December 2020	**11,631**	**37,778**	**47,994**	**7,283**	**23,787**	**26,157**	**6,469**	**5,891**	**-**	**166,990**
Carrying amount at 31 December 2020	**24,917**	**64,581**	**14,999**	**13,955**	**22,461**	**431,428**	**58,225**	**23,565**	**486,634**	**1,140,765**

Assets not yet capitalised refers to the construction of new office of the commission and upgrade of Malta Film Studios' facilities with works currently ongoing as at year-end date.

Depreciation expenses for the year has been included within 'expenses' in the income statement.

11 Trade and other receivables

	2021	2020
	€	€
Trade debtors	15,320	19,280
Other receivables	119,975	77,808
Financial assets	**135,295**	**97,088**
Accrued income	-	462,211
Prepayments	142,284	5,664
Statutory receivable	66,524	80,163
Trade and other receivables	**344,103**	**645,126**

The carrying amount of financial assets is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

	2021	2020
	€	€
Cash at bank	1,543,724	756,945
Cash in hand	-	2,386
	1,543,724	**759,331**

The commission did not have any restrictions on its cash at bank at year end.

13 Trade and other payables

	2021	2020
	€	€
Trade payables	970,842	949,307
Accrued expenses	43,891	36,128
Other payables	128,537	385,213
Financial liabilities	**1,143,270**	**1,370,648**
Deferred capital grant	3,654,879	1,222,224
Statutory liabilities	37,391	199,476
Trade and other payables	**4,835,540**	**2,792,348**

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

14 Non-cash adjustments and net changes in working capital

The following non-cash flow adjustments and adjustments for net changes in working capital have been made to (deficit) surplus before tax to arrive at operating cash flow:

	2021 €	2020 €
Non-cash adjustments:		
Depreciation of plant and equipment	111,308	69,621
	111,308	**69,621**
Net changes in working capital:		
Trade and other receivables	301,023	(561,641)
Trade and other payables	2,043,192	325,228
	2,344,215	**(236,413)**

15 Financial instrument risk

Risk management objectives and policies

The commission is exposed to credit risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The commission's risk management is coordinated by the Members of the Commission and focuses on actively securing the Commission's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the commission is exposed to are described below. See also note 15.4 for a summary of the commission's financial assets and financial liabilities by category.

15.1 Credit risk

The commission's exposure to credit risk is limited to the carrying amount of its financial assets recognised at the end of the reporting period, as summarised below:

	2021 €	2020 €
Classes of financial assets carrying amounts:		
Financial assets at amortised costs		
Trade and other receivables	135,295	97,088
Cash and cash equivalents	1,543,724	759,331
	1,679,019	**856,419**

The Commission's credit risk on its trade and other receivables is limited as the Commission has no significant concentration of credit risk. Cash and cash equivalents are placed with reputable banks, thus the exposure to credit risk is considered minimal.

15.2 Liquidity risk

The commission's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see note 13). The commission manages liquidity risk by continuously monitoring forecasted and annual cash terms and matching the maturity of financial assets and liabilities. The commission's policy is to ensure adequate funding is available from operations and other sources as required.

The contractual maturities of the commission's financial liabilities at the reporting dates under review are all current.

15.3 Interest rate risk

The commission has no exposure to interest rate risk since it has no interest-bearing borrowings. Interest exposure on its financial assets bearing variable interest rates is not considered to be significant.

15.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the commission's financial assets and financial liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.5 for explanations about how the category of financial instruments affect their subsequent measurement.

	2021 €	2020 €
Current assets		
Financial assets at amortised costs:		
Trade and other receivables	135,295	97,088
Cash and cash equivalents	1,543,724	759,331
	1,679,019	**856,419**
Current liabilities		
Financial liabilities at amortised costs:		
Trade and other payables	1,143,270	1,370,648
	1,143,270	**1,370,648**

16 Capital management policies and procedures

The commission is considered to be a public entity as defined and incorporated under the provisions of the Malta Film Commission Act, 2005. Although the commission's existence is dependent on political decisions, the Members' objective is to ensure that the commission continues to operate as a going concern.

To ensure proper capital management, the commission monitors the level of debt, which includes trade and other payables less cash and bank balances against total capital on an ongoing basis.

Grant Thornton

Independent auditor's report

To the Members of Malta Film Commission

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Film Commission set out on pages 4 to 18 which comprise the statement of financial position as at 31 December 2021, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the commission as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the Malta Film Commission Act, Cap. 478 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. 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.

Other information

The Members are responsible for the other information. The other information comprises the report of the Members of the Commission shown on pages 2 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

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 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.

GrantThornton

Responsibilities of the Members for the financial statements

The Members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Members 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 Members are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

The Members are responsible for overseeing the commission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission'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 members' 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 commission'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 commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Members 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.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara BKR 1050
Malta

4 October 2024

Malta Film Commission

Report & Financial Statements

31 December 2022

Contents

Report of the Members of the Commission

The Members present their report and the financial statements of Malta Film Commission for the year ended 31 December 2022.

Principal activities

The principal activity of the Malta Film Commission (the commission) is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The Malta Film Commission also acts as an advisory body on the audio-visual policy for the promotion, development and support of the audio-visual and filming servicing industry.

The commission has continued with its drive to promote Malta's film industry abroad while driving the development of the indigenous industry, creating business opportunities while investing in training and outreach programmes to develop core skills.

The commission, as part of its programme of initiatives to market Malta as a unique and dynamic location, has attended a number of film festivals and gave a series of presentations to potential film makers.

During 2016, the commission had also taken over the management of the film studios facilities including the water tank facilities in Kalkara. Management of the facilities was retained throughout 2022. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the commission.

Results

The deficit for the year amounted to € 342,746 (2021: surplus of € 703,712).

Members of the Commission

The following have served as Members of the Commission during the year under review:

Beverly Cutajar (Chairperson)
Clinton Bajada (Deputy Chairperson)
Johann Grech (Commissioner)
Audrey Harrison (resigned on 9 September 2022)
Ryan Pace
Sean Schembri
Ayrton Mifsud (appointed 30 May 2022)

In accordance with Malta Film Commission Act, Cap. 478 of the Laws of Malta, the Members of the Commission are appointed for a term of 3 years, and they shall be eligible for re-appointment on the expiration of their term of office.

Disclosure of information to the auditor

At the date of making this report, the Members of the Commission confirm the following:

- As far as the Members are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and;
- The Members have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of responsibilities of the Members of the Commission

The Members of the Commission are required by the Malta Film Commission Act, Cap. 478 of the Laws of Malta, to keep proper accounts and other records concerning the Commission's operations and transactions, and to ensure that a relative statement of accounts is prepared in respect of each financial year.

In preparing the financial statements, the Members of the Commission:

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

The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Registered address:
Malta Film Commission
St Rocco Street
Kalkara KKR 9062
Malta

4 October 2024

Income statement

	Notes	2022	2021
		€	€
Revenue	5	2,468,416	3,089,356
Expenses		(4,199,576)	(2,606,477)
		(1,731,160)	**482,879**
Other income	7	1,388,414	220,833
(Deficit) surplus before tax		**(342,746)**	**703,712**
Tax expense	9	-	-
(Deficit) surplus for the year	8	**(342,746)**	**703,712**

Statement of financial position

	Notes	2022 €	2021 €
Assets			
Non-current			
Plant and equipment	10	4,702,471	3,404,299
		4,702,471	**3,404,299**
Current			
Trade and other receivables	11	392,504	344,103
Cash and cash equivalents	12	758,676	1,543,724
		1,151,180	**1,887,827**
Total assets		**5,853,651**	**5,292,126**
Equity			
(Deficit) surplus		113,840	456,586
Total equity		**113,840**	**456,586**
Liabilities			
Current			
Trade and other payables	13	5,739,811	4,835,540
Total liabilities		**5,739,811**	**4,835,540**
Total equity and liabilities		**5,853,651**	**5,292,126**

The financial statements on pages 4 to 18 were approved, authorised for issue and signed by the Members of the Commission on 4 October 2024.

Beverly Cutajar
Chairperson

Johann Grech
Commissioner

Statement of changes in equity

	Deficit (surplus) €
At 1 January 2021	(247,126)
Surplus for the year	703,712
At 31 December 2021	**456,586**
At 1 January 2022	456,586
Deficit for the year	(342,746)
At 31 December 2022	**113,840**

Statement of cash flows

	Notes	2022	2021
		€	€
Operating activities			
(Deficit) surplus before tax		(342,746)	703,712
Non-cash adjustments	14	132,819	111,308
Net changes in working capital	14	855,870	2,344,215
Net cash flows generated from operating activities		**645,943**	**3,159,235**
Investing activities			
Purchase of plant and equipment	10	(1,430,991)	(2,374,842)
Net cash flows used in investing activities		**(1,430,991)**	**(2,374,842)**
Net movement in cash and cash equivalents		(785,048)	784,393
Cash and cash equivalents at beginning of year		1,543,724	759,331
Cash and cash equivalents at end of year	12	**758,676**	**1,543,724**

Notes to the financial statements

1 Nature of operations

The principal activity of the Malta Film Commission (the commission) is to market the island in the international industry as a film location and to facilitate the work of productions shooting in Malta. The commission also acts as an advisory body on audio-visual policy for the promotion, development and support of the audio-visual and film servicing industry.

During 2016, the Commission also took over the management of the film studios facilities including the water tank facilities in Kalkara. The results of the film studios are presented under the caption of Malta Film Studios. The management of the tank facilities will be retained by the Commission.

2 General information and statement of compliance with International Financial Reporting Standards

The commission is incorporated and domiciled in Malta. The address of the Commission's registered office, which is also its principal place of business, is St Rocco Street, Kalkara KKR 9062.

These financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and comply with Malta Film Commission Act, Cap. 478 of the Laws of Malta.

These financial statements are presented in euro (€), which is also the functional currency of the Commission.

3 New or revised Standards or Interpretations

3.1 New standards adopted as at 1 January 2022

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the commission's results or position.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the commission.

Management anticipates that all relevant pronouncements will be adopted in the commission's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to have a material impact on the commission's financial statements.

4 Summary of accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the entity's material accounting policies below are appropriate.

4.1 Overall considerations and presentation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies have been consistently applied by the Commission and are consistent with those used in previous years.

4.2 Revenue and expense recognition

Revenue arises mainly from government subvention, tank services and other income.

To determine whether to recognise revenue, the Commission follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The Commission often enters into transactions which involve rendering of services to customers. In all cases, the total transaction price for a contract is based on market assessment approach. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Commission satisfy performance obligations by transferring the promised services to its customers.

The Commission recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as part of trade and other payables in the statement of financial position. Similarly, if the Commission satisfies a performance obligation before it receives the consideration, the Commission recognises trade and other receivables in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Government subvention

Income from subvention voted to the Commission from the consolidated fund is accrued for in accordance with the Commission's approved budget for the year.

Tank services

Income from tank services is recognised on a straight-line basis over the term as specified in the agreement with customers.

Other income

Other income is recognised upon the performance of services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Expenses

Expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.3 Plant and equipment

Items of plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

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

Depreciation is charged on a straight-line basis so as to write off the cost of the assets over their estimated useful lives using the rates below.

	%	Method
Computer hardware and software	25	Straight line
Air conditioning	16.67	Straight line
Furniture and fixtures	10	Straight line
Office equipment	10	Straight line
Plant and machinery	10/25	Straight line
Electrical infrastructure	5	Straight line
Improvements	10	Straight line
Motor vehicle	20	Straight line

No depreciation is provided on assets that are not yet brought into use.

4.4 Impairment testing of plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment deficit is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, members of the Commission estimate expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

Impairment deficit for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment deficit is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment deficit previously recognised may no longer exist. An impairment deficit is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Commission becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through surplus or deficit (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Commission does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Commission's cash and cash equivalents and trade and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit deficit - the 'expected credit deficit (ECL) model'. This replaces IAS 39's 'incurred deficit model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through surplus or deficit.

Recognition of credit deficit is no longer dependent on the Commission's first identifying a credit deficit event. Instead the Commission considers a broader range of information when assessing credit risk and measuring expected credit deficit, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Commission's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Commission's financial liabilities include trade and most payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Commission designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in surplus or deficit (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in income statement are included within finance costs or finance income.

4.6 Cash and cash equivalents

For the purposes of statement of financial position and statement of cash flows, cash and cash equivalents consist of cash at bank and cash in hand.

4.7 Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of these financial statements requires the Members of the Commission to make judgements, estimates and assumptions. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the Members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, the Members estimate the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 4.4).

Useful lives of depreciable assets

The Members review its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5 Revenue

	2022	2021
	€	€
Government subvention	1,500,000	1,400,000
Tank services	968,416	1,689,356
	2,468,416	**3,089,356**

6 Staff costs

	2022 €	2021 €
Wages and salaries	506,694	367,024
Social security costs	26,727	22,967
Members' remuneration	40,445	39,600
	573,866	429,591

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

	2022 No.	2021 No.
Administration	18	17

7 Other income

	€	€
Release of depreciation charge from grant	132,819	111,308
Malta Film Awards	400,000	-
Other income	62,337	-
Other government income	164,000	125,143
Sponsorships	523,629	-
Adjustments on creditor balances	105,629	(15,618)
	1,388,414	220,833

8 (Deficit) surplus before tax

The (deficit) surplus before tax is stated after charging:

	2022 €	2021 €
Depreciation of plant and equipment	132,819	111,308
Members' remuneration	40,445	39,600
Auditor's remuneration	2,250	10,100

9 Tax expense

The relationship between the expected tax income (expense) based on the effective tax rate of the Commission at 35% (2021: 35%) and the income tax expense actually recognised in the income statement can be reconciled as follows:

	2022 €	2021 €
(Deficit) surplus before tax	(342,746)	703,712
Tax rate	35%	35%
Expected tax income (expense)	**119,961**	**(246,299)**
Adjustments for:		
Disallowable expenses	-	-
Unrecognised deferred tax	(119,961)	246,299
Actual tax expense	-	-

10 Plant and equipment

Details of the Commission's plant and equipment and their carrying amounts are as follows:

	Office equipment	Furniture and fixtures	Computer hardware and software	Air conditioning	Plant and machinery	Infrastructure	Improvements	Motor Vehicle	Assets not yet capitalised	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2022	38,914	103,966	89,288	22,729	80,179	472,166	64,694	37,021	2,773,640	3,682,597
Additions	36,117	110,168	63,854	-	-	1,220,852	-	-	-	1,430,991
At 31 December 2022	**75,031**	**214,134**	**153,142**	**22,729**	**80,179**	**1,693,018**	**64,694**	**37,021**	**2,773,640**	**5,113,588**
Accumulated depreciation										
At 1 January 2022	14,797	48,298	62,540	11,071	31,805	83,553	12,939	13,295	-	278,298
Depreciation for the year	6,764	21,311	27,880	3,788	8,018	51,184	6,469	7,405	-	132,819
At 31 December 2022	**21,561**	**69,609**	**90,420**	**14,859**	**39,823**	**134,737**	**19,408**	**20,700**	**-**	**411,117**
Carrying amount at 31 December 2022	**53,470**	**144,525**	**62,722**	**7,870**	**40,356**	**1,558,281**	**45,286**	**16,321**	**2,773,640**	**4,702,471**
Cost										
At 1 January 2021	36,548	102,359	62,993	21,238	46,248	457,585	64,694	29,456	486,634	1,307,755
Additions	2,366	1,607	26,295	1,491	33,931	14,581	-	7,565	2,287,006	2,374,842
At 31 December 2021	**38,914**	**103,966**	**89,288**	**22,729**	**80,179**	**472,166**	**64,694**	**37,021**	**2,773,640**	**3,682,597**
Accumulated depreciation										
At 1 January 2021	11,631	37,778	47,994	7,283	23,787	26,157	6,469	5,891	-	166,990
Depreciation for the year	3,166	10,520	14,546	3,788	8,018	57,396	6,470	7,404	-	111,308
At 31 December 2021	**14,797**	**48,298**	**62,540**	**11,071**	**31,805**	**83,553**	**12,939**	**13,295**	**-**	**278,298**
Carrying amount at 31 December 2021	**24,117**	**55,668**	**26,748**	**11,658**	**48,374**	**388,613**	**51,755**	**23,726**	**2,773,640**	**3,404,299**

Assets not yet capitalised refers to the construction of new office of the commission and upgrade of Malta Film Studios' facilities with works currently ongoing as at year-end date.

Depreciation expenses for the year has been included within 'expenses' in the income statement.

11 Trade and other receivables

	2022 €	2021 €
Trade debtors	64,350	15,320
Other receivables	40,374	119,975
Financial assets	**104,724**	**135,295**
Prepayments	-	142,284
Statutory receivable	287,780	66,524
Trade and other receivables	**392,504**	**344,103**

The carrying amount of financial assets is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

	2022 €	2021 €
Cash at bank	758,506	1,543,724
Cash in hand	170	-
	758,676	**1,543,724**

The commission did not have any restrictions on its cash at bank at year end.

13 Trade and other payables

	2022 €	2021 €
Trade payables	815,996	970,842
Accrued expenses	9,850	43,891
Other payables	90,380	128,537
Financial liabilities	**916,226**	**1,143,270**
Deferred capital grant	4,776,913	3,654,879
Statutory liabilities	46,672	37,391
Trade and other payables	**5,739,811**	**4,835,540**

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

14 Non-cash adjustments and net changes in working capital

The following non-cash flow adjustments and adjustments for net changes in working capital have been made to (deficit) surplus before tax to arrive at operating cash flow:

	2022	2021
	€	€
Non-cash adjustments:		
Depreciation of plant and equipment	132,819	111,308
	132,819	**111,308**
Net changes in working capital:		
Trade and other receivables	(48,401)	301,023
Trade and other payables	904,271	2,043,192
	855,870	**2,344,215**

15 Financial instrument risk

Risk management objectives and policies

The commission is exposed to credit risk and liquidity risk through its use of financial instruments which result from both its operating and investing activities. The commission's risk management is coordinated by the Members of the Commission and focuses on actively securing the Commission's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the commission is exposed to are described below. See also note 15.4 for a summary of the commission's financial assets and financial liabilities by category.

15.1 Credit risk

The commission's exposure to credit risk is limited to the carrying amount of its financial assets recognised at the end of the reporting period, as summarised below:

	2022	2021
	€	€
Classes of financial assets carrying amounts:		
Financial assets at amortised costs		
Trade and other receivables	104,724	135,295
Cash and cash equivalents	758,676	1,543,724
	863,400	**1,679,019**

The Commission's credit risk on its trade and other receivables is limited as the Commission has no significant concentration of credit risk. Cash and cash equivalents are placed with reputable banks, thus the exposure to credit risk is considered minimal.

15.2 Liquidity risk

The commission's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables (see note 13). The commission manages liquidity risk by continuously monitoring forecasted and annual cash terms and matching the maturity of financial assets and liabilities. The commission's policy is to ensure adequate funding is available from operations and other sources as required.

The contractual maturities of the commission's financial liabilities at the reporting dates under review are all current.

15.3 Interest rate risk

The commission has no exposure to interest rate risk since it has no interest-bearing borrowings. Interest exposure on its financial assets bearing variable interest rates is not considered to be significant.

15.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the commission's financial assets and financial liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.5 for explanations about how the category of financial instruments affect their subsequent measurement.

	2022	2021
	€	€
Current assets		
Financial assets at amortised costs:		
Trade and other receivables	104,724	135,295
Cash and cash equivalents	758,676	1,543,724
	863,400	**1,679,019**
Current liabilities		
Financial liabilities at amortised costs:		
Trade and other payables	916,226	1,143,270
	916,226	**1,143,270**

16 Capital management policies and procedures

The commission is considered to be a public entity as defined and incorporated under the provisions of the Malta Film Commission Act, 2005. Although the commission's existence is dependent on political decisions, the Members' objective is to ensure that the commission continues to operate as a going concern.

To ensure proper capital management, the commission monitors the level of debt, which includes trade and other payables less cash and bank balances against total capital on an ongoing basis.

Grant Thornton

Independent auditor's report

To the Members of Malta Film Commission

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Film Commission set out on pages 4 to 18 which comprise the statement of financial position as at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the commission as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the Malta Film Commission Act, Cap. 478 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. 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.

Other information

The Members are responsible for the other information. The other information comprises the report of the Members of the Commission shown on pages 2 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

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 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.

Responsibilities of the Members for the financial statements

The Members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Members 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 Members are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

The Members are responsible for overseeing the commission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission'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 members' 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 commission'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 commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the commission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Members 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.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

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4 October 2024