

Brincat Anna at Parlament-MT

From: Cutajar Christopher at MFT
Sent: Thursday, 13 February 2025 16:29
To: Brincat Anna at Parlament-MT
Cc: Darren Carabott; Muscat Alexander at Parlament-MT
Subject: FW: PAC witness - 18.02.25
Attachments: Lista ta' dipartimenti, divizjonijiet , agenziji u korpi 2020 sa 2024.xlsx; Lista ta entitajiet li huma obbligati jipprezentaw il-kontijiet taghhom.docx; MFC.zip; MTA.zip; MCC.zip; ITS Management Accounts Year 2020-2023.pdf

Sa Anna Brincat
Skrivana għall-Kumitat Permanenti dwar il-Kontijiet Pubbliċi

13 ta' Frar, 2025

Sa Brincat,

Nirreferi għall-komunikazzjoni tiegħek datata 12 ta' Frar 2025 hekk kif murija hawn taħt.

Hekk kif mitlub skont l-ittra datata 22 ta' Jannar 2025 u korrisondenza sussegwenti datata 6 ta' Frar 2025, anness għandek issib id-dokumentazzjoni mitluba hekk kif imnizzla hawn taħt:

- Lista tad-dipartimenti, Divizjonijiet, Aġenziji u Korpi maħtura uffiċjalment li kienu jaqgħu taħt il-Ministeru tat-Turizmu bejn 2020 – 2024 (L-ewwel dokument anness f'forma ta' excel sheet).
- Lista tal-awtoritajiet statutorji li għandhom obbligu jipprezentaw il-kontijiet tagħhom fil-Parlament (It-tieni dokument anness f'format Word).
- Kontijiet Statutorji – Dar il-Mediterran għall-Konferenzi, Il-Kummissjoni Ċinematografika ta' Malta, L-Awtorita Maltija għat-Turizmu (Tliet għabriet ta' dokumenti annessi f'format .zip li jikkorrispondu għal kull entita')
- *Management Accounts* - L-Istitut tal-Istudji Turistiċi (Dokument f'format pdf jinsab anness)

Skont kif mitlub bil-korrisondenza tiegħek datata 6 ta' Frar 2025, Il-Kummissarju tal-Films dakinhar stess intalab jgħaddi lil dan l-Uffiċċju dawn id-dokumenti:

- a. kopja tal-management accounts għas-snin 2022 u 2023,
- b. rendikont ta' kif u fhiex intnefqu Eur 7.2 miljun li ngħatat fil-budget il-*Malta Film Commission* bejn 2019 u 2023
- c. provi biex jissostanzjaw il-pagamenti li saru.

Id-dokumenti msemmija hawn fuq f'lista li tindika l-ittri a, b u ċ, flimkien mal-kontijiet awditjati għas-sena 2023, b'rabta mal- Kummissjoni Ċinematografika ta' Malta ma kienux waslu sal-ħin li qed nibgħat din l-email. Ninsab mgħarraf mill-Kummissjoni nnifisha li din l-informazzjoni għadha qed tingabar.

Fil-mument li dawn id-dokumenti jew parti minnhom jaslu għand dan l-uffiċċju nieħu ħsieb ngħaddihomlok mill-aktar fis.

Tislijiet,
Christopher Cutajar
Permanent Secretary
Office of the Permanent Secretary

t +356 22041105 e christopher.a.cutajar@gov.mt
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OFFICE OF THE DEPUTY
MINISTRY FOR FOREIGN AFFAIRS
7, ST PAUL'S STREET

Kindly consider your environmental responsibility before printing this e-mail

From: Brincat Anna at Parlament-MT <anna.brincat@parlament.mt>
Sent: Wednesday, February 12, 2025 11:30:30 AM
To: Borg John at MGP-OPS <john.borg@gov.mt>; Cutajar Christopher at MFT <christopher.a.cutajar@gov.mt>
Cc: Darren Carabott <carabottdarren@gmail.com>; Muscat Alexander at Parlament-MT <alexander.muscat@parlament.mt>
Subject: Re: PAC witness - 18.02.25

Sur Borg u Sur Cutajar

B'zieda mal-emails ta' hawn taht, fejn fihom qegħdin tiġu mitluba għgħibu l-informazzjoni msemmija magħkom nhar it-Tlieta 18 ta' Frar biex tkun tista' tiġi pprezentata waqt ix-xhieda tagħkom quddiem il-Kumitat Permanenti dwar il-Kontijiet Pubbliċi, nixtieq ninfurmakom li waqt il-laqgħa tal-istess Kumitat li saret ilbieraħ, għie maqbul li l-informazzjoni mitluba minnkom għandha tintbagħat lill-Kumitat sa nhar il-Ġimgħa 14 ta' Frar, sabiex il-Membri tal-Kumitat ikollhom ċans jarawha qabel.

Filwaqt li nirringrazzjakom, nibgħat inselli għalikom.

Anna Brincat

Clerk to the Public Accounts Committee
Standing Committee for the Environment, Climate Change and Development Planning
National Audit Office Accounts Committee

t: +356 25596308 e: anna.brincat@parlament.mt | www.parlament.mt

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HOUSE OF REPRESENTATIVES
PARLIAMENT OF MALTA
FREEDOM SQUARE, VALLETTA, MALTA

From: Brincat Anna at Parlament-MT
Sent: Thursday, February 6, 2025 1:14 PM
To: Borg John at MGP-OPS <john.borg@gov.mt>; Cutajar Christopher at MFT <christopher.a.cutajar@gov.mt>
Cc: 'Darren Carabott' <carabottdarren@gmail.com>; Muscat Alexander at Parlament-MT <alexander.muscat@parlament.mt>
Subject: Re: PAC witness - 18.02.25

Sur Borg u Sur Cutajar

B'zieda mal-email ta' hawn taht, ippermettuli niġbdilkom l-attenzjoni li peress li l-prezentazzjoni mill-Uffiċċju Nazzjonali tal-Verifika għadha ma għietx fi tmiemha intom qegħdin tiġi msejġha sabiex tixhdu, u għgħibu l-informazzjoni mitluba minnkom, fil-laqgħa tal-Kumitat li hija skedata għal nhar **it-Tlieta 18 ta' Frar 2025 fis-2.00p.m.**

Inselli għalikom

Anna Brincat

Clerk to the Public Accounts Committee
Standing Committee for the Environment, Climate Change and Development Planning
National Audit Office Accounts Committee

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HOUSE OF REPRESENTATIVES
PARLIAMENT OF MALTA

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**LISTA TAL AWTORITAJIET STATUTORJI
LI GĦANDHOM OBBLIGU JIPPREŻENTAW
IL-KONTIJET TAGĦHOM FIL-PARLAMENT**

- a. L-Awtorita Maltija għat-Turiżmu
- b. L-Istitut tal-Istudji Turistiċi
- c. Dar il-Mediterran għall-Konferenzi
- d. Il-Kummissjoni Ċinematografika ta' Malta

Nota: L-Aġenzija għar-Riġenerazzjoni taż-Żoni Turistiċi mhix obligata tissottometti il-kontijiet tagħha.

**LISTA TAD-DIPARTIMENTI, DIVIŻJONIJIET, AĠENZIJI, U KORPI MAHTURA UFFIĊJALMENT LI JAQGHU
TAHT IL-MINISTERU TAT-TURIŻMU**

SENA 2020

L-Uffiċċju tas-Segretarju Permanenti

Direttorat tas-Servizzi Korporattivi

Direttorat tal-Operations

Direttorat għall-Iżvilupp tal-Politika u Implimentazzjoni tal-Programmi

Information Management Unit (IMU)

Diviżjoni għat-Tindif u Manutenzjoni

Entitajiet

Malta Marittima

Malta Film Commission

Grand Harbour Regeneration Corporation

Malta Tourism Authority

Institute of Tourism Studies

Mediterranean Conference Centre

Tourism Zone Regeneration Agency

Projects Malta Ltd

Projects Plus Ltd

LISTA TAD-DIPARTIMENTI, DIVIŻJONIJIET, AĠENZIJI, U KORPI MAHTURA UFFIĊJALMENT LI JAQGHU
TAHT IL-MINISTERU TAT-TURIŻMU

SENA 2021

Segretarju Parlamentari għad-Drittijiet tal-Konsumatur u l-Indafa Pubblika

L-Uffiċċju tas-Segretarju Permanenti

Diviżjoni għat-Tindif u Manutenzjoni

Entitajiet

Malta Film Commission

Malta Tourism Authority

Malta Competition and Consumer Affairs Authority

Institute of Tourism Studies

Mediterranean Conference Centre

Foundation for Tourism Zones Development

**LISTA TAD-DIPARTIMENTI, DIVIŻJONIJIET, AĠENZIJI, U KORPI MAHTURA
UFFIĊJALMENT LI JAQGHU TAHT IL-MINISTERU TAT-TURIŻMU**

SENA 2022

Segretarju Parlamentari għall-konsumatur u għall-Indafa Pubblika

L-Uffiċċju tas-Segretarju Permanenti

Direttorat tas-Servizzi Korporattivi

Direttorat tal-*Operations*

Direttorat għall-Iżvilupp tal-Politika u Implimentazzjoni tal-Programmi

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Entitajiet

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Malta Tourism Authority

Malta Competition and Consumer Affairs Authority

Institute of Tourism Studies

Mediterranean Conference Centre

Foundation for Tourism Zones Development

**LISTA TAD-DIPARTIMENTI, DIVIŻJONIJIET, AĠENZIJI, U KORPI MAHTURA
UFFIĊJALMENT LI JAQGHU TAHT IL-MINISTERU TAT-TURIŻMU**

SENA 2023

L-Uffiċċju tas-Segretarju Permanenti

Direttorat tas-Servizzi Korporattivi

Direttorat tal-Operations

Direttorat għall-Iżvilupp tal-Politika u Implimentazzjoni tal-Programmi

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Mediterranean Conference Centre

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**LISTA TAD-DIPARTIMENTI, DIVIŻJONIJIET, AĠENZIJI, U KORPI MAHTURA
UFFIĊJALMENT LI JAQGHU TAHT IL-MINISTERU TAT-TURIŻMU**

SENA 2024

Segretarju Parlamentari għall-Indafa Pubblika

L-Uffiċċju tas-Segretarju Permanenti

Direttorat tas-Servizzi Korporattivi

Direttorat tal-*Operations*

Direttorat għall-Iżvilupp tal-Politika u Implimentazzjoni tal-Programmi
Information Management Unit (IMU)

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Entitajiet

Malta Film Commission

Malta Tourism Authority

Institute of Tourism Studies

Mediterranean Conference Centre

Tourism Zone Regeneration Agency

Malta Film Commission

Report Financial Statements

31 December 2018

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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 review:

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.

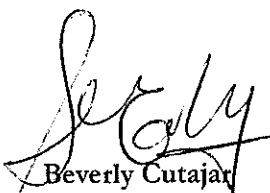
In preparing the financial statements, the Members of the Commission:

- 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

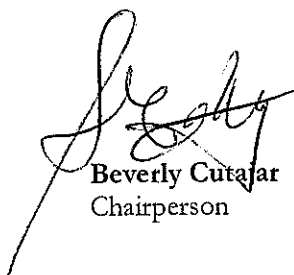
Income statement

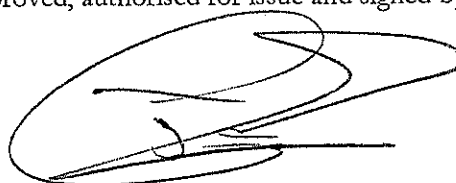
	Notes	Malta Film Commission		Malta Film Studios		Total	
		2018	2017	2018	2017	2018	2017
		€	€	€	€	€	€
Revenue	5	430,000	390,000	229,579	684,971	659,579	1,074,971
Operating and other Admin expenses		(1,213,992)	(531,212)	(299,582)	(722,858)	(1,513,574)	(1,254,070)
		(783,992)	(141,212)	(70,003)	(37,887)	(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		Malta Film Studios		Total	
		2018	2017	2018	2017	2018	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		Malta Film Studios		Total	
		2018 €	2017 €	2018 €	2017 €	2018 €	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, 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 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 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 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 FVTPL 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 No.	2017 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		Malta Film Studios		Total	
	2018	2017	2018	2017	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		Malta Film Studios		Total	
	2018	2017	2018	2017	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		Malta Film Studios		Total	
	2018	2017	2018	2017	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		Malta Film Studios		Total	
	2018	2017	2018	2017	2018	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		Malta Film Studios		Total	
	2018	2017	2018	2017	2018	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

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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.

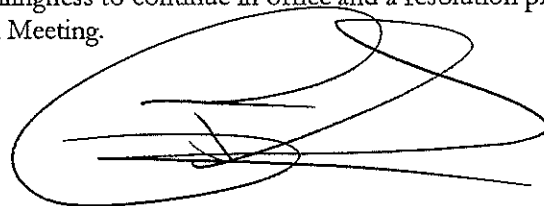
In preparing the financial statements, the Members of the Commission:

- 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.



Johann Grech
Commissioner

Beverly Cutajar

Chairperson

Registered address:

Malta Film Commission
St Rocco Street
Kalkara KKR 9062
Malta

24 March 2021

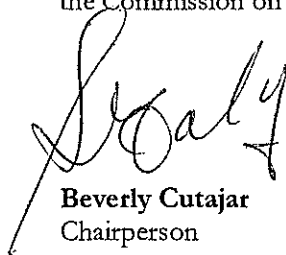
Income statement

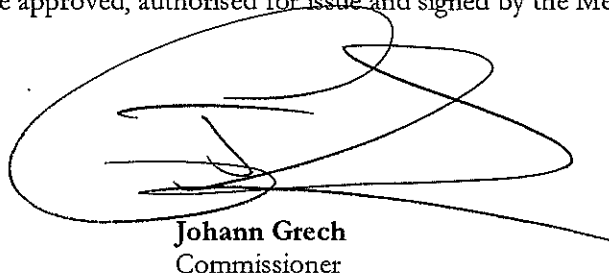
	Notes	Malta Film Commission		Malta Film Studios		Total	
		2019	2018	2019	2018	2019	2018
		€	€	€	€	€	€
Revenue	5	800,000	430,000	717,667	229,579	1,517,667	659,579
Expenses		(1,705,278)	(1,213,992)	(672,428)	(299,582)	(2,377,706)	(1,513,574)
		(905,278)	(783,992)	45,239	(70,003)	(860,039)	(853,995)
Other 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		Malta Film Studios		Total	
		2019 €	2018 €	2019 €	2018 €	2019 €	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		Malta Film Studios		Total	
		2019 €	2018 €	2019 €	2018 €	2019 €	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:						
<i>Financial assets at amortised costs</i>						
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						
<i>Financial assets at amortised costs:</i>						
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						
<i>Financial liabilities at amortised costs:</i>						
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

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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.

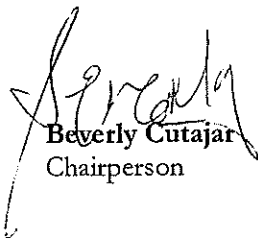
In preparing the financial statements, the Members of the Commission:

- 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.

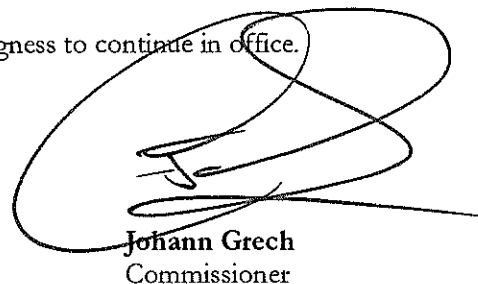
The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding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

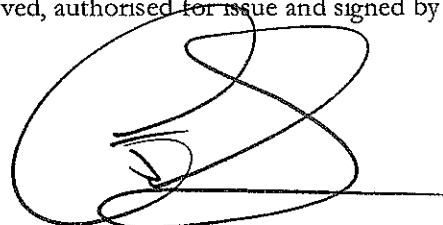
	Notes	Malta Film Commission		Malta Film Studios		Total	
		2020	2019	2020	2019	2020	2019
		€	€	€	€	€	€
Revenue	5	1,300,000	800,000	110,135	717,667	1,410,135	1,517,667
Expenses		(1,137,130)	(1,705,278)	(510,181)	(672,428)	(1,647,311)	(2,377,706)
		162,870	(905,278)	(400,046)	45,239	(237,176)	(860,039)
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		Malta Film Studios		Total	
		2020	2019	2020	2019	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		Malta Film Studios		Total	
		2020 €	2019 €	2020 €	2019 €	2020 €	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

Cost	Office equipment	Furniture and fixtures	Computer hardware and software	Air conditioning	Improvements	Motor vehicle	Assets not yet capitalised	Total
€	€	€	€	€	€	€	€	€
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:						
<i>Financial assets at amortised costs</i>						
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						
<i>Financial assets at amortised costs:</i>						
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						
<i>Financial liabilities at amortised costs:</i>						
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

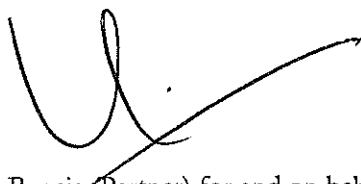
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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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.

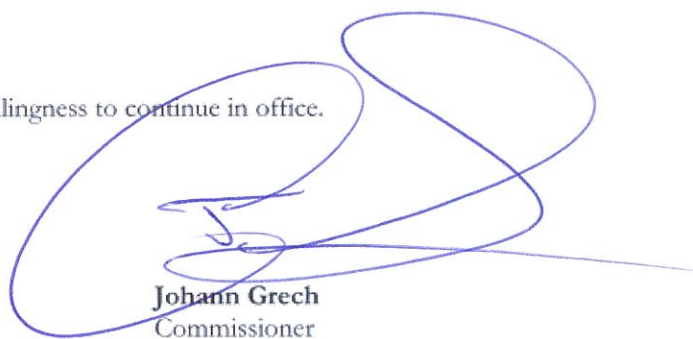
The Members of the Commission are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding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

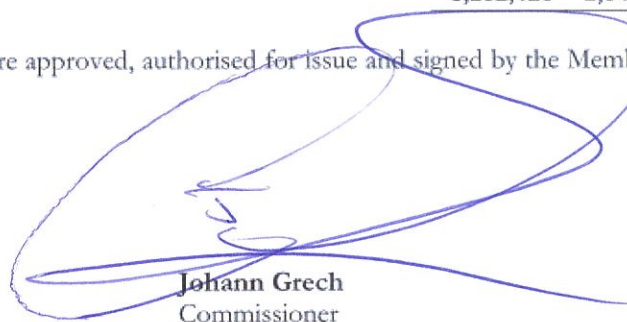
	Notes	2021 €	2020 €
Revenue	5	3,089,356	1,410,135
Expenses		(2,606,477)	(1,647,311)
		482,879	(237,176)
Other income	7	220,833	558,656
Surplus before tax		703,712	321,480
Tax expense	9	-	-
Surplus for the year	8	703,712	321,480

Statement of financial position

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

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	<u>321,480</u>
At 31 December 2020	<u>(247,126)</u>
At 1 January 2021	(247,126)
Surplus for the year	<u>703,712</u>
At 31 December 2021	<u>456,586</u>

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		<u>3,159,235</u>	<u>154,688</u>
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		<u>(2,374,842)</u>	<u>(392,116)</u>
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	<u>1,543,724</u>	<u>759,331</u>

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
	<u>3,089,356</u>	<u>1,410,135</u>

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
	<u>429,591</u>	<u>398,569</u>

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

	2021 No.	2020 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
	<u>220,833</u>	<u>558,656</u>

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	<u>(246,299)</u>	<u>(112,518)</u>
Adjustments for:		
Disallowable expenses	-	-
Unrecognised deferred tax	246,299	112,518
Actual tax expense	<u>-</u>	<u>-</u>

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
	<u>111,308</u>	<u>69,621</u>
Net changes in working capital:		
Trade and other receivables	301,023	(561,641)
Trade and other payables	2,043,192	325,228
	<u>2,344,215</u>	<u>(236,413)</u>

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:		
<i>Financial assets at amortised costs</i>		
Trade and other receivables	135,295	97,088
Cash and cash equivalents	1,543,724	759,331
	<u>1,679,019</u>	<u>856,419</u>

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		
<i>Financial assets at amortised costs:</i>		
Trade and other receivables	135,295	97,088
Cash and cash equivalents	1,543,724	759,331
	<u>1,679,019</u>	<u>856,419</u>
Current liabilities		
<i>Financial liabilities at amortised costs:</i>		
Trade and other payables	1,143,270	1,370,648
	<u>1,143,270</u>	<u>1,370,648</u>

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.

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.

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.

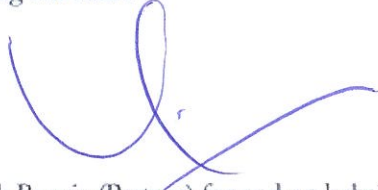
Auditor's responsibilities for the audit of the financial statements

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

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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:

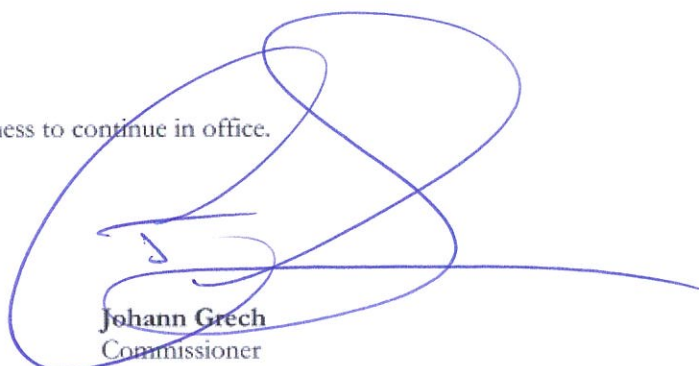
- adopt the going concern basis unless it is inappropriate to presume that the Commission will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the 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

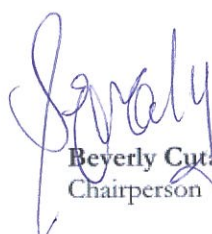
Income statement

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

Statement of financial position

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

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	<u>456,586</u>
At 1 January 2022	456,586
Deficit for the year	(342,746)
At 31 December 2022	<u>113,840</u>

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
	<u>2,468,416</u>	<u>3,089,356</u>

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
	<u>573,866</u>	<u>429,591</u>

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

	2022 No.	2021 No.
Administration	<u>18</u>	<u>17</u>

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)
	<u>1,388,414</u>	<u>220,833</u>

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	<u>2,250</u>	<u>10,100</u>

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)	<u>119,961</u>	<u>(246,299)</u>
Adjustments for:		
Disallowable expenses	-	-
Unrecognised deferred tax	(119,961)	246,299
Actual tax expense	<u>-</u>	<u>-</u>

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
	<u>132,819</u>	<u>111,308</u>
Net changes in working capital:		
Trade and other receivables	(48,401)	301,023
Trade and other payables	904,271	2,043,192
	<u>855,870</u>	<u>2,344,215</u>

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:		
<i>Financial assets at amortised costs</i>		
Trade and other receivables	104,724	135,295
Cash and cash equivalents	758,676	1,543,724
	<u>863,400</u>	<u>1,679,019</u>

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		
<i>Financial assets at amortised costs:</i>		
Trade and other receivables	104,724	135,295
Cash and cash equivalents	758,676	1,543,724
	<u>863,400</u>	<u>1,679,019</u>
Current liabilities		
<i>Financial liabilities at amortised costs:</i>		
Trade and other payables	916,226	1,143,270
	<u>916,226</u>	<u>1,143,270</u>

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.

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

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

4 October 2024

Mediterranean Conference Centre

**Annual Report
And
Financial Statements**

31 December 2020

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

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MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

GENERAL INFORMATION

Board Members

Dr. Kenneth Spiteri – Chairman
Mr. Christopher Grima – Deputy Chairman
Mr. Felix Galea Busuttil – Board Member
Mr. Norman E. Grech – Board Member
Ms. Joanne Xuereb – Board Member
Mr. Joe Julian Farrugia – Board Member
Ms. Janelle Sciberras – Board Member (Resigned on 29/04/21)
Ms. Grace Marie Zerafa - Board Member (Resigned on 29/04/21)
Ms. Janice Cachia Schembri - Board Member (Resigned on 29/04/21)
Ms. Maryann Camilleri - Board Member (Resigned on 29/04/21)
Dr. Joseph Chetcuti – Board Member (Appointed on 29/04/21)
Ms. Davinia Laferla Turner – Board Member (Appointed on 29/04/21)
Ms. Nadia Portelli – Board Member (Appointed on 29/04/21)
Mr. Clint Bajada – Board Member (Appointed on 29/04/21)
Mr. John Grima – Board Member (Appointed on 29/04/21)

Board Secretary

Mr. Kenneth Busuttil

Registered Office

Triq l-Isptar
Valletta, VLT 1645
Malta

Auditors

Reanda Malta Ltd
A3 Towers, Block A3, Level 12,
Triq L –Arkata,
Paola PLA 1211,
Malta

MEDITERRANEAN CONFERENCE CENTRE

Annual Report and Financial Statements for the year ended 31 December 2020

BOARD MEMBERS' REPORT

The Board Members present the annual report and the audited financial statements for the year ended 31 December 2020.

Principal activity

The Mediterranean Conference Centre (MCC) is an entity within the Government of Malta, falling under the Ministry for tourism and Consumer Protection. The centre situated in the heart of Valletta consists of various halls that are rented out regularly for conferences, exhibitions, fairs and seminars, among others.

Highlights of the year

The board members report a loss for the year of €159,051 (2019: profit of €3,520) on a turnover of €1,359,050 (2019: €1,915,310). The loss for the year has been deducted from the accumulated fund brought forward of €3,349,706 giving a balance of €3,190,651 as at 31 December 2020.

During 2020, the worldwide outbreak of the Coronavirus pandemic (COVID-19) affected adversely the general economic condition and impacted most businesses. The centre consequently saw a significant decrease in its global revenue from the previous year registering increase in some sources during the first quarter and decrease in others. The former were not enough revenue streams to compensate for the sources that registered a decrease although management exploited opportunities to consolidate further its positioning in the market. Such strategies do not necessarily reap the benefits in the same year. In 2020, the Centre, capitalised on the opportunity to utilise its personnel to implement in-house projects during the scaled-down operational activity.

Notwithstanding the pandemic, during the year, as part of its cultural calendar, the Conference centre managed to produce successfully, some events, engaging technology, in order to reach out to the cultural community. Towards this aim, it secured an identical government funding from the previous year.

Total expenses decreased from the previous year, mainly as a consequence of a decrease in event activities.

During the year, the Conference Centre presented a strong case to central government and succeeded in obtaining €500,000 (2019: €500,000) from National funds towards a much-needed upgrade of the Centre, not covered by EU funding.

Four significant projects, co-funded by the EU, were finalised and inaugurated during the year.

The results for the year are set out in the statements of comprehensive income on page 9.

Revenue

During 2020, total revenues decreased as compared to the previous year. The MCC experienced a downward shift from nearly all sectors. This is due to the worldwide outbreak of the Coronavirus pandemic (COVID-19) which is comprehensively acceptable and understandable. Foreign Conference income, emanating from a large-scale conference in the first quarter, fortunately secured before the outbreak of the pandemic, registered an increase.

For the foreseeable future the board will pursue in the direction of seeking alternative uses and new opportunities with the aim of maximising its renovated and new spaces.

Other operating income increased significantly from the previous year and is primarily a consequence of reimbursement from ERDF projects and Culture programme government grant.

BOARD MEMBERS' REPORT – continued

Expenses

Most expenses that are directly related to the operation, registered a decrease,, the most notable pertaining to artists' fees, payroll, repairs and maintenance and depreciation. During the year, management perused its efforts to fill up positions in anticipating a diverse and expanded activity for the foreseeable future. Budgets towards refurbishment works in order to continuing to ensure the premises are kept in good working order and enhance the customers experiences, were sustained.

Statement of financial position

The increase in non-current assets is due to the net effect of acquisitions during the year and depreciation thereon. Thanks to the internal and ERDF funding, during the 2020, the conference centre was in a position to continue the momentum initiated in the previous years and invest in capital expenditure. The most significant projects are described as below:

1. Various works and improvements at the centre notably the restoration of timber beams;
2. The reinforcement of dangerous beams in Sacra Infermeria concrete ceiling;
3. Phase 1, of the facelift of Republic hall including replacement of black curtains on stage and CCTVs installation;
4. The acquisition of firefighting equipment;
5. The finalisation of some of a series of EU co-financed projects, mainly the Augmented Reality Museum, the restoration of the Girolamo Cassar Hall , the replacement of HVAC's in three halls and the Grand Harbour Terrace.

The conference centre will pursue the implementation of the rest of the EU co-financed projects.

Cash balances have declined as at 31 December 2020 mainly as a consequence of the decreased activity and decreased cash inflows therefrom.

The decrease in other receivables consist of items related to EU-funded projects that were either recovered or capitalised on certification and completion during 2020.

The increase in trade and other payables was primarily the result of an increase in government grants (EU and national) received during the year net of the release to profit and loss during the year.

Future Developments

The Board Members intend to continue to operate in line with the current line of business.

Events after the end of the reporting period

During 2020, the worldwide outbreak of the Coronavirus pandemic (COVID-19) affected adversely the general economic condition and impacted most businesses. Subsequent to the year end the pandemic is still affecting most businesses. At this stage, due to restrictions being lifted, the pandemic is not directly affecting the entity's current operation. Nonetheless, the Board Members are monitoring the situation closely to remain alert of any potential impact it may have on the entity.

Board Members

During the year ended 31 December 2020 the Board Members were as listed on page 2.
The present Board Members remain in office.

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

BOARD MEMBERS' REPORT – continued

Statement of Board Members' responsibilities

The Board Members are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Conference Centre as at the end of the financial year and of the profit or loss for that year:

In preparing the financial statements, the Board Members are required to:

- adopt the going concern basis unless it is inappropriate to presume that the entity will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual's basis;
- value separately the components of assets and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with generally accepted principles in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The Board Members are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Conference Centre. This responsibility includes designing, implementing and maintaining such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board Members are also responsible for safeguarding the assets of the Conference Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Reanda Malta Ltd have expressed the willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board of Members and duly signed on its behalf by:



Dr. Kenneth Spiteri
Chairman



Mr. Norman E. Grech
Board Member

19th November 2021

INDEPENDENT AUDITORS' REPORT

To the members of Mediterranean Conference Centre

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mediterranean Conference Centre, set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2020 and the statement of comprehensive income, 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 Mediterranean Conference Centre as at 31 December 2020, and of its financial performance for its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

Other information

The Board Members are responsible for the other information. The other information comprises the Board Member's report. Our opinion on the financial statements does not cover the 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board Members

The Board Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the EU, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reanda Malta Ltd.

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INDEPENDENT AUDITORS' REPORT (continued)

Responsibilities of the Board Members – continued

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity 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.

Reanda Malta Ltd.

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INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

We communicate with the Board 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 the audit.

Other Matter

The financial report of Mediterranean Conference Centre for the year ended 31 December 2019 was audited by another auditor who expressed an unmodified opinion on that financial report on 13th July 2020.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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



*This copy of the audit report has been signed by
Robert Borg (Director)
For and on behalf of*

Reanda Malta Limited

19th November 2021

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 EUR	2019 EUR
Revenue	4a	1,359,050	1,915,310
Other operating income	4b	954,756	981,940
Staff costs	7	(1,044,864)	(1,100,773)
Other operating expenses		(652,405)	(1,395,681)
Depreciation	10	(771,669)	(399,423)
Movement in expected credit losses on financial assets	12	(3,169)	-
Interest income	5	3,046	6,146
Finance costs	8	(3,796)	(3,999)
(Loss)/Profit before tax	6	(159,051)	3,520
Taxation	9	-	-
Total comprehensive (loss)/income		(159,051)	3,520

The notes on page 13 to 23 form integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

STATEMENT OF FINANCIAL POSTION

	Notes	2020 EUR	2019 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	10	<u>6,112,428</u>	2,837,049
Current assets			
Inventories	11	42,256	46,021
Trade and Other Receivables	12	576,807	1,310,334
Cash and Cash Equivalents	13	<u>1,534,610</u>	<u>1,823,802</u>
		<u>2,153,673</u>	<u>3,180,157</u>
TOTAL ASSETS		<u>8,266,101</u>	<u>6,017,206</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		<u>3,190,651</u>	3,349,706
Total Equity		<u>3,190,651</u>	<u>3,349,706</u>
Non-Current liabilities			
Trade and Other Payables	14	<u>3,992,611</u>	1,531,163
Current liabilities			
Trade and Other Payables	14	<u>1,082,839</u>	1,136,337
Total Liabilities		<u>5,075,450</u>	<u>2,667,500</u>
TOTAL EQUITY AND LIABILITIES		<u>8,266,101</u>	<u>6,017,206</u>

The notes on page 13 to 23 form integral part of these financial statements.

The financial statements on pages 13 to 23 have been authorised for issue by the Board of Board Members on 19th November 2021 and were signed on its behalf by:



 Dr. Kenneth Spiteri
 Chairman



 Mr. Norman E. Grech
 Director

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

STATEMENT OF CHANGES IN EQUITY

	Note	Accumulated Funds EUR	Total Equity EUR
Financial year ended 31 December 2019			
Balance at 01 January 2019		3,346,186	3,346,186
Total comprehensive income for the year: <i>Profit for the year</i>		3,520	3,520
Balance at 31 December 2019		<u>3,349,706</u>	<u>3,349,706</u>
Financial year ended 31 December 2020			
Balance at 01 January 2020		3,349,706	3,349,706
Total comprehensive loss for the year: <i>Loss for the year</i>		(159,051)	(159,051)
Balance at 31 December 2020		<u>3,190,651</u>	<u>3,193,824</u>

The notes on page 13 to 23 form integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

STATEMENT OF CASH FLOWS

	Notes	2020 EUR	2019 EUR
Cash flows from operating activities			
(Loss)/profit before tax		(159,051)	3,520
Depreciation of property, plant and equipment	10	771,669	399,423
Finance cost	8	3,796	3,999
Finance income	5	(3,046)	(6,146)
Movement in expected credit losses on financial assets	12	3,196	-
Cash generated before working capital changes		616,537	400,796
Movement in inventories	11	3,765	(2,551)
Decrease/(Increase) in trade and other receivables	12	730,358	(498,844)
Increase/(Decrease) in trade and other payables	14	2,407,946	(103,549)
Cash (used in)/from operations		3,758,606	(204,148)
Interest paid	8	(3,796)	(3,999)
Interests received	5	3,046	6,146
Net cash (used in)/from operating activities		3,757,856	(202,001)
Cash flows used in investing activities			
Acquisition of property, plant and equipment	10	(4,047,048)	(289,351)
Net (decrease) in cash and cash equivalents		(289,192)	(491,352)
Cash and cash equivalents at beginning of year		1,823,802	2,315,154
Cash and cash equivalents at end of year	13	1,534,610	1,823,802

The notes on page 13 to 23 form integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Mediterranean Conference Centre (MCC) is an entity within the Government of Malta, falling under the Ministry for tourism and Consumer Protection. The registered address is at Triq I-Isptar, Valletta, VLT 1645, Malta.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement and statement of compliance

The financial statements of the Entity have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements have been prepared under the historical cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes disclosed in the new or revised standards, interpretations and amendments adopted which were applied in line with the transitional provisions.

Functional and presentation currency

The financial statements are presented in Euro, which is the Entity's functional and presentation currency.

New or revised standards, interpretations and amendments adopted

The Entity adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the EU. The adoption of the new or revised standards, interpretations and amendments did not have a material impact on these financial statements.

New or revised standards, interpretations and amendments issued but not yet effective

Several new or revised standards, interpretations and amendments were in issue and endorsed by the EU but are not yet effective for the current financial year. The Entity has not yet early adopted the new or amended standards in preparing these financial statements.

The Board Members anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

Property, Plant and Equipment

An item of property, plant and equipment is initially measured at cost. Cost includes the purchase prices and other expenditures directly attributable to bringing the assets to the location and condition for its intended use. Subsequent expenditure relating to the asset is capitalised as additional cost when it results in an increase in the future economic benefits to be obtained from the asset, in excess of the originally assessed standard of performance, and will flow back to the Entity. All other subsequent expenditures are recognised in profit and loss.

After initial recognition, an item of property, plant and equipment is carried at cost less accumulated depreciation and impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 SIGNIFICANT ACCOUNTING POLICIES - continued

Property, Plant and Equipment – continued

Depreciation is calculated, on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

	%
Furniture and Fixtures	10-15
Plant and machinery	10
Motor vehicles	20
Computer equipment	25
Improvements	5

The residual value, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions are recognised in profit and loss when the changes arise.

On disposal of an item of property, plant and equipment, the cost and related accumulated depreciation and impairment losses, if any are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit and loss.

Impairment of Non-Financial Assets

The carrying amount of the Entity's non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment assessment, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Entity basis, as a cash-generating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Entity to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determine a suitable discount rate in order to calculate the present value of those cash flows.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equally instrument of another entity. Financial assets and financial liabilities are recognised when the Entity 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 all substantial risks and rewards are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments – continued

Financial Assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit and loss

The Entity's financial assets are mainly financial assets is amortised cost.

Financial Assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted when the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as a practical expedient.

Financial assets at amortised cost are subsequently carried at amortised costs using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Entity's financial assets under this classification include cash at banks, trade receivable and other receivables.

Impairment of Financial Assets

The Entity recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised costs. Equity instruments are not subject to impairment assessment.

ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stage. For credit exposures for which there has not been a significant increase in credit risk since initial recognition for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the time of default (Lifetime ECL).

The expected credit loss is accounted as impairment loss on financial statements and are presented at separate line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments – continued

Financial Liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit and loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit and loss.

Financial liabilities under this category include borrowings and trade and other payables.

Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises of expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investment readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Revenue

Rendering of services

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value-added tax and discounts where applicable. Revenue is recognised to the extent that the economic benefits will flow to the entity and the revenue can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Risk Management

The entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The entity's risk management is coordinated by the board members and focuses on actively securing the entity's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the conference centre is exposed to are described below.

Market Risk

Foreign exchange risk

Most of the entity's transactions are carried out in Euro. Exposure to currency exchange rates arises from the entity's transactions in foreign currencies. The entity's financial assets face minimal foreign currency risk since all sales are made in receivable in Euro.

Interest rate risk

The entity's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observation of current market conditions, the board members consider an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

Credit risk

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the statement of financial position which are disclosed in note 12.

The entity continuously monitors defaults of customers and other counterparts, and incorporates this information into its credit risk controls. The entity's policy is to deal only creditworthy counterparties.

None of the entity's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Liquidity Risk

The entity's exposure to liquidity risk arise from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the entity's obligations when they become due.

At 31 December 2020 and 2019, the contractual maturities on the financial liabilities of the entity were as summarized below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the statement of Financial position.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 SIGNIFICANT ACCOUNTING POLICIES - continued

Tax

The tax charge / credit in profit and loss normally comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period.

Deferred 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 report purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 SIGNIFICANT JUDGMENTS AND CRITICAL ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Board Members have considered the development, selection and disclosure of the Entity's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Entity's Board 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 disclosure in terms of requirements of IAS 1(Revised).

4 INCOME

4a REVENUE

	2020	2019
	EUR	EUR
Income from halls and outdoor spaces	639,552	1,113,343
Income from catering	8,252	156,098
Hire of equipment	71,237	106,281
Catering commissions	95,241	211,295
Recharge of expenses	13,628	18,877
Other sundry income	531,140	309,416
	1,359,050	1,915,310

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS – continued

4b OTHER OPERATING INCOME

	2020 EUR	2019 EUR
Government grants received	581,817	236,022
Rent written back	-	56,691
Government contributions received on Cultural Programme	372,939	380,000
Reversal on accrued income	-	309,227
	<u>954,756</u>	<u>981,940</u>

5 FINANCE INCOME

	2020 EUR	2019 EUR
Interests received on bank deposits	<u>3,046</u>	6,146

6 (Loss)/Profit for the year

	2020 EUR	2019 EUR
<i>The (Loss)/Profit for the year stated after charging:</i>		
Board Members' remuneration	60,617	59,510
Auditors' remuneration	<u>2,045</u>	<u>2,045</u>
<i>The (Loss)/Profit for the year stated after crediting:</i>		
Government grants received	<u>581,817</u>	236,022

7 STAFF COSTS

	2020 EUR	2019 EUR
Staff costs incurred during the year were as follows:		
Wages and Salaries	940,263	903,235
Social security costs	64,517	60,927
Wages recharged (Net)	<u>39,084</u>	<u>136,611</u>
	<u>1,044,864</u>	<u>1,100,773</u>

The average number of persons employed the Entity during the year was 60 (2019: 53).

8 FINANCE COSTS

	2020 EUR	2019 EUR
Hire purchase interest	<u>3,796</u>	3,999

MEDITERRANEAN CONFERENCE CENTRE
Annual Report and Financial Statements for the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS – continued

9 TAX

The board as per previous practice, considers the entity as tax exempt and did not provide for tax at 35% on the profits generated during the year, in the entity's financial statements.

10 PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery EUR	Furniture & Fixtures EUR	Motor Vehicles EUR	Computer Equipment EUR	Improvements EUR	Total EUR
Year ended 31 December 2020						
Opening Net Book Value	720,697	290,204	-	18,114	1,808,034	2,837,049
Additions	377,113	136,827	-	557,083	2,976,025	4,047,048
Depreciation	(254,885)	(90,082)	-	(150,584)	(276,118)	(771,669)
Closing Net Book Value	842,925	336,949	-	424,613	4,507,941	6,112,428
As at 31 December 2020						
Cost	2,374,040	1,042,488	14,371	760,988	5,755,274	9,947,161
Accumulated Depreciation	(1,531,115)	(705,539)	(14,371)	(336,375)	(1,247,333)	(3,834,733)
Net Book Value	842,925	336,949	-	424,613	4,507,941	6,112,428
As at 31 December 2019						
Cost	1,996,927	905,661	14,371	203,905	2,779,249	5,900,113
Accumulated Depreciation	(1,276,230)	(615,457)	(14,371)	(185,791)	(971,215)	(3,063,064)
Net Book Value	720,697	290,204	-	18,114	1,808,034	2,837,049

11 INVENTORIES

	2020 EUR	2019 EUR
Inventories	42,256	46,021

12 TRADE AND OTHER RECEIVABLES

	2020 EUR	2019 EUR
Trade receivables	295,486	567,640
Provision for doubtful debts	(50,333)	(54,860)
	245,153	512,600
Other receivables	265,498	500,793
Accrued income	41,934	275,499
Allowances for expected credit losses	(3,169)	-
	549,416	1,288,892
Prepayments	27,391	21,442
	576,807	1,310,334

NOTES TO THE FINANCIAL STATEMENTS – continued

12 TRADE AND OTHER RECEIVABLES – CONTINUED

As at the balance sheet date, the ageing analysis of trade receivables are as follows as follows:

31 December 2020	Trade receivables					
	Total	Days past Due				
		Current	30-60 days	61-90 days	91-120 days	> 120 days
EUR	EUR	EUR	EUR	EUR	EUR	
Estimated total carrying amount at default	295,486	39,878	16,379	5,249	8,159	225,821

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	2020	2019
	EUR	EUR
Bank balances	1,534,610	1,823,802

As at the year end, the Conference centre did not have any restrictions on its cash at bank and in hand.

14 TRADE AND OTHER PAYABLES

Current liabilities

	2020	2019
	EUR	EUR
Trade payables	170,237	391,433
Other payables	164,419	79,935
Accruals	125,255	177,843
Deferred income	41,111	251,104
Deferred grants	581,817	236,022
	1,082,839	1,136,337

Non-Current liabilities

	2020	2019
	EUR	EUR
Hire purchase creditor	12,792	21,594
Deferred grants	3,979,819	1,509,569
	3,992,611	1,531,163

NOTES TO THE FINANCIAL STATEMENTS – continued

14 TRADE AND OTHER PAYABLES – CONTINUED

Deferred grants

	2020	2019
	EUR	EUR
As at 1 January	1,745,582	1,694,651
Recognised during the year	3,397,871	286,953
	5,143,453	1,981,604
Transferred to profit and loss	(581,817)	(236,022)
As at 31 December	4,561,636	1,745,582

15 CAPITAL COMMITMENTS

	2020	2019
	EUR	EUR
Capital and other expenditure contracted but not yet provided for in the financial statements	1,139,885	1,990,157

16 Contingent liabilities

The Conference Centre also has guarantees of €9,955 (2019: €9,955) in favour of third parties.

17 RELATED PARTIES

During the year, the conference centre entered into the following related party transactions:

	2020	2019
	EUR	EUR
Transactions with entities owned by the Maltese Government		
Receivables	38,739	183,250
Payables	3,875	189,413
Wages recharged from related parties	82,937	140,527
Wages recharged to related parties	7,181	5,410

18 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The conference centre's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to stakeholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The conference centre monitors the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS – continued

19 EVENTS AFTER THE END OF THE REPORTING PERIOD

The worldwide outbreak of the Coronavirus pandemic (Covid-19) is affecting adversely the general economic conditions and is impacting most businesses. At this stage, due to restrictions being lifted, the pandemic is not directly affecting the entity's current operation. Nonetheless, the Board Members are monitoring the situation closely to remain alert of any potential impact it may have on the entity.

MEDITERRANEAN CONFERENCE CENTRE

Annual Report and
Financial Statements

For the year ended 31 December 2021

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

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MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

GENERAL INFORMATION

Registration

The Mediterranean Conference Centre (MCC) is an entity within the Government of Malta, falling under the Ministry of Tourism and Consumer Protection.

Board Members

Dr. Kenneth Spiteri - Chairman
Mr. Christopher Grima - Deputy Chairman
Mr. Felix Galea Busuttil - Board Member
Mr. Norman E. Grech - Board Member
Ms. Joanne Xuereb - Board Member
Mr. Joe Julian Farrugia - Board Member
Dr. Joseph Chetcuti - Board Member (Appointed on 29/04/2021)
Ms. Davinia Laferla Turner - Board Member (Appointed on 29/04/2021)
Ms. Nadia Portelli - Board Member (Appointed on 29/04/2021)
Mr. Clint Bajada - Board Member (Appointed on 29/04/2021 - Resigned on 29/05/2022)
Mr. John Grima - Board Member (Appointed on 29/04/2021 - Resigned on 29/05/2022)
Ms. Lara Azzopardi - Board Member (Appointed on 30/05/2022)
Ms. Anna Maria Vella - Board Member (Appointed on 30/05/2022)

Board Secretary

Mr Kenneth Busuttil

Registered Office

Mediterranean Conference Centre,
Triq L-Isptar,
Valletta, VLT 1645
Malta

Auditor

Rose Marie Caruana Scerri
Paloma Blanca, Dawret Hal-
Ghaxaq, Hal-Ghaxaq

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

BOARD MEMBERS' REPORT

The Board Members present the annual report and the audited financial statements for the year ended 31 December 2021.

Principal Activity

The Mediterranean Conference Centre (MCC) is an entity within the Government of Malta, falling under the Ministry for tourism. The centre situated in the heart of Valletta consists of various halls that are rented out regularly for conferences, exhibitions, fairs and seminars, among others.

Highlights of the Year

The board members report a loss for the year of €288,542 (2020: €159,051) on a turnover of €1,188,665 (2020: €1,359,050). The loss for the year has been deducted from the accumulated fund brought forward of €3,190,651 giving a balance of €2,902,109 as at 31 December 2021.

Following the adverse affects of the pandemic, COVID-19, the Centre saw a smooth return of business and consequently experienced a gradual increase in its income streams.

The cultural calendar, albeit mostly in remote form, was retained during the year under review and hence government funding towards it.

Total expenses increased from the previous year, mainly as a consequence of an increase in activities.

The results for the year are set out in the statements of comprehensive income on page 9.

During the year under review, National Funding towards capital expenditure was still forthcoming. The EU program was pursued successfully and is now nearing completion with the implementation of the refurbishment of the last location on the list. More, smaller but equally important projects were executed by in-house resources.

Revenue

During the second half of 2021, income from all sectors, except that from foreign conferences, increased. This sector is expected to take a new dimension, albeit somewhat unpredictable, once all health restrictions have been lifted. The Wedding sector, deriving income from the magnificent outdoor space in the Centre, the Grand Harbour Terrace, was launched.

Other income related to Government grants increased in line with further funding obtained during the year. Notwithstanding this, total income during 2021 was lower than that pertaining to 2020, owing to the decrease in one-time sundry income derived in 2020 from ERDF reimbursements.

For the foreseeable future the board will pursue in the direction of seeking alternative uses and new opportunities with the aim of maximising its renovated and new spaces.

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

BOARD MEMBERS' REPORT (CONT'D)

Expenses

Most expenses that are directly related to the operation, registered an increase, the most notable pertaining to cleaning, general, catering (recharged), professional fees, provision for bad debts, travelling, payroll and repairs and maintenance. During the year, management perused its efforts to fill up positions in anticipating a diverse and expanded activity for the foreseeable future. Budgets towards refurbishment works were sustained, in order to continue to ensure the premises are kept in good working order and enhance the customers experiences

Statement of Financial Position

The increase in non-current assets is due to the net effect of acquisitions during the year and depreciation thereon. Thanks to the internal and ERDF funding, during 2021, the conference centre was in a position to continue the momentum initiated in the previous years and invest in capital expenditure. The most significant projects are described as below

1. Facelift of Republic Hall in anticipation of the theatre season;
2. Facelift of dressing rooms;
3. Complete stripping and refurbishment of Skola Zfin;
4. Construction of new workshop in Valletta stores;
5. New banqueting tables and chairs;
6. Timber beam restoration in Sacra Infermeria;
7. Refurbishment of back-stage area connecting Temi Zammit including the building of lift shafts;
8. Acquisition of teleconferencing equipment;
9. RSI museum signage.

In the year to come, the conference centre will pursue the implementation of the final phase of the the EU co-financed projects.

As at 31 December 2021, the Centre still held a healthy cash balance.

The increase in trade and other receivables is mainly due to the increase in trade receivables, accrued income and prepayment. Trade receivables and accrued income increased as a consequence of increased activity and prepayments increased due to prepaid expenses in relation to a major cultural event to be held in 2022.

The increase in trade and other payables was primarily the result of an increase in activity that affected all types of liabilities including increase in clients' deposits (other payables) and government grants (EU and national) received during the year net of the release to profit and loss during the year.

Future Developments

The Board Members intend to continue to operate in line with the current line of business.

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

BOARD MEMBERS' REPORT (CONT'D)

Board Members

In preparing the financial statements, the Board Members are required to:

- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items on a prudent basis;
- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- report comparative figures corresponding to those of the preceding accounting year
- prepare the financial statements in accordance with generally accepted principles in the Companies Act (Cap.386) and in accordance with the provision of the same Act.

The Board Members are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Conference Centre. This responsibility includes ensuring that the entity establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The Board Members are also responsible for safeguarding the assets of the Entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Rose Marie Caruana Scerri has expressed the willingness to continue in office and a resolution for her re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board of Members and duly signed on its behalf by:



Dr. Kenneth Spiteri
Chairman



Mr. Norman E. Grech
Board Member

14 October 2022

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT

To the members of MEDITERRANEAN CONFERENCE CENTRE

Opinion

I have audited the financial statements of MEDITERRANEAN CONFERENCE CENTRE set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2021, the income statement for the for the year then ended, and notes to the financial statement, including a summary of the significant accounting policies and explanatory notes.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Mediterranean Conference Centre as at 31 December 2021 and of its financial performance for the year then ended in accordance with the Accounting Profession International Financial Reporting Standards Regulations, ("IFRS") as adopted by the European Union (EU).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in accordance in Malta, with the Accountancy Profession Act (Cap. 281) in Malta, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

The board members are responsible for the other information. The other information comprises the Board Members' Report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the members of MEDITERRANEAN CONFERENCE CENTRE

Responsibilities of Board Members

The Board Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the EU, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements the Board Members are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibility for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the shareholders of MEDITERRANEAN CONFERENCE CENTRE

Auditor's responsibility for the audit of the financial statements (CONT'D)

- 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.

I communicate with the Board 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 I identify during my audit.

Other Matter

The financial report of Mediterranean Conference Centre for the year ended 31 December 2020 was audited by another auditor on 19th November 2021.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.



Rose Marie Caruana Scerri
Certified Public Accountant and Registered Auditor
Paloma Blanca, Dawret Hal-Ghaxaq, Hal-Ghaxaq

14 October 2022

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 €	2020 €
Turnover	3	1,188,665	1,359,050
Administrative Expenses		(2,517,521)	(2,472,107)
Operating Loss		(1,328,856)	(1,113,057)
Other Income		1,042,324	954,756
Finance Costs	4	(2,010)	(750)
Loss before tax		(288,542)	(159,051)
Tax Credit for the year	7	-	-
Loss for the year	5	(288,542)	(159,051)

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	8	5,887,602	6,112,428
		-----	-----
Total Non-Current Assets		5,887,602	6,112,428
		-----	-----
Current Assets			
Inventories	9	40,240	42,256
Trade and Other Receivables	10	752,931	586,357
Cash and Cash Equivalents	11	1,379,728	1,525,060
		-----	-----
Total Current Assets		2,172,899	2,153,673
		-----	-----
TOTAL ASSETS		8,060,501	8,266,101
		=====	=====
EQUITY			
Accumulated Funds		2,902,109	3,190,651
		-----	-----
TOTAL EQUITY		2,902,109	3,190,651
		-----	-----
LIABILITIES			
Non-Current Liabilities			
Long-Term Borrowings	12	3,829,842	3,992,611
		-----	-----
Total Non-Current Liabilities		3,829,842	3,992,611
		-----	-----

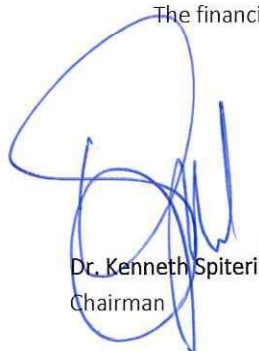
MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION (CONT'D)
As at 31 December 2021

	Note	2021 €	2020 €
Current Liabilities			
Trade and Other Payables	12	1,328,550	1,082,839
		-----	-----
Total Current Liabilities		1,328,550	1,082,839
		-----	-----
TOTAL LIABILITIES		5,158,392	5,075,450
		-----	-----
TOTAL LIABILITIES AND EQUITY		8,060,501	8,266,101
		=====	=====

The notes on pages 14 to 23 are an integral part of these financial statements.

The financial statements were approved by the Board Members' on 14 October 2022 and signed by:



Dr. Kenneth Spiteri
Chairman



Mr. Norman E. Grech
Board Member

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

STATEMENT OF CHANGES IN EQUITY

	Accumulated Funds €	Total Equity €
Financial year ended 31 December 2020		
Balance as at 01 January 2020	3,349,702	3,349,702
Total comprehensive income for the year		
Loss for the year	(159,051)	(159,051)
	-----	-----
Balance at 31 December 2020	3,190,651	3,190,651
	=====	=====
 Financial year ended 31 December 2021		
Balance as at 01 January 2021	3,190,651	3,190,651
Total comprehensive income for the year		
Loss for the year	(288,542)	(288,542)
	-----	-----
Balance at 31 December 2021	2,902,109	2,902,109
	=====	=====

The notes on pages 14 to 23 are an integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

STATEMENT OF CASH FLOW

	Note	2021 €	2020 €
Cash Flows from Operating Activities			
Loss before tax		(288,542)	(159,051)
Depreciation of property, plant and equipment		792,784	771,669
Finance Cost		2,062	3,796
Finance Income		(51)	(3,046)
Movement in expected credit losses on financial assets		-	3,196
		-----	-----
Cash generated before working capital changes		506,253	616,564
Movement in inventories		2,016	3,765
Increase in trade and other receivables		(176,124)	730,331
Increase in trade and other payables		137,219	2,407,946
		-----	-----
Cash used from operations		469,364	3,758,606
Interest paid		(2,062)	(3,796)
Interest received		51	3,046
Net Cash used from operating activities		-----	-----
		467,353	3,757,856
		=====	=====
Cash flows used in investing activities			
Acquisitions of property, plant and equipment		(567,958)	(4,047,048)
		-----	-----
Net decrease in cash and cash equivalents		(100,605)	(289,192)
Cash and cash equivalents at beginning of year		1,534,610	1,823,802
		-----	-----
Cash and cash equivalents at end of year		1,434,005	1,534,610
		=====	=====

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 Basis of Preparation

1.1 Statement of Compliance

The financial statements of MEDITERRANEAN CONFERENCE CENTRE ("the Entity") have been prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union (EU).

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis.

1.3 Functional and presentation currency

The financial statements are presented in Euro which is the Entity's functional currency.

2 Significant accounting policies

2.1 Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the entity and these can be measured reliably. Revenue is measured net of value-added tax and discounts where applicable. The following specific criteria must also be met before revenue is recognised.

(i) Provision of Services

Revenue from the provision of services is recognised when costs incurred or to be incurred can be measured reliably.

2.2 Financial Risk Management

The entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The entity's risk management is coordinated by the board members and focuses on actively securing the entity's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the conference centre is exposed to are described below.

Market Risk

Foreign exchange risk

Most of the entity's transactions are carried out in Euro. Exposure to currency exchange rates arises from the entity's transactions in foreign currencies. The entity's financial assets face minimal foreign currency risk since all sales are made in receivable in Euro.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2.2 Financial Risk Management (CONT'D)

Interest rate risk

The entity's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observation of current market conditions, the board members consider an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

Liquidity Risk

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the statement of financial position which are disclosed in note 12.

The entity continuously monitors defaults of customers and other counterparts, and incorporates this information into its credit risk controls. The entity's policy is to deal only creditworthy counterparties.

None of the entity's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Liquidity Risk

The entity's exposure to liquidity risk arise from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount offunding to meet the entity's obligations when they become due.

2.3 Financial assets, liabilities and equity

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are recognised at their nominal values.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

After an asset or liability is recognised on the balance sheet, it shall be derecognised if, and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2.3 Financial assets, liabilities and equity (CONT'D)

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive
- Financial assets at fair value through profit and loss

The Entity's financial assets are mainly financial assets is amortised cost.

Financial Assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") ad the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted when the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price asp practical expedient.

Financial assets at amortised cost are subsequently carried at amortised costs using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified or impaired

The Entity's financial assets under this classification include cash at banks, trade receivable and other receivables.

Impairment of Financial Assets

The Entity recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised costs. Equity instruments are not subject to impairment assessment.

ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stage. For credit exposures for which there has not been a significant increase in credit risk sign initial recognition for credit losses that result from default events that are possible when the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the time of default (Lifetime ECL).

The expected credit loss is accounted as impairment loss on financial statements and are presented at separate line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2.3 Financial assets, liabilities and equity (CONT'D)

Financial Liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit and loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit and loss.

Financial liabilities under this category include borrowings and trade and other payables.

Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Property, plant and equipment

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

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

After initial recognition land and buildings are carried under the revaluation model. Other property, plant and equipment are carried under the cost model.

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

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2.4 Property, plant and equipment (CONT'D)

The rates of depreciation used are the following:

Furniture and Fixtures	10-15%
Plant and Machinery	10%
Motor Vehicles	20%
Computer Equipment	25%
Improvements	5%

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement.

2.5 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour and a proportion of fixed and variable production overheads that are incurred in converting materials into finished goods, based on the normal level activity.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

2.6 Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.7 Impairment

The Entity's assets are tested for impairment.

The carrying amounts of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

For the purpose of impairment assessment, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Entity basis, as a cashgenerating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Entity to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determine a suitable

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2.7 Impairment (CONT'D)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

2.8 Government Grant

Government grants are recognised where there is reasonable assurance that the grant received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3 Turnover

Revenue is derived from the provision of services during the year net of any indirect taxes.

	2021	2020
	€	€
Income from halls and outdoor spaces	990,182	639,552
Income from catering	37,016	8,252
Hire of equipment	57,429	71,237
Catering commissions	84,093	95,241
Recharge of expenses	13,740	13,628
Other sundry income	6,205	531,140
	-----	-----
	1,188,665	1,359,050
	=====	=====

4 Finance Costs

	2021	2020
	€	€
Interest Income	51	3,046
Bank Charges	(2,061)	(3,796)
	-----	-----
	(2,010)	(750)
	=====	=====

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5 Loss for the year

	2021	2020
	€	€
Auditor's Remuneration	2,000	2,000
Board Members' Remuneration	59,773	60,617
	=====	=====

6 Staff Costs

	2021	2020
	€	€
Wages and Salaries	982,040	940,263
Employer's NI and maternity contributions	64,540	64,517
	-----	-----
	1,046,580	1,004,780
	=====	=====

The average number of employees including board members by the entity during the year was 57 (2020: 60)

7 Taxation

The board as per previous practise, considers the entity as tax exempt and did not provide for tax at 35% on the profits/losses generated during the year

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended 31 December 2021

8	Property, Plant and Equipment	Furniture and Fittings	Plant and Machinery	Motor Vehicles	Computer Equipment	Improvement to Premises	Total
		€	€	€	€	€	€
	Cost						
	As at 1 January 2021	706,481	3,030,323	14,371	760,988	5,434,998	9,947,161
	Additions	99,806	24,074	-	32,355	411,722	567,957
	As at 31 December 2021	806,287	3,054,397	14,371	793,343	5,846,720	10,515,118
	Accumulated Depreciation						
	As at 1 January 2021	320,964	1,833,753	14,371	336,375	1,329,269	3,834,733
	Charge for the year	68,127	312,511	-	147,855	264,291	792,784
	As at 31 December 2021	389,091	2,146,264	14,371	484,230	1,593,560	4,627,516
	Carrying amount						
	As at 1 January 2021	385,517	1,196,570	-	424,613	4,105,729	6,112,428
	As at 31 December 2021	417,196	908,133	-	309,113	4,253,160	5,887,602

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9 Stock Inventory

	2021	2020
	€	€
Stock Inventory	40,240	42,256
	=====	=====

Stock Inventory is made up off stationery goods such as pens, books, cleaning materials, electrical materials, food, drinks and mementoes

10 Trade and Other Receivables

	2021	2020
	€	€
Trade Receivables	353,398	295,486
Provision for Bad Debts	(74,746)	(50,333)
Expected Credit Losses	(3,169)	(3,169)
Other Receivables	121,201	165,797
Accrued Income	179,726	41,934
Guarantee	9,550	9,550
Indirect Taxation	74,813	99,701
Prepayments	92,158	27,391
	-----	-----
	752,931	586,357
	=====	=====

11 Cash and Cash Equivalents

	2021	2020
	€	€
Cash at Bank	1,378,896	1,525,060
Cash in Hand	832	-
	-----	-----
	1,379,728	1,525,060
	=====	=====

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12 Trade and Other Payables

Non-Current Liabilities	2021	2020
	€	€
Deferred Grants	3,826,597	3,979,819
Hire Purchase Creditor	3,245	12,792
	-----	-----
	3,829,842	3,992,611
	=====	=====
Current Liabilities	2021	2020
	€	€
Trade Payables	236,774	170,237
Other Payables	210,912	164,419
Accruals	148,420	125,255
Deferred Income	138,584	41,111
Deferred Grant	593,860	581,817
	-----	-----
	1,328,550	1,082,839
	=====	=====

13 Commitments and contingencies

As at the balance sheet date, the company has guarantees of €9,550 (2020: €9,550)

14 Related party disclosures

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making its financial and operational decisions.

Related party balances are disclosed in Notes 10 & 12 to the financial statements.

15 Other Matters

The worldwide outbreak of the Coronavirus pandemic (Covid-19) is affecting adversely the general economic conditions and is impacting most businesses. At this stage, due to restrictions being lifted, the pandemic is not directly affecting the entity's current operation. Nonetheless, the Board Members are monitoring the situation closely to remain alert of any potential impact it may have on the entity.

MEDITERRANEAN CONFERENCE CENTRE

Annual Report and
Financial Statements

For the year ended 31 December 2023

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Registration

The Mediterranean Conference Centre (MCC) is a Centre within the Government of Malta, falling under the Ministry for Tourism and Public Cleanliness.

Board Members

Dr. Kenneth Spiteri - Chairman
Mr. Christopher Grima - Deputy Chairman
Mr. Felix Galea Busuttil - Board Member
Mr. Norman E. Grech - Board Member
Ms. Joanne Xuereb - Board Member
Mr. Joe Julian Farrugia - Board Member
Dr. Joseph Chetcuti - Board Member
Ms. Davinia Laferla Turner - Board Member
Ms. Nadia Portelli - Board Member
Ms. Lara Azzopardi - Board Member
Ms. Anna Maria Vella - Board Member

Board Secretary

Dr Kyle Borg - Appointed on 04/12/2023
Mr Kenneth Busuttil - Resigned on 04/12/2023

Registered Office

Mediterranean Conference Centre,
Triq L-Isptar,
Valletta, VLT 1645
Malta

Auditors

Quazar
LEK Business Centre,
Triq L-Esportaturi,
Central Business District,
Birkirkara, CBD2020,
Malta

The Board Members present the annual report and the audited financial statements for the year ended 31 December 2023.

Principal Activity

The Mediterranean Conference Centre (MCC) is a Centre within the Government of Malta, falling under the Ministry for Tourism and Public Cleanliness. The centre situated in the heart of Valletta consists of various halls that are rented out regularly for conferences, exhibitions, fairs and seminars, among others. The Centre contributes to cultural welfare of the maltese society. The Centre also houses an augmented reality museum.

Highlights of the Year

The board members report a profit for the year of €948,777 (2022: €801,324) on a turnover of €2,746,418 (2022: €2,528,627). The profit for the year has been added to the accumulated fund brought forward of €3,703,433 giving a balance of €4,652,410 as at 31 December 2023.

Further to the excellent performance registered in the previous year, whereby unprecedented increases were registered from all income streams, the positive momentum was sustained during the year ended 31 December 2023.

Total expenses increased slightly from the previous year and is the result of the net effect of increases and decreases unrelated to the income trend.

The results for the year are set out in the statements of comprehensive income on page 9.

During the year under review, National Funding towards capital expenditure was still forthcoming. The EU program was completed successfully, with the re-instatement of a new hall, the Slaves hall, renamed, Sala Ospedalieri, together with replacement of the HVAC system in the La Vallette Hall. More, equally important projects, were executed by in-house resources.

Revenue

During the year, overall Income from halls decreased from the previous year but was more than adequately compensated from catering commission and hire of equipment income.

Income from all sectors except for theatre income, increased most notably that emanating from the Government sector. The Centre has become the natural choice of this segment. Banquets and weddings continued to flourish and in turn boosted heavily income from catering commissions and equipment.

These are lucrative income streams that with minimal effort can boost the bottom line. During the year, prestigious events continued to take place. Cinderella on Ice, Oliver- the Musical, Mamma Mia, to name a few. EY conference, Gaming convention and Centre's own production, Carnevale have become staples.

Other income related to Government grants, increased in line with the funding obtained during the year.

For the foreseeable future the board will pursue in the direction of seeking alternative uses and new opportunities with the aim of maximising its renovated and new spaces and retaining the versatile nature of the Centre.

Expenses

Most expenses, registered a decrease. The most notable increases have been observed in catering cost, due to the increased income therefrom and wages and salaries. Provision was made for collective agreement and management salary structure which were still under negotiation. During the year, the new artistic director was engaged.

Once again, budgets towards refurbishment works (repairs and maintenance) were sustained, in order to continue to ensure that the premises are kept in good working order.

Statement of Financial Position

The decrease in non-current assets is due to the net effect of acquisitions during the year and depreciation thereon. Thanks to the internal and ERDF funding, during the year 2023, the final phase of the the EU co-financed project that saw the reinstatement of a new hall to add to its stock of spaces available for rent and the installation of new HVAC in its signature hall, were completed. These activities brought to a finale, the ERDF 05.026, Re-Living the Sacra Infermeria, EU co-financed project, initiated in 2015.

Other significant projects completed are described as below

1. The capitalisation of the Slaves Hall, civil works, co-financed by the EU;
2. Improvements to Sound and vision systems in David Bruce and Vassalli halls;
3. Various improvements on the lifts throughout the Centre;
4. A new Lighting system for the Grand Harbour Terrace;
5. An overhaul to the security system;
6. Replacement of apertures.

In the year to come, the conference centre will continue to allocate budgets in order to maintain the property and keep its equipment in good working order.

As at 31 December 2023, the Centre has enhanced its cash resources and once again managed to maintain a healthy cash balance and increase its collectables.

The decrease in trade and other receivables is mainly due to the net effect of the substantial decrease in trade receivables, net of provision for bad debts and the increase in the rest of the debtors. Trade receivables decreased as a consequence of the efforts in securing timely debt collection. Other debtors increased as a result of increase in payments re EU funded projects that would be capitalised in future. The increase in prepayments is a result of prepaid advertising and the increase in accrued income is due to items still not yet invoiced at year end.

The decrease in trade and other payables was primarily the result of the net effect of an increase in accruals and deferred income offset by a higher decrease in the other liability categories. The main driver of the increase in accruals is due to the provisions related to collective agreement and management salary structure that were still under negotiation during the year under review. Deferred income increased as a result of increased deposits for future events.

Future Developments

The Board Members intend to continue to operate in line with the current line of business and pursue opportunities for further growth.

Board Members

In preparing the financial statements, the Board Members are required to:

- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items on a prudent basis;
- adopt the going concern basis unless it is inappropriate to presume that the Centre will continue in business; and
- report comparative figures corresponding to those of the preceding accounting year
- prepare the financial statements in accordance with generally accepted principles in the Companies Act (Cap.386) and in accordance with the provision of the same Act.

The Board Members are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Centre. This responsibility includes ensuring that the Centre establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The Board Members are also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Quazar has expressed the willingness to continue in office and a resolution for the re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board of Members and duly signed on its behalf by:



Dr. Kenneth Spiteri
Chairman



Mr Norman E. Grech
Board Member

12 July 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MEDITERRANEAN CONFERENCE CENTRE (the Centre), set out on pages 9 to 24, which comprise the balance sheet as at 31 December 2023, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the for the year then ended, and notes to the financial statement, including a summary of the significant accounting policies and explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mediterranean Conference Centre as at 31 December 2023 and of its financial performance for the year then ended in accordance with the International Financial Reporting Standards Regulations, ("IFRS") as adopted by the European Union (EU).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described below in the Auditors' Responsibilities for the Audit of the financial statements section of my report. We are independent of the Centre in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information

The Board Members are responsible for the other information. The other information comprises the 'General Information' and the 'Board Members' Report'. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In addition, in light of the knowledge and understanding of the Centre 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 Board Members and Other Information.

We have nothing to report in this regard.

Responsibilities of the Board Members

The Board Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements the Board Members are responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

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

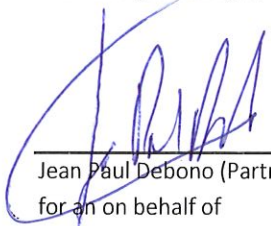
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the Board 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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Centre's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board 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.

Auditor's responsibility for the audit of the financial statements (CONT'D)

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



Jean Paul Debono (Partner)

for and on behalf of

Quazar

Certified Public Accountants and Registered Auditors

LEK Business Centre, Level 1,

Triq I-Esporaturi,

Central Business District,

Birkirkara, CBD 2040,

Malta

12 July 2024

MEDITERRANEAN CONFERENCE CENTRE
Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	2023 €	2022 €
Turnover	3	2,746,418	2,528,627
Administrative Expenses		(3,303,175)	(3,270,417)
Other Operating Income	4	1,505,928	1,543,684
		-----	-----
Operating Profit		949,171	801,894
Finance Cost	5	(194)	(570)
		-----	-----
Total comprehensive income for the year	6	948,977	801,324
		-----	-----

MEDITERRANEAN CONFERENCE CENTRE
Statement of Financial Position
As at 31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	5,663,104	5,697,014
Trade and Other Receivables	11	2,300	5,300
		-----	-----
Total Non-Current Assets		5,665,404	5,702,314
		-----	-----
Current Assets			
Inventories	10	23,781	39,485
Trade and Other Receivables	11	1,104,854	1,308,681
Cash and Cash Equivalents	12	3,139,841	1,753,857
		-----	-----
Total Current Assets		4,268,476	3,102,023
		-----	-----
TOTAL ASSETS		9,933,880	8,804,337
		=====	=====
EQUITY			
Accumulated Funds		4,652,410	3,703,433
TOTAL EQUITY		4,652,410	3,703,433
		-----	-----
LIABILITIES			
Non-Current Liabilities			
Long-Term Borrowings	13	4,015,824	3,659,678
		-----	-----
Total Non-Current Liabilities		4,015,824	3,659,678
		-----	-----

MEDITERRANEAN CONFERENCE CENTRE
Statement of Financial Position (continued)
As at 31 December 2023

	Note	2023 €	2022 €
Current Liabilities			
Trade and Other Payables	13	1,265,646	1,441,226
		-----	-----
Total Current Liabilities		1,265,646	1,441,226
		-----	-----
TOTAL LIABILITIES		5,281,470	5,100,904
		-----	-----
TOTAL LIABILITIES AND EQUITY		9,933,880	8,804,337
		=====	=====

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements were approved by the Board Members' on 12th July 2024 and signed by:



Dr. Kenneth Spiteri
Chairman



Mr Norman E. Grech
Board Member

MEDITERRANEAN CONFERENCE CENTRE
Statement of Changes in Equity
For the year ended 31 December 2023

	Accumulated Funds €	Total Equity €
Financial year ended 31 December 2022		
Balance as at 1 January 2022	2,902,109	2,902,109
Total comprehensive income for the year		
Profit for the year	801,324	801,324
	-----	-----
Balance at 31 December 2022	3,703,433	3,703,433
	=====	=====
 Financial year ended 31 December 2023		
Balance as at 1 January 2023	3,703,433	3,703,433
Total comprehensive income for the year		
Profit for the year	948,977	948,977
	-----	-----
Balance at 31 December 2023	4,652,410	4,652,410
	=====	=====

The notes on pages 14 to 24 are an integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE
Statement of Cash Flow
For the year ended 31 December 2023

	2023	2022
	€	€
Cash flows from operating activities		
Net profit:	948,977	801,324
<i>Reconciliation to cash generated from operations:</i>		
Depreciation	804,861	833,593
Finance Cost	194	570
	-----	-----
Operating profit before working capital changes	1,754,032	1,635,487
Movement in inventories	15,704	754
Movement in trade and other receivables	206,827	(561,050)
Movement in trade and other payables	180,566	(57,487)
	-----	-----
	2,157,129	1,017,704
Cash used in operations		
Interest paid	(194)	(570)
	-----	-----
Net cash flows from operating activities	2,156,935	1,017,134
Cash flows used in investing activities		
Acquisitions of property, plant and equipment	(770,951)	(643,069)
Disposal of PPE	-	64
	-----	-----
Net movement in cash and cash equivalents	1,385,984	374,129
Cash and cash equivalents at beginning of year	1,753,857	1,379,728
	-----	-----
Cash and cash equivalents at end of year	3,139,841	1,753,857
	=====	=====

The notes on pages 14 to 24 are an integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE

**Annual Report and
Financial Statements**

For the year ended 31 December 2023

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Registration

The Mediterranean Conference Centre (MCC) is a Centre within the Government of Malta, falling under the Ministry for Tourism and Public Cleanliness.

Board Members

Dr. Kenneth Spiteri - Chairman
Mr. Christopher Grima - Deputy Chairman
Mr. Felix Galea Busuttil - Board Member
Mr. Norman E. Grech - Board Member
Ms. Joanne Xuereb - Board Member
Mr. Joe Julian Farrugia - Board Member
Dr. Joseph Chetcuti - Board Member
Ms. Davinia Laferla Turner - Board Member
Ms. Nadia Portelli - Board Member
Ms. Lara Azzopardi - Board Member
Ms. Anna Maria Vella - Board Member

Board Secretary

Dr Kyle Borg - Appointed on 04/12/2023
Mr Kenneth Busuttil - Resigned on 04/12/2023

Registered Office

Mediterranean Conference Centre,
Triq L-Isptar,
Valletta, VLT 1645
Malta

Auditors

Quazar
LEK Business Centre,
Triq L-Esportaturi,
Central Business District,
Birkirkara, CBD2020,
Malta

The Board Members present the annual report and the audited financial statements for the year ended 31 December 2023.

Principal Activity

The Mediterranean Conference Centre (MCC) is a Centre within the Government of Malta, falling under the Ministry for Tourism and Public Cleanliness. The centre situated in the heart of Valletta consists of various halls that are rented out regularly for conferences, exhibitions, fairs and seminars, among others. The Centre contributes to cultural welfare of the maltese society. The Centre also houses an augmented reality museum.

Highlights of the Year

The board members report a profit for the year of €948,777 (2022: €801,324) on a turnover of €2,746,418 (2022: €2,528,627). The profit for the year has been added to the accumulated fund brought forward of €3,703,433 giving a balance of €4,652,410 as at 31 December 2023.

Further to the excellent performance registered in the previous year, whereby unprecedented increases were registered from all income streams, the positive momentum was sustained during the year ended 31 December 2023.

Total expenses increased slightly from the previous year and is the result of the net effect of increases and decreases unrelated to the income trend.

The results for the year are set out in the statements of comprehensive income on page 9.

During the year under review, National Funding towards capital expenditure was still forthcoming. The EU program was completed successfully, with the re-instatement of a new hall, the Slaves hall, renamed, Sala Ospedalieri, together with replacement of the HVAC system in the La Vallette Hall. More, equally important projects, were executed by in-house resources.

Revenue

During the year, overall income from halls decreased from the previous year but was more than adequately compensated from catering commission and hire of equipment income.

Income from all sectors except for theatre income, increased most notably that emanating from the Government sector. The Centre has become the natural choice of this segment. Banquets and weddings continued to flourish and in turn boosted heavily income from catering commissions and equipment.

These are lucrative income streams that with minimal effort can boost the bottom line. During the year, prestigious events continued to take place. Cinderella on Ice, Oliver- the Musical, Mamma Mia, to name a few. EY conference, Gaming convention and Centre's own production, Carnevale have become staples.

Other income related to Government grants, increased in line with the funding obtained during the year.

For the foreseeable future the board will pursue in the direction of seeking alternative uses and new opportunities with the aim of maximising its renovated and new spaces and retaining the versatile nature of the Centre.

Expenses

Most expenses, registered a decrease. The most notable increases have been observed in catering cost, due to the increased income therefrom and wages and salaries. Provision was made for collective agreement and management salary structure which were still under negotiation. During the year, the new artistic director was engaged.

Once again, budgets towards refurbishment works (repairs and maintenance) were sustained, in order to continue to ensure that the premises are kept in good working order.

Statement of Financial Position

The decrease in non-current assets is due to the net effect of acquisitions during the year and depreciation thereon. Thanks to the internal and ERDF funding, during the year 2023, the final phase of the the EU co-financed project that saw the reinstatement of a new hall to add to its stock of spaces available for rent and the installation of new HVAC in its signature hall, were completed. These activities brought to a finale, the ERDF 05.026, Re-Living the Sacra Infermeria, EU co-financed project, initiated in 2015.

Other significant projects completed are described as below

1. The capitalisation of the Slaves Hall, civil works, co-financed by the EU;
2. Improvements to Sound and vision systems in David Bruce and Vassalli halls;
3. Various improvements on the lifts throughout the Centre;
4. A new Lighting system for the Grand Harbour Terrace;
5. An overhaul to the security system;
6. Replacement of apertures.

In the year to come, the conference centre will continue to allocate budgets in order to maintain the property and keep its equipment in good working order.

As at 31 December 2023, the Centre has enhanced its cash resources and once again managed to maintain a healthy cash balance and increase its collectables.

The decrease in trade and other receivables is mainly due to the net effect of the substantial decrease in trade receivables, net of provision for bad debts and the increase in the rest of the debtors. Trade receivables decreased as a consequence of the efforts in securing timely debt collection. Other debtors increased as a result of increase in payments re EU funded projects that would be capitalised in future. The increase in prepayments is a result of prepaid advertising and the increase in accrued income is due to items still not yet invoiced at year end.

The decrease in trade and other payables was primarily the result of the net effect of an increase in accruals and deferred income offset by a higher decrease in the other liability categories. The main driver of the increase in accruals is due to the provisions related to collective agreement and management salary structure that were still under negotiation during the year under review. Deferred income increased as a result of increased deposits for future events.

Future Developments

The Board Members intend to continue to operate in line with the current line of business and pursue opportunities for further growth.

Board Members

In preparing the financial statements, the Board Members are required to:

- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items on a prudent basis;
- adopt the going concern basis unless it is inappropriate to presume that the Centre will continue in business; and
- report comparative figures corresponding to those of the preceding accounting year
- prepare the financial statements in accordance with generally accepted principles in the Companies Act (Cap.386) and in accordance with the provision of the same Act.

The Board Members are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Centre. This responsibility includes ensuring that the Centre establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The Board Members are also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Quazar has expressed the willingness to continue in office and a resolution for the re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board of Members and duly signed on its behalf by:



Dr. Kenneth Spiteri
Chairman



Mr Norman E. Grech
Board Member

12 July 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MEDITERRANEAN CONFERENCE CENTRE (the Centre), set out on pages 9 to 24, which comprise the balance sheet as at 31 December 2023, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the for the year then ended, and notes to the financial statement, including a summary of the significant accounting policies and explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mediterranean Conference Centre as at 31 December 2023 and of its financial performance for the year then ended in accordance with the International Financial Reporting Standards Regulations, ("IFRS") as adopted by the European Union (EU).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described below in the Auditors' Responsibilities for the Audit of the financial statements section of my report. We are independent of the Centre in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information

The Board Members are responsible for the other information. The other information comprises the 'General Information' and the 'Board Members' Report'. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In addition, in light of the knowledge and understanding of the Centre 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 Board Members and Other Information.

We have nothing to report in this regard.

Responsibilities of the Board Members

The Board Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether to due to fraud or error. In preparing the financial statements the Board Members responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

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

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

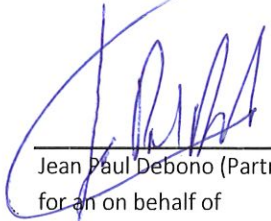
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.

- Conclude on the appropriateness of the Board 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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Centre's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board 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.

Auditor's responsibility for the audit of the financial statements (CONT'D)

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



Jean Paul Debono (Partner)

for and on behalf of

Quazar

Certified Public Accountants and Registered Auditors

LEK Business Centre, Level 1,

Triq I-Esporaturi,

Central Business District,

Birkirkara, CBD 2040,

Malta

12 July 2024

MEDITERRANEAN CONFERENCE CENTRE
Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	2023 €	2022 €
Turnover	3	2,746,418	2,528,627
Administrative Expenses		(3,303,175)	(3,270,417)
Other Operating Income	4	1,505,928	1,543,684
		-----	-----
Operating Profit		949,171	801,894
Finance Cost	5	(194)	(570)
		-----	-----
Total comprehensive income for the year	6	948,977	801,324
		-----	-----

MEDITERRANEAN CONFERENCE CENTRE
Statement of Financial Position
As at 31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	5,663,104	5,697,014
Trade and Other Receivables	11	2,300	5,300
		-----	-----
Total Non-Current Assets		5,665,404	5,702,314
		-----	-----
Current Assets			
Inventories	10	23,781	39,485
Trade and Other Receivables	11	1,104,854	1,308,681
Cash and Cash Equivalents	12	3,139,841	1,753,857
		-----	-----
Total Current Assets		4,268,476	3,102,023
		-----	-----
TOTAL ASSETS		9,933,880	8,804,337
		=====	=====
EQUITY			
Accumulated Funds		4,652,410	3,703,433
TOTAL EQUITY		4,652,410	3,703,433
		-----	-----
LIABILITIES			
Non-Current Liabilities			
Long-Term Borrowings	13	4,015,824	3,659,678
		-----	-----
Total Non-Current Liabilities		4,015,824	3,659,678
		-----	-----

MEDITERRANEAN CONFERENCE CENTRE
Statement of Financial Position (continued)
As at 31 December 2023

	Note	2023 €	2022 €
Current Liabilities			
Trade and Other Payables	13	1,265,646	1,441,226
		-----	-----
Total Current Liabilities		1,265,646	1,441,226
		-----	-----
TOTAL LIABILITIES		5,281,470	5,100,904
		-----	-----
TOTAL LIABILITIES AND EQUITY		9,933,880	8,804,337
		=====	=====

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements were approved by the Board Members' on 12th July 2024 and signed by:


Dr. Kenneth Spiteri
Chairman


Mr Norman E. Grech
Board Member

MEDITERRANEAN CONFERENCE CENTRE
Statement of Changes in Equity
For the year ended 31 December 2023

	Accumulated Funds €	Total Equity €
Financial year ended 31 December 2022		
Balance as at 1 January 2022	2,902,109	2,902,109
Total comprehensive income for the year		
Profit for the year	801,324	801,324
	-----	-----
Balance at 31 December 2022	3,703,433	3,703,433
	=====	=====
Financial year ended 31 December 2023		
Balance as at 1 January 2023	3,703,433	3,703,433
Total comprehensive income for the year		
Profit for the year	948,977	948,977
	-----	-----
Balance at 31 December 2023	4,652,410	4,652,410
	=====	=====

The notes on pages 14 to 24 are an integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE
Statement of Cash Flow
For the year ended 31 December 2023

	2023	2022
	€	€
Cash flows from operating activities		
Net profit:	948,977	801,324
<i>Reconciliation to cash generated from operations:</i>		
Depreciation	804,861	833,593
Finance Cost	194	570
	-----	-----
Operating profit before working capital changes	1,754,032	1,635,487
Movement in inventories	15,704	754
Movement in trade and other receivables	206,827	(561,050)
Movement in trade and other payables	180,566	(57,487)
	-----	-----
	2,157,129	1,017,704
Cash used in operations		
Interest paid	(194)	(570)
	-----	-----
Net cash flows from operating activities	2,156,935	1,017,134
Cash flows used in investing activities		
Acquisitions of property, plant and equipment	(770,951)	(643,069)
Disposal of PPE	-	64
	-----	-----
Net movement in cash and cash equivalents	1,385,984	374,129
Cash and cash equivalents at beginning of year	1,753,857	1,379,728
	-----	-----
Cash and cash equivalents at end of year	3,139,841	1,753,857
	=====	=====

The notes on pages 14 to 24 are an integral part of these financial statements.

1 Basis of Preparation

1.1 Statement of compliance and basis of measurement

The financial statements of MEDITERRANEAN CONFERENCE CENTRE ("the Centre") have been prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union (EU).

The financial statements are prepared on the historical cost basis.

1.2 Functional and presentation currency

The financial statements are presented in Euro which is the Centre's functional currency.

1.3 Significant judgements and critical estimation uncertainties

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Board Members have considered the development, selection and disclosure of the Centre's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Board 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 disclosure in terms of the requirements of IAS 1.

1.4 Adoption of new and revised International Financial Reporting Standards as adopted by the EU

In the current year, the Centre adopted new standards, amendments and interpretations to existing standards that are mandatory for the Centre's accounting period beginning 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Centre's accounting policies.

1.5 International Financial Reporting Standards as adopted by the EU in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Centre's accounting periods beginning after 1 January 2024. The Centre has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the board members are of the opinion that there are no requirements that will have a possible significant impact on the Centre's financial statements in the year of initial application.

2 Significant accounting policies

2.1 Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Centre and these can be measured reliably. Revenue is measured net of value-added tax and discounts where applicable. The following specific criteria must also be met before revenue is recognised.

Provision of Services

Revenue from the provision of services is recognised when costs incurred or to be incurred can be measured reliably.

2 Significant accounting policies (continued)

2.1 Revenue recognition (continued)

Government Grant

Government grants are recognised where there is reasonable assurance that the grant received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.2 Property, plant and equipment

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

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

After initial recognition land and buildings are carried under the revaluation model. Other property, plant and equipment are carried under the cost model.

Depreciation

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

The rates of depreciation used are the following:

Furniture and Fixtures	10-15%
Electrical & Plumbing	7%
Plant and Machinery	10-15%
Motor Vehicles	20%
Computer Equipment	25%
Improvements	5%

Depreciation method, useful life and residual value

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

Derecognition of plant and equipment

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

2 Significant accounting policies (continued)

2.3 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour and a proportion of fixed and variable production overheads that are incurred in converting materials into finished goods, based on the normal level activity.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

2.4 Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.5 Impairment

The Centre's assets are tested for impairment.

The carrying amounts of the Centre's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

For the purpose of impairment assessment, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Centre basis, as a cashgenerating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Centre to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determine a suitable

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

2.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one Centre and a financial liability or equity instrument of another Centre. Financial assets and financial liabilities are recognised when the entities becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are recognised at their nominal values.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the Centre has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

After an asset or liability is recognised on the balance sheet, it shall be derecognised if, and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the Centre.

An equity instrument is any contract that evidences a residual interest in the assets of the Centre after deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

2 Significant accounting policies (continued)

2.6 Financial instrument (continued)

Financial assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive
- Financial assets at fair value through profit and loss

The Centre's financial assets are mainly financial assets is amortised cost.

Financial Assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

For the purposes of the latter assessment, 'principal assessment is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Centre considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted when the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as practical expedient.

Financial assets at amortised cost are subsequently carried at amortised costs using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Centre's financial assets under this classification include cash at banks, trade receivable and other receivables.

Impairment of Financial Assets

The Centre recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised costs. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Centre expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stage. For credit exposures for which there has not been a significant increase in credit risk sign initial recognition for credit losses that result from default events that are possible when the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the time of default (Lifetime ECL).

2 Significant accounting policies (continued)

2.6 Financial instrument (continued)

The Centre considers a financial asset to be in default when contractual payments are 60 months past due. The Centre recognises a loss allowance for the expected credit losses on trade receivables. The amount of expected credit losses on trade receivables is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective trade receivables. However, in certain cases, the Centre may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity

For trade receivables, the Centre applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Centre's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit and loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit and loss.

Financial liabilities under this category include borrowings and trade and other payables.

Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.7 Financial Risk Management

The Centre's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Centre's risk management is coordinated by the board members and focuses on actively securing the Centre's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the conference centre is exposed to are described below.

Market Risk

Foreign exchange risk

Most of the Centre's transactions are carried out in Euro. Exposure to currency exchange rates arises from the Centre's transactions in foreign currencies. The Centre's financial assets face minimal foreign currency risk since all sales are made in receivable in Euro.

2 Significant accounting policies (continued)

2.7 Financial Risk Management (continued)

Interest rate risk

The Centre's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observation of current market conditions., the board members consider an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

Credit Risk

The Centre's credit risk is limited to the carrying amount of financial assets recognised at the date of the statement of financial position which are disclosed in note 12.

The Centre continuously monitors defaults of customers and other counterparts, and incorporates this information into its credit risk controls. The Centre's policy is to deal only creditworthy counterparties.

None of the Centre's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Liquidity Risk

The Centre's exposure to liquidity risk arise from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount offunding to meet the Centre's obligations when they become due.

As at 31 December 2023 and 2022, the contractual maturities on the financial liabilities of the Centre reflect the gross cash flows, which do not differ from the carrying values of the financial liabilities at the date of the statement of financial position.

2.8 Employee benefits

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

3 Revenue

Revenue is derived from the provision of services during the year net of any indirect taxes.

	2023	2022
	€	€
Income from halls and outdoor spaces	1,650,087	1,964,619
Income from catering	263,488	33,582
Hire of equipment	249,705	134,857
Catering commissions	498,740	325,398
Recharge of expenses	25,934	20,314
Other sundry income	58,464	49,857
	-----	-----
	2,746,418	2,528,627
	=====	=====

4 Other income

	2023	2022
	€	€
Government grants	1,018,622	1,136,508
Other income	487,306	407,176
	-----	-----
	1,505,928	1,543,684
	=====	=====

5 Finance Costs

	2023	2022
	€	€
Interest Expense	194	570
	=====	=====

6 Profit for the financial year

	2023	2022
	€	€
Auditor's Remuneration	2,000	2,000
Board Members' Remuneration	60,467	60,550
	=====	=====

7 Staff Costs

	2023	2022
	€	€
Wages and Salaries	1,196,998	1,128,156
Employer's NI	60,925	63,005
	-----	-----
	1,257,923	1,191,161
	=====	=====

The average number of employees including board members by the Centre during the year was 58 (2022: 59)

	2023	2022
	€	€
Recharges from related parties	43,340	41,255
	-----	-----

8 Taxation

The board as per previous practise, considers the Centre as tax exempt and did not provide for tax at 35% on the profits generated during the year

MEDITERRANEAN CONFERENCE CENTRE
Notes to the Financial Statements
For the year ended 31 December 2022

9 Property, Plant and Equipment	Furniture and Fittings €	Plant and Machinery €	Motor Vehicles €	Computer Equipment €	Improvement to Premises €	Total €
As at 1st January 2023						
Cost amount	1,056,212	3,110,332	14,371	805,617	6,169,470	11,156,002
Accumulated Depreciation and Impairment	(474,983)	(2,441,383)	(14,371)	(635,484)	(1,892,767)	(5,458,988)
Net book amount	581,229	668,949	-	170,133	4,276,703	5,697,014
Year Ended 31 December 2023						
Opening net book amount	581,229	668,949	-	170,133	4,276,703	5,697,014
Additions	83,331	102,666	-	11,455	573,499	770,951
Depreciation Charge	(80,236)	(245,701)	-	(153,798)	(325,126)	(804,861)
Closing net book amount	584,324	525,914	-	27,790	4,525,076	5,663,104
As at 31 December 2023						
Cost Amount	1,139,543	3,212,998	14,371	817,072	6,742,969	11,926,953
Accumulated depreciation and impairment	(555,219)	(2,687,084)	(14,371)	(789,282)	(2,217,893)	(6,263,849)
Net book amount	584,324	525,914	-	27,790	4,525,076	5,663,104

10 Stock Inventory

	2023	2022
	€	€
Stock Inventory	23,781	39,485
	=====	=====

Stock Inventory is made up of stationery goods such as pens, books, cleaning materials, electrical materials, food, drinks and mementoes

11 Trade and Other Receivables

	2023	2022
	€	€
Non-Current Asset		
Bank guarantees	2,300	5,300
	=====	=====
Current Asset		
Trade Receivables	624,739	463,311
Trade Receivables - Related Parties	308,731	774,555
Provision for Bad Debts	(131,491)	(138,311)
Expected Credit Losses	(3,169)	(3,169)
Other Receivables	189,186	118,927
Prepayment and accrued Income	113,858	89,118
Bank guarantees	3,000	4,250
	-----	-----
	1,104,854	1,308,681
	=====	=====

12 Cash and Cash Equivalents

	2023	2022
	€	€
Cash at Bank	3,138,443	1,750,787
Cash in Hand	1,398	3,070
	-----	-----
	3,139,841	1,753,857
	=====	=====

13 Trade and Other Payables

Non-Current Liabilities	2023	2022
	€	€
Deferred Grants	4,015,314	3,659,168
Hire Purchase Creditor	510	510
	-----	-----
	4,015,824	3,659,678
	=====	=====
Current Liabilities	2023	2022
	€	€
Trade Payables	207,592	280,759
Trade Payables - Related Parties	49,754	34,334
Other Payables	130,270	192,530
Accruals and deferred Income	361,155	196,047
Deferred Grant	447,179	605,967
Indirect Taxation	69,696	131,589
	-----	-----
	1,265,646	1,441,226
	=====	=====

14 Commitments and contingencies

As at the balance sheet date, the Centre has bank guarantees of €5,330 (2022: €9,550), as shown in note 11.

15 Related party disclosures

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making its financial and operational decisions. The Centre has related party relationships with entities and agencies owned and controlled by the Government of Malta. Transactions are carried out with related parties on a regular basis and in the ordinary course of business.

Related party balances are disclosed in Notes 11 and 13 to the financial statements.

MALTA TOURISM AUTHORITY

*Annual Report
and
Financial Statements
31 December 2021*

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The Authority Board presents the annual report together with the audited financial statements of the Malta Tourism Authority for the year ended 31 December 2021.

Incorporation, Mission and Vision

The Malta Tourism Authority came into effect on 1 September 1999 to promote tourism to Malta and regulate tourism services and operations in Malta as outlined in the Malta Travel and Tourism Services Act (Chap. 409).

The mission of the Malta Tourism Authority is to advance the economic and social activity of tourism in the national interest and by working with all stakeholders to develop a sustainable industry for current and future generations.

The vision of the Malta Tourism Authority is to achieve a healthy, sustainable and equitable tourism sector for the Maltese Islands, attracting regular inflows of quality visitors throughout the year from a diverse range of source markets, whilst ensuring that those who choose Malta as a destination are served with professionalism and care.

Performance Review

During the year under review, Malta Tourism Authority received income amounting to €118,285,112 (2020: €90,560,836) from the Government, private sector and other sources.

On the other hand, total expenditure, net of the investment income, finance costs and losses on foreign exchange differences, amounted to €110,018,525 (2020: €75,033,534).

The surplus for the year amounted to €8,266,587 (2020: €15,527,302).

During the year under review, inbound tourists increased by 47% over the same period when compared to the previous year. In volume terms, the number of inbound tourists increased from 658,000 to 968,000. Even though during the year under review, the number of inbound tourists increased compared to the year 2020, when compared to the year 2019 (pre- pandemic year), the incoming tourists figures declined by 65%.

During the year 2021, inbound tourism improved towards the end of the second quarter, as the first months of the year were characterised by essential travel only and very limited air seat capacity due to the high restrictive travel measures introduced by countries to address the rising number of positive COVID-19 cases. Subsequently, the increased vaccination rates combined with easier travel restrictions, have all contributed to the increase inbound tourism from the month of June onwards.

The increase in tourism for the year 2021, resulted in an increase in the number of guest nights amounting to 8.4 million compared to the 5.2 million in the year 2020, that is an increase of 62.5%, which contributed to an increase of €416 million in tourist expenditure.

The UK, France, Italy, Germany, Poland and Spain markets accounted for 70% of the total inbound tourists.

Tourism is a major pillar of Malta's economic and social development. During the year 2021, there were various discussions and strategies to provide the Maltese Tourism Industry with a sound platform to recover the losses suffered by the COVID-19 pandemic.

Performance Review (continued)

The challenge ahead is to continue to manage the future of the tourism industry, in a way which protects existing investments with the principles of sustainable development to ensure maximised economic returns, positive visitor experiences and ultimately return to the same pre-pandemic figures.

General Fund

The surplus for the year amounting to €8,266,587 was transferred to reserves. The accumulated surplus at year end amounted to €7,320,669 (2020: €5,295,472).

Financial Risk Management

The Authority's activities expose to it a variety of financial risks, including credit risk, liquidity risk and foreign exchange risk. These are further analysed in Note 23 to these financial statements.

Events Subsequent to the Statement of Financial Position Date

There were no particular important events affecting the Authority which occurred since the end of the accounting period.

Going Concern

After making enquiries, the board members have a reasonable expectation that the Authority has adequate resources to continue in operating existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

Future Developments

The board members intend to continue to operate in line with their current plan of operations.

Authority Board

The board of the Malta Tourism Authority who served during the year ended 31 December 2021, and up to the date of this report were:

Dr. Gavin Gulia - Chairman
Mr. Mario Attard - Member
Dr. Francis Agius - Member
Mr. Alan Borg - Member
Mr. Joseph Muscat - Member
Mr. George Micallef - Member
Mr. Kevin DeCesare - Member
Mr. Michael Camilleri Kamsky - Member
Ms. Rita Vella - Member
Mr. James Perry - Member
Ms. Nancy Caruana - Member (resigned in July 2021)
Mr. David Curmi (appointed in July 2021)
Dr. Roseanne Sant Cortis - Board Secretary

Authority Board (continued)

In accordance with the provisions of the Malta Travel and Tourism Services Act (Chap. 409), the Authority Board members are appointed annually at the beginning of the financial year and shall hold office for a period not exceeding three years.

Statement of the Board Members' Responsibilities

The Malta Travel and Tourism Services Act (Chap. 409) requires the board members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Authority and of the income and expenditure of the Authority for that period. In preparing the financial statements, the Authority board members are required to: -

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

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Authority and to enable the board members to ensure that the financial statements have been properly prepared in accordance with The Malta Travel and Tourism Services Act (Chap. 409). This responsibility includes designing, implementing and maintaining such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Authority is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their appointment will be put before the members at the annual general meeting.

Approved by the Board Members and signed on its behalf on 11 May 2022 by:



Dr. Gavin Gattia
Chairman



Mr. Mario Attard
Board Member

Malta Tourism Authority
Building SCM01, Level 3
SmartCity Malta
Ricasoli, SCM 1001
Kalkara

INDEPENDENT AUDITOR'S REPORT

To the Members of the Malta Tourism Authority

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Malta Tourism Authority (the "Authority"), set out on pages 7 to 37 which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flow 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 Authority, as at 31 December 2021 and of its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs), and have been prepared in accordance with the requirements for the Malta Travel and Tourism Services Act (Chap 409).

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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the General Information and the Board Members' report. Our opinion on the financial statements does not cover this information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed, in our opinion the information given in the Board Members' report for the financial year which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board Members' report. We have nothing to report in this regard.

Responsibilities of the Board Members

The board members are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the board 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 board members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board 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 Authority'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 Authority to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Malta Travel and Tourism Services Act (Chap. 409), enacted in Malta, which permits compliance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs) as prescribed in those regulations.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvida
Karm Zerafa Street
Birkirkara BKR1713
Malta

11 May 2022

	Notes	2021 €	2020 €
Revenue	7	116,015,768	89,878,688
Other operating income	8	<u>2,269,344</u>	<u>682,148</u>
Total income		118,285,112	90,560,836
Advertising, promotional and marketing expenses		(87,036,780)	(60,845,697)
Product planning and development expenses		(3,520,652)	(3,255,862)
COVID-19 Schemes		(8,041,560)	-
Staff costs	9	(8,917,320)	(8,248,136)
Other operating expenses		(1,282,940)	(2,613,542)
Depreciation of property, plant and equipment and amortisation of intangible asset	12,13	(258,510)	(184,449)
Depreciation on right-of-use assets	14	<u>(591,073)</u>	<u>-</u>
Operating surplus for the year	10	8,636,277	15,413,150
Realised foreign exchange differences		(307,961)	65,510
Unrealised foreign exchange differences		21,493	43,678
Investment income	11	9,174	4,964
Finance costs	14	<u>(92,396)</u>	<u>-</u>
SURPLUS FOR THE YEAR		<u>8,266,587</u>	<u>15,527,302</u>

	Notes	2021 €	2020 €
ASSETS			
Non-Current assets			
Intangible assets	12	114,145	-
Property, plant and equipment	13	519,661	593,644
Right-of-use assets	14	<u>2,532,363</u>	<u>-</u>
		<u>3,166,169</u>	<u>593,644</u>
Current assets			
Trade and other receivables	15	10,587,795	14,426,239
Cash and cash equivalents	16	4,167,194	4,038,139
Restricted cash	22	<u>18,377,081</u>	<u>-</u>
		<u>33,132,070</u>	<u>18,464,378</u>
Total Assets		<u><u>36,298,239</u></u>	<u><u>19,058,022</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital Fund	17	900,773	900,773
General Fund	18	<u>7,320,669</u>	<u>5,295,472</u>
		<u>8,221,442</u>	<u>6,196,245</u>
Non-current liabilities			
Lease liabilities	14	<u>2,003,231</u>	<u>-</u>
Current liabilities			
Trade and other payables	19	25,454,780	12,861,777
Lease liabilities	14	<u>618,786</u>	<u>-</u>
		<u>26,073,566</u>	<u>12,861,777</u>
Total Equity and Liabilities		<u><u>36,298,239</u></u>	<u><u>19,058,022</u></u>

The financial statements on pages 7 to 37 have been authorised for issue by the Authority Board Members on 11 May 2022 and were signed on its behalf by:


Dr. Gavin Gullia
Chariman


Mr. Mario Attard
Board Member

	Capital Fund €	General Fund €	Total Equity €
Balance 1 January 2020 - as originally stated	900,773	(10,231,830)	(9,331,057)
<i>Impact of changes in accounting policies</i>			
Transition adjustment upon adoption of IFRS 9 on 1 January 2020	-	(5,287,718)	(5,287,718)
Transition adjustment upon adoption of IFRS 16 on 1 January 2020	-	-	-
Balance at 1 January 2020 - as restated	900,773	(15,519,548)	(14,618,775)
Surplus for the year - as originally stated	-	15,527,302	15,527,302
<i>Impact of changes in accounting policies</i>			
Adjustment on adoption of IFRS 9	-	(827,018)	(827,018)
Adjustment on adoption of IFRS 16	-	(126,654)	(126,654)
Surplus for the year - as restated	-	14,573,630	14,573,630
Balance at 31 December 2020 - as restated	900,773	(945,918)	(45,145)
Balance at 1 January 2021 - as restated	900,773	(945,918)	(45,145)
<i>Total comprehensive surplus for the year</i>			
Surplus for the year	-	8,266,587	8,266,587
<i>Total comprehensive surplus for the year</i>	-	8,266,587	8,266,587
Balance at 31 December 2021	900,773	7,320,669	8,221,442

	Notes	2021 €	2020 €
Cash flows from operating activities			
Surplus for the year		8,266,587	15,527,302
<i>Adjustment for:</i>			
Depreciation and amortisation		258,510	184,449
Depreciation on right-of-use assets		591,073	-
Unrealised exchange differences		(21,493)	(43,678)
Provision for bad and doubtful debts		(764,912)	59,254
Interest income		(9,174)	(4,964)
Finance costs on lease liabilities		92,396	-
		<u>8,412,987</u>	<u>15,722,363</u>
Movement in trade and other receivables		(1,572,679)	2,543,775
Movement in trade and other payables		12,611,471	(23,621,503)
Movement in restricted cash		<u>(18,377,081)</u>	<u>-</u>
Cash generated from / (used in) operating activities		1,074,698	(5,355,365)
Interest received		<u>9,174</u>	<u>4,964</u>
Net cash generated from / (used in) operating activities		<u>1,083,872</u>	<u>(5,350,401)</u>
Cash flows from investing activities			
Acquisition of intangible assets		(171,218)	-
Acquisition of property, plant and equipment		<u>(127,454)</u>	<u>(115,137)</u>
Net cash used in investing activities		<u>(298,672)</u>	<u>(115,137)</u>
Cash flows from financing activities			
Advances to related parties		-	(2,281)
Payments for lease liabilities		<u>(656,145)</u>	<u>-</u>
Net cash used in financing activities		<u>(656,145)</u>	<u>(2,281)</u>
Movement in cash and cash equivalents		129,055	(5,467,819)
Cash and cash equivalents at beginning of year		<u>4,038,139</u>	<u>9,505,958</u>
Cash and cash equivalents at end of year	16	<u>4,167,194</u>	<u>4,038,139</u>

1. General Information

The Malta Tourism Authority was formally set up by the Malta Travel and Tourism Service Act (1999).

As set out in Article 5 of the Malta Travel and Tourism Services Act (Chap. 409), the Authority has the following functions:

- (a) to promote and advance Malta as a tourism destination;
- (b) to advise Government on tourism operations and to issue licences under this Act;
- (c) to monitor, classify and control the licensing of and standards provided in or by the tourism industry;
- (d) to contribute towards the improvements of the level of human resources in the tourism industry;
- (e) to advise Government on the planning and development of the tourism industry as well as on the infrastructure supporting the tourism industry; and
- (f) generally to assist and advise Government on any matter relating to/or affecting tourism and to undertake and organise such activities and projects as it may consider appropriate in connection with the performance of its functions.

2. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and in accordance with Malta Travel and Tourism Services Act (Chap. 409). The previous financial statements, for the year ended 31 December 2020, were prepared in accordance with the General Accounting Principles for Small and Medium-sized Entities ('GAPSME'). The date of the transition to IFRSs as adopted by the EU is the beginning of the earliest period for which the Authority presents full comparative information in accordance with IFRSs as adopted by the EU, in these financial statements, hence 1 January 2020.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

Functional and presentation currency

The financial statements are presented in euro, which is the Authority's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Board Members have considered the development, selection and disclosure of the Authority's critical accounting policies and estimates and the application of these policies and estimates (refer to Note 6 – Critical accounting estimates and judgments).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Transition to IFRSs

In 2021, the Authority adopted amendments and interpretations to existing standards that are mandatory for the Authority's accounting period beginning on 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU resulted in changes to the Authority's accounting policies impacting the Authority's financial performance and position. The Authority had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9, Financial Instruments
- IFRS 16, Leases

(a) Impact on the financial statements

As a result of the implementation of IFRSs, and as such resulting in changes in the Authority's accounting policies, IFRS 9 and IFRS 16 were adopted using the modified retrospective approach, thus without restating comparative information. The reclassifications and the adjustments arising from the new requirements are therefore not reflected in the statement of financial position as at 31 December 2020, but are recognised in the opening statements of the financial position on 1 January 2021.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	1 January 2021			
	Based on 31 December 2020 (as original reported)	Impact of adoption of IFRS 9	Impact of adoption of IFRS 16	Restated
Statement of financial position (extract)	€	€	€	€
ASSETS				
Non-current assets				
Right-of-use assets	-	-	3,056,326	3,056,326
Current assets				
Trade and other receivables	14,426,239	(6,114,736)	(64,326)	8,247,177
Total assets	<u>14,426,239</u>	<u>(6,114,736)</u>	<u>2,992,000</u>	<u>11,303,503</u>

3. Transition to IFRSs (continued)

(a) Impact on the financial statements (continued)

	1 January 2021			
	Based on 31 December 2020 (as original reported)	Impact of adoption of IFRS 9	Impact of adoption of IFRS 16	Restated
Statement of financial position (extract)				
	€	€	€	€
EQUITY AND LIABILITIES				
General fund	<u>5,295,472</u>	<u>(6,114,736)</u>	<u>(126,654)</u>	<u>(945,918)</u>
Total equity	<u>5,295,472</u>	<u>(6,114,736)</u>	<u>(126,654)</u>	<u>(945,918)</u>
Non-current liabilities				
Lease liabilities	-	-	2,562,501	2,562,501
Current liabilities				
Lease liabilities	<u>-</u>	<u>-</u>	<u>556,158</u>	<u>556,158</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,118,659</u>	<u>3,118,659</u>

(b) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of the previous GAAP that related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 'Financial Instruments' resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 4. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The adjustment to the opening retained earnings as at 1 January 2021, amounting to €6,114,736 represent an increase in provision of expected credit losses of trade and other receivables. This remeasurement adjustment decreases the carrying amount of the Authority's trade and other receivables.

3. Transition to IFRSs (continued)

(b) IFRS 9 Financial Instruments – Impact of adoption (continued)

(i) Classification and measurement

The measurement category of the financial instruments of the Authority were as follows:

	Original (previous GAAP)	New (IFRS 9)
Trade and other receivables	Amortised cost	Amortised cost
Cash and cash equivalents	Amortised cost	Amortised cost

As such, no reclassification adjustments were deemed necessary from the Authority's perspective, such that the measurement basis of the financial assets are unchanged, prior to application of impairment requirements.

(ii) Impairment of financial assets

The Authority has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade and other receivables; and
- Cash and cash equivalents

The Authority has to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Authority was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Authority's retained earnings and equity is disclosed in Note (a) above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

For trade receivables, the Authority applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected impairment provision for all trade receivables. This resulted in an increase of impairment provision for trade receivables to €6,114,736.

The closing impairment provision for trade receivables as at 31 December 2021 reconciles to the opening impairment provisions as follows:

3. Transition to IFRSs (continued)

(b) IFRS 9 Financial Instruments – Impact of adoption (continued)

(ii) Impairment of financial assets (continued)

	2021	2020
	€	€
<i>Trade receivables</i>		
Balance at 1 January - as originally reported	1,355,357	1,296,103
Transition adjustment upon adoption of IFRS 9	<u>6,114,736</u>	<u>5,287,718</u>
	7,470,093	6,583,821
(Decrease) / Increase in loss allowance recognised in profit or loss during the period	<u>(764,912)</u>	<u>886,272</u>
Balance at 31 December	<u><u>6,705,180</u></u>	<u><u>7,470,093</u></u>

Previous accounting policy for impairment of trade and other receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectable were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

The Authority considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

(c) IFRS 16 Leases – Impact of adoption

IFRS 16 replaces the provisions of the previous GAAP that related to the recognition of rent expense.

The adoption of IFRS 16 ‘Leases’ resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 4. In accordance with the transitional provisions in IFRS 16, comparative figures have not been restated.

Under the previous GAAP, leases were not recognised on-balance sheet; rather, the Authority recognised leases under operating lease rental expenditure. On the other hand, IFRS 16 mainly impacts the Authority as the latter requires to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts.

3. Transition to IFRSs (continued)

(c) IFRS 16 Leases – Impact of adoption (continued)

Consequently, the Authority recognised a right-of-use asset of €3,056,326 and a lease liability of €3,118,659. The Authority's equity decreased by €126,654 on transition date as a result.

Subsequently, IFRS 16 requires the lease liability recognised on initial application to be carried at amortised cost, whilst right-of-use asset are depreciated over their useful life, which in the case of the Authority, does not exceed the lease terms. Accordingly, the Authority replaced the rental expense previously recognised in profit or loss on a straight-line basis under GAPSME, with a depreciation charge (also recognised on a straight-line basis) and an interest expense, recognised using the discount rate used in measuring the Authority's lease liabilities (in the case of the Authority, this represents the incremental borrowing rate). The lessee's incremental borrowing rate applied to the lease liabilities ranges from 3% - 3.58%.

4. Standards and Interpretations

There were no new standards, amendments and interpretations to existing standards that have been published and are mandatory for the accounting periods beginning 1 January 2021 or later periods, that have an effect on the Authority's financial statements.

5. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the normal course of business, net of the value added tax and discount, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Authority and these can be measured reliably.

Revenue is recognised as follows:

i) Government subvention

Government subvention represents the funds allocated by the Government after the annual Central Government budget is approved by Parliament.

Government subvention is recognised when there is reasonable assurance that all the conditions attaching to it are complied with and the contribution will be received.

5. Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue is recognised as follows:

i) *Private sector contribution income*

Revenue from the private sector is recognised in accordance with the provisions of L.N. 125 of 2002 (Fees (Tourism) Regulations 2002) which detail the amount that is to be invoiced to the various entities that benefit from tourism.

ii) *Interest income*

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. Interest income is recognised on an accrual or time proportion basis.

Employee benefits

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

Foreign currencies

Transactions denominated in currencies other than the functional currency are translated at the exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end.

Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in the income statement.

Taxation

The Authority is exempt from income tax in accordance with Article 11 of the Malta Travel and Tourism Services Act (Chap. 409).

5. Significant Accounting Policies (continued)

Intangible assets

Acquired intangible assets – computer software and website

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Authority and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised.

The amortisation of intangible assets is based on a useful life of 3 years and is charged to profit or loss.

Amortisation method, useful life and residual value

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

Derecognition of intangible assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the surplus or shortfall in the period of derecognition.

Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the Authority and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

5. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Recognition and measurement (continued)

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

After initial recognition, property, plant and equipment are carried under the cost model.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The depreciation rates charged are as follows:

	%
Motor vehicles	20 per annum straight line
Fixtures, fittings and office equipment	20 per annum straight line
IT equipment	33.3 per annum straight line
Improvements to buildings	10 per annum straight line

Depreciation method, useful life and residual value

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

Derecognition of property, plant and equipment

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

Leases

Leases are classified as finance leases whenever the term of the leases transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Authority as a lessee

At the inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for the year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in IFRS 16.

5. Significant Accounting Policies (continued)

Leases (continued)

Authority as a lessee (continued)

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is yearly reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if this cannot be readily determined, the Authority's incremental borrowing rate. The Authority uses its incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal year that the Authority is reasonable certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or if the Authority changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents right-of-use assets within 'Fixed Assets' and lease liabilities within 'Non-current liabilities' and 'Current liabilities' in the statement of the financial position.

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

5. Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

In the years presented, the Authority does not have financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the authority's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other operating expenses.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

5. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions:

- it is held within a model whose objective is to hold the financial assets and collect its contractual cash flows and;
- it meets the contractual cash flow characteristic of the financial asset.

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

An assessment of model for managing financial assets is fundamental to the classification of a financial asset. The Authority determines the model at a level that reflects how groups of financial assets are managed to achieve a particular objective.

For the financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Authority's accounting policy on ECLs.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of the business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As already noted above, the Authority held no financial assets at fair value through profit or loss.

5. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

As already noted above, the Authority held no financial assets at FVOCI.

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Authority derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

5. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade receivables comprise amounts due from customer for services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operation cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e., expected credit loss allowance.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Expected Credit Losses

The Authority recognised a loss allowance for Expected Credit Losses (ECLs) on the following financial assets at amortised cost: trade and other receivables and cash at bank.

Where a collective basis is applied (see the Accounting Policy entitled 'Collective basis' below), the ECLs on these financial assets are estimated using a provision matrix based on the Authority's historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

5. Significant Accounting Policies (continued)

Expected Credit Losses (continued)

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For trade receivables that do not contain a significant financing component (or for which the IFRS 15 practical expedient for contracts that are one year or less is applied), the Authority applies the simplified approach and recognises lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Authority measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Authority considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Authority has applied the low credit risk assumption for the following classes of financial assets – cash at bank.

Definition of Default

The Authority considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the receivable is unlikely to pay its payables, including the Authority, in full (without taking into account any collateral held by the Authority).

The maximum period considered when estimating ECLs is the maximum contractual year over which the Authority is exposed to credit risk.

5. Significant Accounting Policies (continued)

Expected Credit Losses (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty; a breach of contract, such as a default or past due event; the borrower, for economic or contractual reason relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial recognition; or the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of ECLs

For the financial assets, the credit loss is the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

Where applicable, forward-looking information includes the future prospects of the industries in which the Authority's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that related to the Authority's core operations.

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the Authority performs the assessment of significant increases in the credit risk on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Write-off policy

The Authority writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Recoveries made are recognised in profit or loss as impairment gains.

5. Significant Accounting Policies (continued)

Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the operations if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

6. Critical Accounting Estimates and Judgements

Estimate and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the board 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 on terms of the requirements of IAS 1 (revised).

7. Revenue

	2021	2020
	€	€
Government of Malta contribution	114,500,000	84,999,997
Industry stakeholders contribution	1,386,283	4,793,107
Other operators contribution	129,485	85,584
	<u>116,015,768</u>	<u>89,878,688</u>

8. Other Operating Income

	2021	2020
	€	€
Marketing and events income	2,004,073	218,747
Beach concession income	154,191	319,968
Other income	111,080	143,433
	<u>2,269,344</u>	<u>682,148</u>

9. Staff Costs and Employees Information

	2021	2020
	€	€
Board members' remuneration	109,470	185,972
Key management personnel remuneration	848,945	853,653
Wages and salaries	7,551,178	6,816,447
Social security contributions	407,727	392,064
	<u>8,917,320</u>	<u>8,248,136</u>

The average number of persons employed by the Authority during the year was as follows:

	2021	2020
	No	No
Full time employees	180	182
Part time employees	49	27
	<u>229</u>	<u>209</u>

10. Operating Surplus for the Year

The operating surplus is stated after charging:

	2021	2020
	€	€
Board members' remuneration	109,470	185,972
Key management personnel remuneration	848,945	853,653
Depreciation of property, plant and equipment	201,437	184,449
Depreciation of right-of-use assets	591,073	-
Amortisation of intangible asset	57,073	-
Auditors' remuneration	6,565	6,250
	<u>6,565</u>	<u>6,250</u>

11. Investment Income

	2021 €	2020 €
Interest income on bank deposits	<u>9,174</u>	<u>4,964</u>

12. Intangible Assets

	Website €	Software €	Total €
At 1 January 2020 and 31 December 2020			
Cost	253,284	231,423	484,707
Accumulated amortisation	<u>(253,284)</u>	<u>(231,423)</u>	<u>(484,707)</u>
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>
Year ended 31 December 2021			
Additions	171,218	-	171,218
Amortisation charge	<u>(57,073)</u>	<u>-</u>	<u>(57,073)</u>
Closing net book amount	<u>114,145</u>	<u>-</u>	<u>114,145</u>
At 31 December 2021			
Cost	424,502	231,423	655,925
Accumulated amortisation	<u>(310,357)</u>	<u>(231,423)</u>	<u>(541,780)</u>
Net book amount	<u>114,145</u>	<u>-</u>	<u>114,145</u>

13. Property, Plant and Equipment

	Improvements to Buildings €	Furniture, Fixture & Office Equipment €	Motor Vehicles €	IT Equipment €	Total €
At 1 January 2020					
Cost	650,777	739,262	187,700	1,366,190	2,943,929
Accumulated depreciation	(195,079)	(588,841)	(187,700)	(1,309,353)	(2,280,973)
Net book amount	455,698	150,421	-	56,837	662,956
Year ended 31 December 2020					
Opening net book amount	455,698	150,421	-	56,837	662,956
Additions	-	26,551	-	88,586	115,137
Disposals	-	-	-	(7,732)	(7,732)
Depreciation charge	(65,078)	(55,514)	-	(63,857)	(184,449)
Depreciation charge released on disposals	-	-	-	7,732	7,732
Closing net book amount	390,620	121,458	-	81,566	593,644
At 31 December 2020					
Cost	650,777	765,813	187,700	1,447,044	3,051,334
Accumulated depreciation	(260,157)	(644,355)	(187,700)	(1,365,478)	(2,457,690)
Net book amount	390,620	121,458	-	81,566	593,644

13. Property, Plant and Equipment (continued)

	Improvements to Buildings	Furniture, Fixture & Office Equipment	Motor Vehicles	IT Equipment	Total
	€	€	€	€	€
Year ended 31 December 2021					
Opening net book amount	390,620	121,458	-	81,566	593,644
Additions	-	36,280	-	91,174	127,454
Disposals	-	-	-	(2,685)	(2,685)
Depreciation charge	(65,078)	(62,510)	-	(73,849)	(201,437)
Depreciation charge released on disposals	-	-	-	2,685	2,685
Closing net book amount	325,542	95,228	-	98,891	519,661
At 31 December 2021					
Cost	650,777	802,093	187,700	1,535,533	3,176,103
Accumulated depreciation	(325,235)	(706,865)	(187,700)	(1,436,642)	(2,656,442)
Net book amount	325,542	95,228	-	98,891	519,661
Capital Commitments					

During the year under review, the Authority entered into a commitment not contracted for with respect to finishes and refurbishments of new office space. The amount of capital commitment amounted to €525,100.

14. Lease

As lessee

Right-of-use assets

The Authority has elected to present right-of-use assets and lease liabilities as separate line items in the statement of the financial position.

The Authority has opted to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

	Properties €	Total €
Year ended 31 December 2021		
Impact on adoption of IFRS 16	3,056,326	3,056,326
Additions	67,110	67,110
Depreciation charge	<u>(591,073)</u>	<u>(591,073)</u>
Closing net book amount	<u>2,532,363</u>	<u>2,532,363</u>
At 31 December 2021		
Cost	3,701,451	3,701,451
Accumulated depreciation	<u>(1,169,088)</u>	<u>(1,169,088)</u>
Net book amount	<u>2,532,363</u>	<u>2,532,363</u>

Lease liabilities

Lease liabilities are presented in the statement of the financial position of the Authority as follows:

	2021 €	2020 €
Lease liabilities		
Current	618,786	-
Non-current	<u>2,003,231</u>	<u>-</u>
	<u>2,622,017</u>	<u>-</u>

The depreciation on the right-of-use assets and the interest expense on the lease liabilities recognised in the 'Statement of Comprehensive Income' as follows:

14. Lease (continued)

	2021 €	2020 €
Depreciation on right-of-use assets		
Depreciation	<u>591,073</u>	<u>-</u>
Interest expense		
Interest expense on lease liability	<u>92,396</u>	<u>-</u>

The total cash outflow in respect for leases during the year ended 31 December 2021 amounted to €656,145.

The range of the remaining lease terms of the Authority's properties is 1 - 10 years.

	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
Lease payments	692,671	2,093,624	48,106	2,834,401
Finance charges	<u>(73,885)</u>	<u>(136,979)</u>	<u>(1,520)</u>	<u>(212,384)</u>
	<u>618,786</u>	<u>1,956,645</u>	<u>46,586</u>	<u>2,622,017</u>

15. Trade and Other Receivables

	2021 €	2020 €
Trade receivables (Note i)	15,162	145,397
Amounts owed by related parties (Note ii)	912,350	7,635,290
Prepaid expenses	8,270,482	6,343,649
Other receivables (Note iii)	<u>1,389,801</u>	<u>301,903</u>
	<u>10,587,795</u>	<u>14,426,239</u>

- i. Trade receivables are stated net of allowance for expected credit losses of €1,056,500 (2020: €1,020,882).
- ii. Amounts owed by related parties are stated net of allowance for expected credit losses of €5,121,072 (2019: €NIL). This amount is unsecured and interest free. They are expected to be realised within twelve months after the end of the reporting period.
- iii. Other receivables are stated net of allowance for expected credit losses of €527,609 (2020: €334,475).

16. Cash and Cash Equivalents

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

	2021	2020
	€	€
Cash at bank and in hand	<u>4,167,194</u>	<u>4,038,139</u>

The cash at bank and in hand comprises an amount of €644,542 which is specifically related to the 'Travel Insolvency Fund.'

17. Capital Fund

Part of the capital fund (€300,773) represents the surplus on the valuation of the tangible assets taken over by the Authority from NTOM in 1999 as well as the valuation of the tangible assets of the overseas offices.

The other remaining funds (€600,000) relate to expenses in connection with the relocation of Malta Tourism Authority offices from the old premises in Valletta to the new premises in Smart City.

18. General Fund

The general fund represents accumulated surplus and shortfalls.

19. Trade and Other Payables

	2021	2020
	€	€
Trade payables	4,833,020	4,051,254
Amounts due to related parties	525,057	2,704,707
Accrued expenses	19,039,267	4,947,789
Indirect taxation payable	309,423	346,291
Incoming operators guarantees	644,542	656,076
Other payables	<u>103,471</u>	<u>155,660</u>
	<u>25,454,780</u>	<u>12,861,777</u>

Incoming operators guarantees

As per subsidiary legislation 409.18, 'Package Travel Insolvency Fund Regulations,' the Insolvency Fund Managing Board shall set up a fund, which fund shall be used to reimburse travellers in case that a travel agent operator goes bankrupt. The amount of €644,542 relates to funds deposited in the Insolvency Funds bank accounts. Such funds are administered by the Authority, however, the Authority cannot use the funds for its' operations (note 16).

Related parties

Amounts due to related parties are unsecured and interest free. They are expected to be settled within twelve months after the end of the reporting period.

20. Related Party Transactions

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Transaction with members of the board

Transaction with the members of the board are included in note 9 to these financial statements.

Transactions with related parties

	Transaction value		Balance outstanding	
	Year ended 31 December		As at 31 December	
	2021	2020	2021	2020
	€	€	€	€
Revenue				
Related parties	<u>116,169,813</u>	<u>90,137,481</u>	<u>1,034,928</u>	<u>2,636,796</u>
Expenditure				
Related parties	<u>21,600,450</u>	<u>20,802,063</u>	<u>525,057</u>	<u>2,704,707</u>
Finance transactions				
Advances to related parties	<u>-</u>	<u>(2,281)</u>	<u>4,998,494</u>	<u>4,998,494</u>

21. Contingent Liability

The Authority is currently defending in Court a number of claims or legal proceedings which might lead to liabilities falling due which, owing to their very special nature, cannot be reasonably quantified. Based on information available to the Authority no current claims or legal proceeding are deemed to be exceptional or which could lead to a significant liability falling on the Authority and therefore no new provision for any claims or legal proceedings was deemed necessary at the end of the reporting period.

With respect to the ten pending lawsuits that are against the Authority, the plaintiff company and the plaintiff individuals were never in a position to provide an estimate of the liability since at no point during the proceedings did the plaintiff company and the plaintiff individuals indicate an estimate sum of damages which they believe they are entitled to.

During February 2022, the Industrial Tribunal decided a case against the Authority, where the latter was entitled to pay the amount of €5,000 in compensation to an employee.

22. Restricted Cash / Financial Commitments

During the year 2021, the Product Development Directorate entered into various commitments, however, the projects were not yet fulfilled till the year end 2021. As such, during the year under review such directorate committed the amount of €2,427,824 with various suppliers which will be utilised in the years to come when the projects are fulfilled.

In addition, as at 31 December 2021, various contracted commitments were fulfilled during the year, but the claims for such commitments were received and reviewed after year end. These commitments amounted to €15,949,257.

Financial commitments at the reporting date are as follows:

	2021 €
Committed and contracted for - fulfilled	15,949,257
Committed and contracted for - not yet fulfilled	1,971,532
Committed and not contracted for - not yet fulfilled	456,292
	<u>18,377,081</u>

23. Financial Risk Management

At the year end, the Authority's main financial assets on the statements of financial position consisted of trade and other receivables and cash held at bank and in hand. At the year end, the Authority's main financial liabilities on the statement of the financial position consisted of trade and other payables.

The exposure to risk and the way risks arises, together with the Authority's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current heading within the statement of the financial position is intended to indicate the timing in which cash flows will arise.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Authority by failing to discharge an obligation.

Financial assets which potentially subject the Authority to concentrations of the credit risk consist principally of receivables and cash at bank.

Receivables are presented net of an allowance for doubtful receivables. In terms of IFRS 9 the Authority applies an ECL model as an allowance for doubtful receivables. The Authority assesses the credit quality of its customers, the majority of which are unrated, taking into account the financial position, past experience and other factors. The Authority exposure to credit risk is influenced mainly by the individual characteristics of each customer. The necessary provision and impairments are provided for and reviewed on an ongoing basis.

23. Financial Risk Management (continued)

Credit risk (continued)

The Company banks only with financial institutions with high quality rating. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Authority.

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Authority's maximum exposure to credit risk as summarised below:

	2021	2020
	€	€
Trade and other receivables	10,587,795	14,426,239
Cash at bank and in hand (<i>including restricted cash</i>)	<u>22,544,275</u>	<u>4,038,139</u>
	<u><u>33,132,070</u></u>	<u><u>18,464,378</u></u>

Neither of the Authority's financial assets are secured by collateral or other credit enhancements.

Management considers the credit quality of these financial assets at the end of the reporting year as being acceptable.

Liquidity Risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate funds to meet the Authority's obligations when they become due. It is the Authority's policy to ensure that resources are available at all times to enable the Authority to meet its liquidity.

Foreign exchange risk

Foreign currency transactions arise when the Authority purchases services whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD, GBP and Swiss Franc.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates.

Fair Values of Financial Instruments

At 31 December 2021 and 31 December 2020, the carrying amount of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

SCHEDULE

1. Advertising, promotional and marketing expenses
2. Product planning and development expenses
3. Other operating expenses

MALTA TOURISM AUTHORITY
Advertising, promotional and marketing expenses
For the year ended 31 December 2021

Schedule 1

	2021 €	2020 €
Route development international marketing	49,277,352	30,476,638
Strategic support	1,287,513	2,160,411
Representative offices	465,759	516,621
Conventions	1,206,394	581,003
Training support	-	5,170,432
Fairs	441,096	666,301
Familiarisation	546,293	564,371
Events and sponsorships	13,687,595	5,805,649
Other advertising and public relations	<u>20,124,778</u>	<u>14,904,271</u>
	<u><u>87,036,780</u></u>	<u><u>60,845,697</u></u>

MALTA TOURISM AUTHORITY
Product planning and development expenses
For the year ended 31 December 2021

Schedule 2

	2021	2020
	€	€
Tourism zone management expenses	2,299,629	2,287,899
Project management expenses	<u>1,221,023</u>	<u>967,963</u>
	<u><u>3,520,652</u></u>	<u><u>3,255,862</u></u>

MALTA TOURISM AUTHORITY
Other operating expenses
For the year ended 31 December 2021

Schedule 3

	2021 €	2020 €
Audit fee	6,565	6,250
Consultancy fees	354,756	334,724
Hospitality	8,062	9,802
Insurance	51,046	49,420
Bank charges	102,404	48,578
Maintenance	102,762	129,150
Motor vehicle expenses	210,038	203,918
Office expenses	129,365	126,950
Cleaning and consumables	58,421	61,518
IT expenses and consumables	377,483	297,535
Rental of equipment	6,383	6,687
Travelling	123,671	49,575
Rent	41,915	597,731
Staff development	30,002	4,009
Subscriptions	58,403	64,801
General expenses	207,446	310,188
Telecommunications	80,177	86,508
Water and electricity	43,046	49,017
Research activities	37,196	78,758
Provision for doubtful debts	(764,912)	59,254
Other expenses	18,711	39,169
	<u>1,282,940</u>	<u>2,613,542</u>

MALTA TOURISM AUTHORITY

*Annual Report
and
Financial Statements
31 December 2023*

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12 - 34.	Notes to the Financial Statements

The Authority Board presents the annual report together with the audited financial statements of the Malta Tourism Authority for the year ended 31 December 2023.

Incorporation, Mission and Vision

The Malta Tourism Authority came into effect on 1 September 1999 to promote tourism to Malta and regulate tourism services and operations in Malta as outlined in the Malta Travel and Tourism Services Act (Chap. 409).

The mission of the Malta Tourism Authority is to advance the economic and social activity of tourism in the national interest and by working with all stakeholders to develop a sustainable industry for current and future generations.

The vision of the Malta Tourism Authority is to achieve a healthy, sustainable and equitable tourism sector for the Maltese Islands, attracting regular inflows of quality visitors throughout the year from a diverse range of source markets, whilst ensuring that those who choose Malta as a destination are served with professionalism and care.

Performance Review

During the year under review, the Malta Tourism Authority received income, net of capital projects (note 6), amounting to €124,061,454 (2022: €131,202,037) from the Government, private sector and other sources.

On the other hand, total expenditure, net of the investment income, foreign exchange differences, movement in loss allowances for trade receivables and net of capital projects (note 6) amounted to €119,785,496 (2022: €133,445,790).

The surplus for the year amounted to €4,275,958 (2022: deficit of €2,243,753).

The year 2023 was a record breaker in tourism. It has seen Malta attracting 3 million tourists, recording an increase of 8% when compared to the year 2019, which was the previous record year where it has attracted more than 2.75 million tourists. When compared to the year 2019, a positive performance was recorded throughout all months in year 2023.

In year 2023, Malta's tourism performance surpassed that for the 'World' (reaching 88% of 2019 figures) and 'Europe' (reaching 94% of 2019 figures). Furthermore, Malta has outperformed the growth rate for 'Southern Mediterranean Europe' region.

The increase in tourism for the year 2023 resulted in an increase in the number of guest nights amounting to 20.2 million, increasing by 22% when compared to the year 2022. Furthermore, guest nights exceeded the year 2019 figures by 5%. Such an increase in the number of guests contributed to €2.7 billion, while expenditure per capita stood at €898. When compared to the year 2019, total tourist expenditure increased by 22.7%, following an increase in both expenditure per capita and per night. On average, in the year 2023, a tourist stayed in Malta for 6.8 nights.

Most of the tourists visiting Malta in year 2023 opted for collective type accommodation (63%) followed by other-rented type of accommodation such as self-catering apartments with a share of 27%. The distribution is similar to that recorded in the year 2019.

Performance Review (continued)

Moreover, for the first year, the top inbound source market was the Italian market whereby it has surpassed the British market. In addition, the year 2023 was a record year for inbound tourists from Italy, France and Poland. The Italian and British market accounted for 40% of the total inbound tourists. Despite a decline of 17% in British tourists when compared to the year 2019, authorities are optimistic about the prospect of the British market recovering in the coming years. On the other hand, inbound tourists from Poland (ranking as the fifth largest source market) recorded a remarkable increase of 60% when compared to the year 2019, with over 167,000 Polish tourists visiting Malta in year 2023.

MTA will continue to be the tourism industry's regulator and motivator, its business partner, the country's brand promoter, and is here to form, maintain and manage meaningful partnerships with all tourism stakeholders. Primarily, this means that it will continue to attract visitors to the Maltese Islands, but also working closely alongside the private sector partners. Furthermore, MTA will continue to help strengthen the industry's human resources, ensure the highest standards and quality of the Islands' tourism product and foster relations with local and international media.

General Fund

The surplus for the year amounting to €4,275,958 was transferred to reserves. The accumulated surplus at year end amounted to €9,352,874 (2022: €5,076,916).

Financial Risk Management

The Authority's activities expose to it a variety of financial risks, including credit risk, liquidity risk and foreign exchange risk. These are further analysed in Note 23 to these financial statements.

Events Subsequent to the Statement of Financial Position Date

There were no particular important events affecting the Authority which occurred since the end of the accounting period.

Going Concern

After making enquiries, the board members have a reasonable expectation that the Authority has adequate resources to continue in operating existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

Future Developments

The board members intend to continue to operate in line with their current plan of operations.

Authority Board (continued)

The board of the Malta Tourism Authority who served during the year ended 31 December 2023, and up to the date of this report were:

Dr. Gavin Gulia - Chairman
Mr. Alan Borg - Member
Mr. Joseph Muscat - Member
Mr. George Micallef - Member
Mr. Kevin DeCesare – Member
Ms. Rita Vella – Member
Mr. David Curmi – Member
Mr. Michael Camilleri Kamsky – Member (resigned on March 2023)
Ms. Romina Fenech – Member
Ms. Jennifer Falzon – Member
Ms. Caroline Tissot – Member
Mr. Alan Arrigo – Member (appointed on March 2023)
Dr. Stephanie Abela – Board Secretary

In accordance with the provisions of the Malta Travel and Tourism Services Act (Chap. 409), the Authority Board members are appointed annually at the beginning of the financial year and shall hold office for a period not exceeding three years.

Statement of the Board Members' Responsibilities

The Malta Travel and Tourism Services Act (Chap. 409) requires the board members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Authority and of the income and expenditure of the Authority for that period. In preparing the financial statements, the Authority board members are required to: -

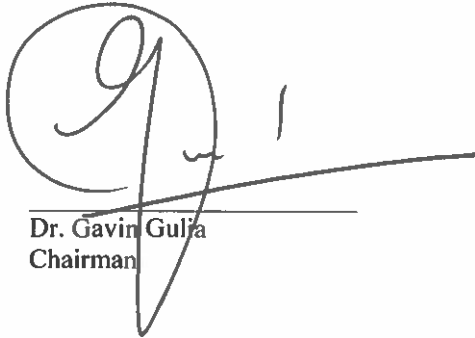
- adopt the going concern basis unless it is inappropriate to presume that the Authority will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the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

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Authority and to enable the board members to ensure that the financial statements have been properly prepared in accordance with The Malta Travel and Tourism Services Act (Chap. 409). This responsibility includes designing, implementing and maintaining such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Authority is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their appointment will be put before the members at the annual general meeting.

Approved by the Board Members and signed on its behalf on 27 May 2024 by:



Dr. Gavin Gulja
Chairman



Ms. Caroline Tissot
Board Member

Malta Tourism Authority
Building SCM01, Level 3
SmartCity Malta
Ricasoli, SCM 1001
Kalkara

INDEPENDENT AUDITOR'S REPORT

To the Members of the Malta Tourism Authority

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Malta Tourism Authority (the "Authority"), set out on pages 8 to 34 which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flow 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 Authority, as at 31 December 2023 and of its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs), and have been prepared in accordance with the requirements for the Malta Travel and Tourism Services Act (Chap 409).

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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the General Information and the Board Members' report. Our opinion on the financial statements does not cover this information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed, in our opinion the information given in the Board Members' report for the financial year which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board Members' report. We have nothing to report in this regard.

Responsibilities of the Board Members

The board members are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the board 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 board members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board 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 Authority'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 Authority to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Malta Travel and Tourism Services Act (Chap. 409), enacted in Malta, which permits compliance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs) as prescribed in those regulations.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provida
Karm Zerafa Street
Birkirkara BKR1713
Malta

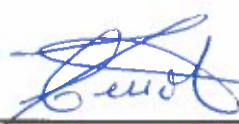
27 May 2024

	Notes	2023 €	2022 €
Revenue	6	122,159,533	127,638,395
Other operating income	7	<u>1,901,921</u>	<u>3,563,642</u>
Total income		124,061,454	131,202,037
Advertising, promotional and marketing expenses		(102,461,139)	(109,712,281)
Product planning and development expenses		(4,804,530)	(5,363,406)
COVID-19 Schemes		(26,807)	(5,190,544)
Staff costs	8	(8,799,019)	(8,902,176)
Other operating expenses		(2,870,813)	(2,729,421)
Depreciation of property, plant and equipment and amortisation of intangible asset	11,12	(283,192)	(286,174)
Depreciation on right-of-use assets	13	<u>(666,096)</u>	<u>(662,681)</u>
Operating surplus / (deficit) for the year	9	4,149,858	(1,644,646)
Foreign exchange differences		244,356	(123,826)
Bad debts		(189,371)	-
Movement in loss allowances for trade receivables	14	258,923	(279,166)
Investment income	10	2,327	6,305
Finance costs	13	<u>(190,135)</u>	<u>(202,420)</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>4,275,958</u>	<u>(2,243,753)</u>

	Notes	2023 €	2022 €
ASSETS			
Non-Current assets			
Intangible assets	11	11,800	57,072
Property, plant and equipment	12	836,760	919,051
Right-of-use assets	13	<u>3,525,306</u>	<u>4,024,302</u>
		<u>4,373,866</u>	<u>5,000,425</u>
Current assets			
Trade and other receivables	14	11,455,625	11,883,080
Cash and cash equivalents	15	22,061,870	-
Restricted cash	22	<u>20,015,060</u>	<u>15,947,288</u>
		<u>53,532,555</u>	<u>27,830,368</u>
Total Assets		<u><u>57,906,421</u></u>	<u><u>32,830,793</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital Fund	16	900,773	900,773
General Fund	17	<u>9,352,874</u>	<u>5,076,916</u>
		<u>10,253,647</u>	<u>5,977,689</u>
Non-current liabilities			
Lease liabilities	13	<u>3,087,502</u>	<u>3,602,367</u>
Current liabilities			
Trade and other payables	18	43,923,767	22,663,009
Lease liabilities	13	<u>641,505</u>	<u>587,728</u>
		<u>44,565,272</u>	<u>23,250,737</u>
Total Equity and Liabilities		<u><u>57,906,421</u></u>	<u><u>32,830,793</u></u>

The financial statements on pages 7 to 34 have been authorised for issue by the Authority Board Members on 27 May 2024 and were signed on its behalf by:


Dr. Gavin Gatt
Chairman


Ms. Caroline Tissot
Board Member

	Capital Fund €	General Fund €	Total Equity €
Balance at 1 January 2022	900,773	7,320,669	8,221,442
<i>Total comprehensive income for the year</i>			
Deficit for the year	<u>-</u>	<u>(2,243,753)</u>	<u>(2,243,753)</u>
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>(2,243,753)</u>	<u>(2,243,753)</u>
Balance at 31 December 2022	<u>900,773</u>	<u>5,076,916</u>	<u>5,977,689</u>
Balance at 1 January 2023	900,773	5,076,916	5,977,689
<i>Total comprehensive income for the year</i>			
Surplus for the year	<u>-</u>	<u>4,275,958</u>	<u>4,275,958</u>
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>4,275,958</u>	<u>4,275,958</u>
Balance at 31 December 2023	<u>900,773</u>	<u>9,352,874</u>	<u>10,253,647</u>

	Notes	2023 €	2022 €
Cash flows from operating activities			
Surplus / (deficit) for the year		4,275,958	(2,243,753)
<i>Adjustment for:</i>			
Depreciation and amortisation		283,192	286,174
Depreciation on right-of-use assets		666,096	662,681
Unrealised exchange differences		(102,083)	48,671
Loss allowances for trade receivables		(258,923)	279,166
Interest income		(2,327)	(6,305)
Finance costs on lease liabilities		190,135	202,420
		<u>5,052,048</u>	<u>(770,946)</u>
Movement in trade and other receivables		747,090	(1,659,498)
Movement in trade and other payables		21,303,991	(2,755,395)
Movement in restricted cash		(4,067,772)	2,429,793
Cash generated from / (used in) operating activities		<u>23,035,357</u>	<u>(2,756,046)</u>
Interest received		<u>2,327</u>	<u>6,305</u>
Net cash generated from / (used in) operating activities		<u>23,037,684</u>	<u>(2,749,741)</u>
Cash flows from investing activities			
Acquisition of intangible assets		(17,700)	-
Acquisition of property, plant and equipment		(137,929)	(628,491)
Net cash used in investing activities		<u>(155,629)</u>	<u>(628,491)</u>
Cash flows from financing activities			
Advances to related parties		(1,862)	-
Payments for lease liabilities		(818,323)	(788,962)
Net cash used in financing activities		<u>(820,185)</u>	<u>(788,962)</u>
Movement in cash and cash equivalents		<u>22,061,870</u>	<u>(4,167,194)</u>
Cash and cash equivalents at beginning of year		-	4,167,194
Cash and cash equivalents at end of year	15	<u>22,061,870</u>	<u>-</u>

1. General Information

The Malta Tourism Authority was formally set up by the Malta Travel and Tourism Service Act (1999).

As set out in Article 5 of the Malta Travel and Tourism Services Act (Chap. 409), the Authority has the following functions:

- (a) to promote and advance Malta as a tourism destination;
- (b) to advise Government on tourism operations and to issue licences under this Act;
- (c) to monitor, classify and control the licensing of and standards provided in or by the tourism industry;
- (d) to contribute towards the improvements of the level of human resources in the tourism industry;
- (e) to advise Government on the planning and development of the tourism industry as well as on the infrastructure supporting the tourism industry; and
- (f) generally to assist and advise Government on any matter relating to/or affecting tourism and to undertake and organise such activities and projects as it may consider appropriate in connection with the performance of its functions.

2. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and in accordance with Malta Travel and Tourism Services Act (Chap. 409).

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

Functional and presentation currency

The financial statements are presented in euro, which is the Authority's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Board Members have considered the development, selection and disclosure of the Authority's critical accounting policies and estimates and the application of these policies and estimates (refer to Note 5 – Critical accounting estimates and judgments).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Standards and Interpretations

There were no new standards, amendments and interpretations to existing standards that have been published and are mandatory for the accounting periods beginning 1 January 2022 or later periods, that have an effect on the Authority's financial statements.

4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the normal course of business, net of the value added tax and discount, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Authority and these can be measured reliably.

Revenue is recognised as follows:

i) Government subvention

Government subvention represents the funds allocated by the Government after the annual Central Government budget is approved by Parliament.

Government subvention is recognised when there is reasonable assurance that all the conditions attaching to it are complied with and the contribution will be received. Moreover, for commitments entered by the Authority which are determined to be of a capital nature, the costs and the respective government subvention thereof are offset in the statement of comprehensive income.

ii) Private sector contribution income

Revenue from the private sector is recognised in accordance with the provisions of L.N. 125 of 2002 (Fees (Tourism) Regulations 2002) which detail the amount that is to be invoiced to the various entities that benefit from tourism.

iii) Interest income

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measure reliably. Interest income is recognised on an accrual or time proportion basis.

Employee benefits

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

4. Significant Accounting Policies (continued)

Foreign currencies

Transactions denominated in currencies other than the functional currency are translated at the exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end.

Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in the income statement.

Taxation

The Authority is exempt from income tax in accordance with Article 11 of the Malta Travel and Tourism Services Act (Chap. 409).

Intangible assets

Acquired intangible assets – computer software and website

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Authority and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised.

The amortisation of intangible assets is based on a useful life of 3 years and is charged to profit or loss.

Amortisation method, useful life and residual value

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

Derecognition of intangible assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the surplus or shortfall in the period of derecognition.

4. Significant Accounting Policies (continued)

Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the Authority and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Recognition and measurement (continued)

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

After initial recognition, property, plant and equipment are carried under the cost model.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The depreciation rates charged are as follows:

	%
Motor vehicles	20 per annum straight line
Fixtures, fittings and office equipment	20 per annum straight line
IT equipment	33.3 per annum straight line
Improvements to buildings	10 per annum straight line

Depreciation method, useful life and residual value

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

Derecognition of property, plant and equipment

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

4. Significant Accounting Policies (continued)

Leases

Leases are classified as finance leases whenever the term of the leases transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Authority as a lessee

At the inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for the year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in IFRS 16.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is yearly reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if this cannot be readily determined, the Authority's incremental borrowing rate. The Authority uses its incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal year that the Authority is reasonable certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or if the Authority changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents right-of-use assets within 'Fixed Assets' and lease liabilities within 'Non-current liabilities' and 'Current liabilities' in the statement of the financial position.

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

In the years presented, the Authority does not have financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the authority's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other operating expenses.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions:

- it is held within a model whose objective is to hold the financial assets and collect its contractual cash flows and;
- it meets the contractual cash flow characteristic of the financial asset.

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

An assessment of model for managing financial assets is fundamental to the classification of a financial asset. The Authority determines the model at a level that reflects how groups of financial assets are managed to achieve a particular objective.

For the financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Authority's accounting policy on ECLs.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of the business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As already noted above, the Authority held no financial assets at fair value through profit or loss.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Authority may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

As already noted above, the Authority held no financial assets at FVOCI.

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Authority derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade receivables comprise amounts due from customer for services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operation cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e., expected credit loss allowance.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Expected Credit Losses

The Authority recognised a loss allowance for Expected Credit Losses (ECLs) on the following financial assets at amortised cost: trade and other receivables and cash at bank.

Where a collective basis is applied (see the Accounting Policy entitled 'Collective basis' below), the ECLs on these financial assets are estimated using a provision matrix based on the Authority's historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

4. Significant Accounting Policies (continued)

Expected Credit Losses (continued)

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For trade receivables that do not contain a significant financing component (or for which the IFRS 15 practical expedient for contracts that are one year or less is applied), the Authority applies the simplified approach and recognises lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Authority measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Authority considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Authority has applied the low credit risk assumption for the following classes of financial assets – cash at bank.

Definition of Default

The Authority considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information develop internally or obtained from external sources indicates that the receivable is unlikely to pay its payables, including the Authority, in full (without taking into account any collateral held by the Authority).

The maximum period considered when estimating ECLs is the maximum contractual year over which the Authority is exposed to credit risk.

4. Significant Accounting Policies (continued)

Expected Credit Losses (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty; a breach of contract, such as a default or past due event; the borrower, for economic or contractual reason relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial recognition; or the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of ECLs

For the financial assets, the credit loss is the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

Where applicable, forward-looking information includes the future prospects of the industries in which the Authority's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that related to the Authority's core operations.

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the Authority performs the assessment of significant increases in the credit risk on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Write-off policy

The Authority writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Authority's recovery procedures, taking into account legal advice where appropriate. Recoveries made are recognised in profit or loss as impairment gains.

4. Significant Accounting Policies (continued)

Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the operations if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

5. Critical Accounting Estimates and Judgements

Estimate and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the board 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 on terms of the requirements of IAS 1 (revised).

6. Revenue

	2023 €	2022 €
<i>Government of Malta contribution (Note i)</i>		
Government of Malta contribution	119,499,997	122,100,000
Deduction of contribution allocated to capital projects	<u>(6,833,004)</u>	<u>-</u>
Government of Malta contribution, net of capital projects	112,666,993	122,100,000
<i>Other</i>		
Industry stakeholder contribution	7,757,097	4,052,595
Other operators contribution	<u>1,735,443</u>	<u>1,485,800</u>
	<u>122,159,533</u>	<u>127,638,395</u>

- i. The total government subvention for the year 2023 amounted to €119,499,997. From this subvention, the amount of €11,637,534 was allocated to the Product Development Directorate. The Product Development Directorate entered into commitments amounting to €6,833,004 which are considered to be of a capital nature. For disclosure purposes, the government subvention in relation to the capital projects is offset against the expense in the statement of comprehensive income.

7. Other Operating Income

	2023	2022
	€	€
Marketing and events income	1,310,844	2,828,043
Beach concession income	410,980	517,356
Other income	180,097	218,243
	<u>1,901,921</u>	<u>3,563,642</u>

8. Staff Costs and Employees Information

	2023	2022
	€	€
Board members' remuneration	103,815	111,343
Key management personnel remuneration	885,654	818,985
Wages and salaries	7,406,561	7,552,716
Social security contributions	402,989	419,132
	<u>8,799,019</u>	<u>8,902,176</u>

The average number of persons employed by the Authority during the year amounted to 206 (2022: 213) employees.

9. Operating Surplus / (Deficit) for the Year

The operating surplus / (deficit) is stated after charging:

	2023	2022
	€	€
Board members' remuneration	103,815	111,343
Key management personnel remuneration	885,654	818,985
Depreciation of property, plant and equipment	220,220	229,101
Depreciation of right-of-use assets	666,096	662,681
Amortisation of intangible asset	62,972	57,073
Auditors' remuneration	7,400	7,000
	<u>7,400</u>	<u>7,000</u>

10. Investment Income

	2023	2022
	€	€
Interest income on bank deposits	<u>2,327</u>	<u>6,305</u>

11. Intangible Assets

	Website €	Software €	Total €
At 1 January 2022			
Cost	424,502	231,423	655,925
Accumulated amortisation	<u>(310,357)</u>	<u>(231,423)</u>	<u>(541,780)</u>
Net book amount	<u>114,145</u>	<u>-</u>	<u>114,145</u>
Year ended 31 December 2022			
Opening net book amount	114,145	-	114,145
Amortisation charge	<u>(57,073)</u>	<u>-</u>	<u>(57,073)</u>
Closing net book amount	<u>57,072</u>	<u>-</u>	<u>57,072</u>
At 31 December 2022			
Cost	424,502	231,423	655,925
Accumulated amortisation	<u>(367,430)</u>	<u>(231,423)</u>	<u>(598,853)</u>
Net book amount	<u>57,072</u>	<u>-</u>	<u>57,072</u>
Year ended 31 December 2023			
Opening net book amount	57,072	-	57,072
Additions	-	17,700	17,700
Amortisation charge	<u>(57,072)</u>	<u>(5,900)</u>	<u>(62,972)</u>
Closing net book amount	<u>-</u>	<u>11,800</u>	<u>11,800</u>
At 31 December 2023			
Cost	424,502	249,123	673,625
Accumulated amortisation	<u>(424,502)</u>	<u>(237,323)</u>	<u>(661,825)</u>
Net book amount	<u>-</u>	<u>11,800</u>	<u>11,800</u>

12. Property, Plant and Equipment

	Improvements to Buildings €	Furniture, Fixture & Office Equipment €	Motor Vehicles €	IT Equipment €	Total €
At 1 January 2022					
Cost	650,777	802,093	187,700	1,535,533	3,176,103
Accumulated depreciation	(325,235)	(706,865)	(187,700)	(1,436,642)	(2,656,442)
Net book amount	325,542	95,228	-	98,891	519,661
Year ended 31 December 2022					
Opening net book amount	325,542	95,228	-	98,891	519,661
Additions	557,066	24,529	-	46,896	628,491
Disposals	-	-	-	(730)	(730)
Depreciation charge	(118,088)	(35,704)	-	(75,309)	(229,101)
Depreciation charge released on disposals	-	-	-	730	730
Closing net book amount	764,520	84,053	-	70,478	919,051
At 31 December 2022					
Cost	1,207,843	826,622	187,700	1,581,699	3,803,864
Accumulated depreciation	(443,323)	(742,569)	(187,700)	(1,511,221)	(2,884,813)
Net book amount	764,520	84,053	-	70,478	919,051

12. Property, Plant and Equipment (continued)

	Improvements to Buildings €	Furniture, Fixture & Office Equipment €	Motor Vehicles €	IT Equipment €	Total €
Year ended 31 December 2023					
Opening net book amount	764,520	84,053	-	70,478	919,051
Additions	43,819	45,797	-	48,313	137,929
Depreciation charge	(125,166)	(33,170)	-	(61,884)	(220,220)
Closing net book amount	683,173	96,680	-	56,907	836,760
At 31 December 2023					
Cost	1,251,662	872,419	187,700	1,630,012	3,941,793
Accumulated depreciation	(568,489)	(775,739)	(187,700)	(1,573,105)	(3,105,033)
Net book amount	683,173	96,680	-	56,907	836,760

13. Lease

As lessee

Right-of-use assets

The Authority has elected to present right-of-use assets and lease liabilities as separate line items in the statement of the financial position.

The Authority has opted to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

	Properties €	Total €
At 1 January 2022		
Cost	3,701,451	3,701,451
Accumulated depreciation	<u>(1,169,088)</u>	<u>(1,169,088)</u>
Net book amount	<u>2,532,363</u>	<u>2,532,363</u>
Year ended 31 December 2022		
Opening net book amount	2,532,363	2,532,363
Additions - Lease modifications	1,017,006	1,017,006
Additions	1,137,614	1,137,614
Depreciation charge	<u>(662,681)</u>	<u>(662,681)</u>
Closing net book amount	<u>4,024,302</u>	<u>4,024,302</u>
At 31 December 2022		
Cost	5,856,071	5,856,071
Accumulated depreciation	<u>(1,831,769)</u>	<u>(1,831,769)</u>
Net book amount	<u>4,024,302</u>	<u>4,024,302</u>
Year ended 31 December 2023		
Opening net book amount	4,024,302	4,024,302
Additions - Lease modifications	167,100	167,100
Depreciation charge	<u>(666,096)</u>	<u>(666,096)</u>
Closing net book amount	<u>3,525,306</u>	<u>3,525,306</u>
At 31 December 2023		
Cost	6,023,171	6,023,171
Accumulated depreciation	<u>(2,497,865)</u>	<u>(2,497,865)</u>
Net book amount	<u>3,525,306</u>	<u>3,525,306</u>

13. Lease (continued)

Lease liabilities

Lease liabilities are presented in the statement of the financial position of the Authority as follows:

	2023 €	2022 €
Lease liabilities		
Current	641,505	587,728
Non-current	<u>3,087,502</u>	<u>3,602,367</u>
	<u><u>3,729,007</u></u>	<u><u>4,190,095</u></u>

The depreciation on the right-of-use assets and the interest expense on the lease liabilities recognised in the 'Statement of Comprehensive Income' is as follows:

	2023 €	2022 €
Depreciation on right-of-use assets		
Depreciation	<u>666,096</u>	<u>662,681</u>
Interest expense		
Interest expense on lease liability	<u>190,135</u>	<u>202,420</u>

The total cash outflow in respect for leases during the year ended 31 December 2023 amounted to €818,323 (2022: €788,962).

The range of the remaining lease terms of the Authority's properties is 1 - 13 years.

The future minimum lease payments as at 31 December 2023 were as follows:

	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
Lease payments	808,577	2,107,680	1,771,562	4,687,819
Finance charges	<u>(167,072)</u>	<u>(445,069)</u>	<u>(346,671)</u>	<u>(958,812)</u>
	<u><u>641,505</u></u>	<u><u>1,662,611</u></u>	<u><u>1,424,891</u></u>	<u><u>3,729,007</u></u>

13. Lease (continued)

The future minimum lease payments as at 31 December 2022 were as follows:

	Not later than one year	Later than one year but not later than five years	Later than five years	Total
	€	€	€	€
Lease payments	772,466	2,520,660	2,032,730	5,325,856
Finance charges	<u>(184,738)</u>	<u>(515,508)</u>	<u>(435,515)</u>	<u>(1,135,761)</u>
	<u>587,728</u>	<u>2,005,152</u>	<u>1,597,215</u>	<u>4,190,095</u>

14. Trade and Other Receivables

	2023	2022
	€	€
Trade receivables (Note i)	233,261	273,285
Amounts owed by related parties (Note ii)	95,372	1,901,315
Indirect taxation refundable	-	1,174,657
Prepaid expenses	9,577,567	8,165,502
Accrued income	1,015,783	273,855
Other receivables (Note iii)	<u>533,642</u>	<u>94,466</u>
	<u>11,455,625</u>	<u>11,883,080</u>

- i. Trade receivables are stated net of allowance for expected credit losses of €1,044,541 (2022: €953,964).
- ii. Amounts owed by related parties are stated net of allowance for expected credit losses of €5,000,668 (2022: €5,268,233). This amount is unsecured and interest free. They are expected to be realised within twelve months after the end of the reporting period.
- iii. Other receivables are stated net of allowance for expected credit losses of €680,214 (2022: €762,150).

15. Cash and Cash Equivalents

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

	2023	2022
	€	€
Cash at bank and in hand	<u>22,061,870</u>	<u>-</u>

16. Capital Fund

Part of the capital fund (€300,773) represents the surplus on the valuation of the tangible assets taken over by the Authority from NTOM in 1999 as well as the valuation of the tangible assets of the overseas offices.

The other remaining funds (€600,000) relate to expenses in connection with the relocation of Malta Tourism Authority offices from the old premises in Valletta to the new premises in Smart City.

17. General Fund

The general fund represents accumulated surplus and shortfalls.

18. Trade and Other Payables

	2023	2022
	€	€
Trade payables	11,103,539	3,628,640
Amounts due to related parties	1,020,590	1,492,749
Accrued expenses	16,318,573	16,108,554
Deferred income	13,863,584	728,501
Indirect taxation payable	642,641	-
Outgoing operators guarantees	974,840	704,565
	<u>43,923,767</u>	<u>22,663,009</u>

Outgoing operators guarantees

As per subsidiary legislation 409.18, 'Package Travel Insolvency Fund Regulations,' the Insolvency Fund Managing Board shall set up a fund, which fund shall be used to reimburse travellers in case that a travel agent operator goes bankrupt. The amount of €974,840 relates to funds deposited in the Insolvency Funds bank accounts. Such funds are administered by the Authority, however, the Authority cannot use the funds for its' operations (note 22).

Related parties

Amounts due to related parties are unsecured and interest free. They are expected to be settled within twelve months after the end of the reporting period.

19. Related Party Transactions

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Transactions with members of the board

Transactions with the members of the board are included in note 8 to these financial statements.

20. Related Party Transactions (continued)

Transactions with related parties

	Transaction value		Balance outstanding	
	Year ended 31 December		As at 31 December	
	2023	2022	2023	2022
	€	€	€	€
Revenue				
Related parties	<u>140,602,639</u>	<u>127,055,914</u>	<u>95,685</u>	<u>2,171,054</u>
Expenditure				
Related parties	<u>10,071,026</u>	<u>22,541,949</u>	<u>1,020,590</u>	<u>1,492,749</u>
Finance transactions				
Advances to related parties	<u>1,861</u>	<u>-</u>	<u>5,000,355</u>	<u>4,998,494</u>

21. Contingent Liability

The Authority is currently defending in Court a number of claims or legal proceedings which might lead to liabilities falling due which, owing to their very special nature, cannot be reasonably quantified. Based on information available to the Authority no current claims or legal proceeding are deemed to be exceptional or which could lead to a significant liability falling on the Authority and therefore no new provision for any claims or legal proceedings was deemed necessary at the end of the reporting period.

With respect to the two pending court cases and nine judicial letters/protests that are against the Authority, the plaintiff companies and the plaintiff individuals were never in a position to provide an estimate of the liability since at no point during the proceedings did the plaintiff companies and the plaintiff individuals indicate an estimate sum of damages which they believe they are entitled to.

22. Restricted Cash / Financial Commitments

The restricted cash comprises an amount of €974,840 (2022: €704,565) which is specifically related to the 'Travel Insolvency Fund' (note 18).

Moreover, during the year 2023, the Product Development Directorate entered into various commitments, however, the projects were not yet fulfilled till the year end 2023. As such, during the year under review such directorate committed the amount of €2,229,778 with various suppliers which will be utilised in the years to come when the projects are fulfilled.

Other commitments entered into by other directorates amounted to €750,476.

In addition, as at 31 December 2023, various contracted commitments were fulfilled during the year, but the claims for such commitments were received and reviewed after year end.

22. Restricted Cash / Financial Commitments (continued)

Financial commitments at the reporting date are as follows:

	2023 €	2022 €
Committed and contracted for - not yet fulfilled	1,525,832	1,896,574
Committed and not contracted for - not yet fulfilled	<u>1,454,422</u>	<u>214,060</u>
	<u>2,980,254</u>	<u>2,110,634</u>

The balancing amount of the restricted cash amounting to €16,059,966 (*which is part of the accrued expenses listed in Note 18*) is related to commitments which have been fulfilled during the year, but the claims for such commitments were received and reviewed after year end.

23. Financial Risk Management

At the year end, the Authority's main financial assets on the statements of financial position consisted of trade and other receivables and cash held at bank and in hand. At the year end, the Authority's main financial liabilities on the statement of the financial position consisted of trade and other payables.

The exposure to risk and the way risks arises, together with the Authority's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current heading within the statement of the financial position is intended to indicate the timing in which cash flows will arise.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Authority by failing to discharge an obligation.

Financial assets which potentially subject the Authority to concentrations of the credit risk consist principally of receivables and cash at bank.

Receivables are presented net of an allowance for doubtful receivables. In terms of IFRS 9 the Authority applies an ECL model as an allowance for doubtful receivables. The Authority assesses the credit quality of its customers, the majority of which are unrated, taking into account the financial position, past experience and other factors. The Authority exposure to credit risk is influenced mainly by the individual characteristics of each customer. The necessary provision and impairments are provided for and reviewed on an ongoing basis.

The Authority banks only with financial institutions with high quality rating. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Authority.

23. Financial Risk Management (continued)

Credit risk (continued)

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Authority's maximum exposure to credit risk as summarised below:

	2023	2022
	€	€
Trade and other receivables	11,455,625	11,883,080
Cash at bank and in hand (<i>including restricted cash</i>)	<u>42,076,930</u>	<u>15,947,288</u>
	<u><u>53,532,555</u></u>	<u><u>18,464,378</u></u>

Neither of the Authority's financial assets are secured by collateral or other credit enhancements.

Management considers the credit quality of these financial assets at the end of the reporting year as being acceptable.

Liquidity Risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate funds to meet the Authority's obligations when they become due. It is the Authority's policy to ensure that resources are available at all times to enable the Authority to meet its liquidity.

Foreign exchange risk

Foreign currency transactions arise when the Authority purchases services whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD, GBP and Swiss Franc.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates.

Fair Values of Financial Instruments

At 31 December 2023 and 31 December 2022, the carrying amount of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

24. Comparative Information

Comparative figures have been reclassified to conform with the current year's presentation of financial statements.

MALTA TOURISM AUTHORITY
Schedules to the Financial Statements
For the year ended 31 December 2023

SCHEDULE

1. Advertising, promotional and marketing expenses
2. Product planning and development expenses
3. Other operating expenses

MALTA TOURISM AUTHORITY
Advertising, promotional and marketing expenses
For the year ended 31 December 2023

Schedule 1

	2023 €	2022 €
Route development international marketing	44,322,964	54,439,087
Strategic support	3,002,486	2,284,331
Representative offices	432,959	467,312
Conventions	2,860,258	2,674,367
Fairs	1,352,148	637,426
Familiarisation	1,352,225	910,563
Events and sponsorships	22,819,270	26,948,281
Brand partnership	9,693,449	7,641,361
Other advertising and public relations	<u>16,625,380</u>	<u>13,709,553</u>
	<u><u>102,461,139</u></u>	<u><u>109,712,281</u></u>

MALTA TOURISM AUTHORITY
Product planning and development expenses
For the year ended 31 December 2023

Schedule 2

	2023	2022
	€	€
<i>Project Management</i>		
Project management costs	2,705,574	3,199,845
Capital projects expenditure (<i>Note 6</i>)	<u>6,833,004</u>	<u>-</u>
	9,538,578	3,199,845
Deduction of contribution allocated to capital projects (<i>Note 6</i>)	<u>(6,833,004)</u>	<u>-</u>
Project management costs, net of capital projects	2,705,574	3,199,845
<i>Tourism zone management</i>		
Tourism zone management expenses	<u>2,098,956</u>	<u>2,163,561</u>
	<u><u>4,804,530</u></u>	<u><u>5,363,406</u></u>



MALTA TOURISM AUTHORITY
Other operating expenses
For the year ended 31 December 2023

Schedule 3

	2023	2022
	€	€
Audit fee	7,400	7,000
Consultancy fees	288,385	379,203
Hospitality	21,641	32,860
Insurance	58,206	52,410
Bank charges	30,866	89,771
Maintenance	110,101	103,534
Motor vehicle expenses	232,780	193,368
Office expenses	182,371	136,008
Cleaning and consumables	91,322	63,842
IT expenses and consumables	592,804	563,172
Rental of equipment	6,007	6,292
Travelling	298,297	296,565
Rent	84,220	68,059
Staff development	32,973	25,735
Subscriptions	65,682	52,702
General expenses	144,956	304,311
Telecommunications	74,876	75,135
Water and electricity	50,152	53,918
Research activities	427,312	205,266
Other expenses	<u>70,462</u>	<u>20,270</u>
	<u><u>2,870,813</u></u>	<u><u>2,729,421</u></u>

MALTA TOURISM AUTHORITY

*Annual Report
and
Financial Statements
31 December 2020*

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21 - 23.	Independent Auditors' Report

The Authority Board presents the annual report together with the audited financial statements of the Malta Tourism Authority for the year ended 31 December 2020.

Incorporation and Functions

The Malta Tourism Authority came into effect on 1 September 1999 to promote tourism to Malta and regulate tourism services and operations in Malta as outlined in the Malta Travel and Tourism Services Act (Chap. 409).

As set out in Article 5 of the Malta Travel and Tourism Services Act (Chap. 409), the Authority has the following functions:

- (a) to promote and advance Malta as a tourism destination;
- (b) to advise Government on tourism operations and to issue licences under this Act;
- (c) to monitor, classify and control the licensing of and standards provided in or by the tourism operations;
- (d) to contribute towards the improvements of the level of human resources in the tourism industry;
- (e) to advise Government on the planning and development of the tourism industry as well as on the infrastructure supporting the tourism industry; and
- (f) generally to assist and advise Government on any matter relating to or affecting tourism and to undertake and organise such activities and projects as it may consider appropriate in connection with the performance of its functions.

Performance Review

During the year under review, Malta Tourism Authority received income amounting to €90,560,836 (2019: €102,308,282) from the Government, private sector and other sources.

On the other hand, total expenditure, net of the investment income and losses on foreign exchange differences, amounted to €75,033,534 (2019: €104,602,978).

The surplus for the year amounted to €15,527,302 (2019: deficit of €2,294,696). The Authority generated a surplus of €15,527,302 due to the decrease in the advertising, promotional and marketing expenses. The COVID-19 pandemic has affected countries globally and have resulted in countries imposing several restrictions to contain the pandemic. In turn, this resulted in lower advertising, promotional and marketing activity incurred by the Authority due to restrictions being imposed.

During the year under review, inbound tourists declined by a substantial amount of 76.1% over the same period when compared the previous year. In volume terms, the number of inbound tourists declined from 2.75 million to over 658,000. The first two months of the year (January to February), account for 45% of total inbound tourists for the whole year. Due to the outbreak of the COVID-19 pandemic, the long-lasting positive inbound tourism performance was interrupted in March 2020, whereby tourism suffered a standstill. This was mainly due to the introduction of several travel restrictions including the suspension of flights, quarantine measures for several inbound source markets and the closure of the Malta International Airport during the period mid-March to end of June 2020. In addition to this, once the airport was re-opened in July 2020, the number of inbound tourists declined further due to airlines' decision to stop or reduce the frequency of flights due to the pandemic's negative impact on travellers' confidence. Furthermore, travel restrictions introduced by local and foreign authorities were still in place during July to control the outbreak of the virus.

Performance Review (continued)

The decline in tourism in 2020, amounted to 14.1 million fewer guest nights (-73.0%) when compared to the same period in 2019, suffering a loss of €1.76 billion in tourist expenditure. Indications show that the decline in tourism performance is universal in nature as in percentage terms, there are no significant differences in the extent of the decline across the various source markets, type of paid accommodation used (collective vs rented), age brackets and other characteristics.

Tourism is a major pillar of Malta's economic and social development. As such, currently, there are various ongoing discussions and strategies to provide the Maltese Tourism Industry with a sound platform to recover the losses suffered by the COVID-19 pandemic.

The challenge ahead is to continue to manage the future of the tourism industry, in a way which protects existing investments within the principles of sustainable development to ensure maximised economic returns and positive visitor experiences.

General Fund

The surplus for the year amounting to €15,527,302 was transferred to reserves. The accumulated surplus at year end amounted to €5,295,472 (2019: Accumulated shortfall of €10,231,830).

Financial Risk Management

Credit risk

Financial assets which potentially subject the Authority to concentrations of credit risk consist principally of trade receivables, amounts due from related parties and cash at bank. The carrying amounts of trade and other receivables and balances due from related parties are stated net of necessary provisions which have been prudently made against bad and doubtful debts in respect of which management believes that recoverability is doubtful. Credit risk with respect to receivables is limited due to credit control procedures and the large number of operators comprising the Authority's debtor base.

Cash at bank is placed with reliable financial institutions.

Liquidity risk

Liquidity risk arises in the general funding of the Authority's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. The Authority monitors and manages its risk of a shortage of funds by appropriate monitoring of its cash and bank balances.

Foreign exchange risk

Foreign currency transactions arise when the Authority purchases services whose price is denominated in a foreign currency, or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD, GBP and Swiss Franc.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates, management's reaction to material movements thereto and, where deemed necessary, the use of forward foreign exchange contracts.

Post Balance Sheet Events

There were no particular important events affecting the Authority which occurred since the end of the accounting period.

Future Developments

The board members intend to continue to operate in line with their current plan of operations.

Going Concern

After making enquiries, the board members have a reasonable expectation that the Authority has adequate resources to continue in operating existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

Authority Board

The board of the Malta Tourism Authority who served during the year ended 31 December 2020, and up to the date of this report were:

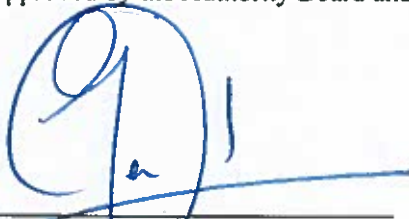
Dr. Gavin Gulia - Chairman
Mr. Mario Attard - Member
Dr. Francis Agius - Member
Mr. Alan Borg - Member
Mr. Joseph Muscat - Member
Mr. George Micallef - Member
Mr. Kevin DeCesare – Member
Mr. Michael Camilleri Kamsky – Member
Prof. George Cassar – Member (resigned in May 2020)
Mr. John Sciberras- Member (resigned in May 2020)
Ms. Angela Attard Fenech - Member (resigned in May 2020)
Ms. Nancy Caruana – Member (appointed in May 2020)
Ms. Rita Vella – Member (appointed in May 2020)
Mr. James Perry – Member (appointed in May 2020)
Dr. Roseanne Sant Cortis – Board Secretary

In accordance with the provisions of the Malta Travel and Tourism Services Act (Chap. 409), the Authority Board members are appointed annually at the beginning of the financial year and shall hold office for a period not exceeding three years.

Auditors

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their appointment will be put before the members at the annual general meeting.

Approved by the Authority Board and signed on its behalf on 14 May 2021 by:



Dr. Gavin Gulia
Chairman



Mr. Mario Attard
Board Member

Malta Tourism Authority
Building SCM01, Level 3
SmartCity Malta
Ricasoli, SCM 1001
Kalkara

The Malta Travel and Tourism Services Act (Chap. 409) requires the board members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Authority and of the income and expenditure of the Authority for that period. In preparing the financial statements, the Authority board members are required to: -

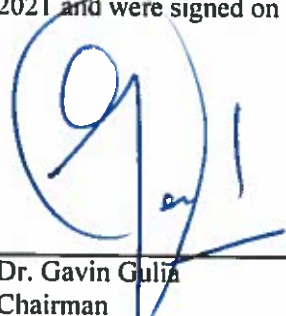
- adopt the going concern basis unless it is inappropriate to presume that the Authority will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the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

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Authority and to enable the board members to ensure that the financial statements have been properly prepared in accordance with The Malta Travel and Tourism Services Act (Chap. 409). This responsibility includes designing, implementing and maintaining such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Authority is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

	Notes	2020 €	2019 €
Revenue	3	89,878,688	99,826,583
Other operating income	4	<u>682,148</u>	<u>2,481,699</u>
Total income		90,560,836	102,308,282
Advertising, promotional and marketing expenses		(60,845,697)	(90,677,590)
Product planning and development expenses		(3,255,862)	(3,191,792)
Staff costs	5	(8,248,136)	(7,727,280)
Other operating expenses		(2,613,542)	(2,701,255)
Depreciation and amortisation		<u>(184,449)</u>	<u>(191,910)</u>
Operating surplus/ (shortfall) for the year	6	15,413,150	(2,181,545)
Realised foreign exchange differences		65,510	(131,095)
Unrealised foreign exchange differences		43,678	12,746
Investment income	7	<u>4,964</u>	<u>5,198</u>
SURPLUS/ (DEFICIT) FOR THE YEAR		<u>15,527,302</u>	<u>(2,294,696)</u>

	Notes	2020 €	2019 €
ASSETS			
Non-current assets			
Intangible assets	8	-	-
Property, plant and equipment	9	<u>593,644</u>	<u>662,956</u>
		<u>593,644</u>	<u>662,956</u>
Current assets			
Trade and other receivables	10	<u>14,426,239</u>	<u>17,035,689</u>
Cash and bank balances	11	<u>4,038,139</u>	<u>9,505,958</u>
		<u>18,464,378</u>	<u>26,541,647</u>
Total Assets		<u><u>19,058,022</u></u>	<u><u>27,204,603</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital fund	12	<u>900,773</u>	<u>900,773</u>
General fund	13	<u>5,295,472</u>	<u>(10,231,830)</u>
		<u>6,196,245</u>	<u>(9,331,057)</u>
Current liabilities			
Trade and other payables	14	<u>12,861,777</u>	<u>36,535,660</u>
Total Equity and Liabilities		<u><u>19,058,022</u></u>	<u><u>27,204,603</u></u>

The financial statements on pages 6 to 20 have been authorised for issue by the Authority Board Members on 14 May 2021 and were signed on its behalf by:



 Dr. Gavin Gulia
 Chairman



 Mr. Mario Attard
 Board Member

	Capital Fund €	General Fund €	Total Equity €
At 1 January 2019	900,773	(7,937,134)	(7,036,361)
Deficit for the year	-	(2,294,696)	(2,294,696)
At 31 December 2019	<u>900,773</u>	<u>(10,231,830)</u>	<u>(9,331,057)</u>
At 1 January 2020	900,773	(10,231,830)	(9,331,057)
Surplus for the year	-	15,527,302	15,527,302
At 31 December 2020	<u>900,773</u>	<u>5,295,472</u>	<u>6,196,245</u>

	Notes	2020 €	2019 €
Cash flows from operating activities			
Surplus/ (deficit) for the year		15,527,302	(2,294,696)
<i>Adjustment for:</i>			
Depreciation		184,449	191,910
Unrealised exchange differences		(43,678)	(12,746)
Provision for bad and doubtful debts		59,254	86,055
Interest income		(4,964)	(5,198)
		<u>15,722,363</u>	<u>(2,034,675)</u>
Change in trade and other receivables		2,543,775	(6,373,374)
Change in trade and other payables		<u>(23,621,503)</u>	<u>12,984,694</u>
Net cash (used in)/ generated from operating activities		<u>(5,355,365)</u>	<u>4,576,645</u>
Cash flows from investing activities			
Interest received		4,964	5,198
Acquisition of property, plant and equipment		<u>(115,137)</u>	<u>(75,152)</u>
Net cash used in investing activities		<u>(110,173)</u>	<u>(69,954)</u>
Cash flows from financing activities			
Advances to related parties		<u>(2,281)</u>	<u>(11,948)</u>
Net cash used in financing activities		<u>(2,281)</u>	<u>(11,948)</u>
Net decrease in cash and cash equivalents		<u>(5,467,819)</u>	4,494,743
Cash and cash equivalents at beginning of year		<u>9,505,958</u>	5,011,215
Cash and cash equivalents at end of year	11	<u><u>4,038,139</u></u>	<u><u>9,505,958</u></u>

1. Basis of Preparation

Basis of measurement and statement of compliance

The financial statements of Malta Tourism Authority (“the Authority”) have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (“GAPSME”). The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in Euro, which is the Authority’s functional currency.

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Intangible assets

Acquired intangible assets – computer software and website

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Authority and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised.

The amortisation of intangible assets is based on a useful life of 3 years and is charged to profit or loss.

Amortisation method, useful life and residual value

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

Derecognition of intangible assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the surplus or shortfall in the period of derecognition.

2. Significant Accounting Policies (continued)

Property, plant and equipment

Recognition and measurement

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

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

After initial recognition, property, plant and equipment are carried under the cost model.

Depreciation

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

The depreciation rates charged are as follows:

	%
Motor vehicles	20 per annum straight line
Fixtures, fittings and office equipment	20 per annum straight line
IT equipment	33.3 per annum straight line
Improvements to buildings	10 per annum straight line

Depreciation method, useful life and residual value

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

2. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Derecognition of property, plant and equipment

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

Financial assets, financial liabilities and capital fund

A financial asset or a financial liability is recognised on the Authority's balance sheet when the Authority becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the Authority.

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

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

i. Trade and other receivables

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the surplus or shortfall when there is objective evidence of impairment.

ii. Trade and other payables

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

2. Significant Accounting Policies (continued)

Impairment

The Authority's property, plant and equipment, intangible assets and financial assets, are tested for impairment.

i. Property, plant and equipment and intangible assets

The carrying amounts of the Authority's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

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

ii. Financial assets

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement.

2. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Income recognition

Revenue comprises the fair value of the consideration received or receivable in the normal course of business, net of value added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Authority and these can be measured reliably.

Revenue is recognised as follows:

i. Government contribution income

Government contribution income is recognised when there is reasonable assurance that all the conditions attaching to it are complied with and the contribution will be received.

Government contribution income is recognised in the income statement over the periods necessary to match it with the related costs which it is intended to compensate, on a systematic basis.

ii. Private sector contribution income

Revenue from the private sector is recognised in accordance with the provisions of L.N. 125 of 2002 (Fees (Tourism) Regulations 2002) which detail the amount that is to be invoiced to the various entities that benefit from tourism.

iii. Interest income

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. Interest income is recognised on an accrual or time proportion basis.

Employee benefits

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

Foreign currencies

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

2. Significant Accounting Policies (continued)

Taxation

The Authority is exempt from income tax in accordance with Article 11 of the Malta Travel and Tourism Services Act (Chap. 409).

3. Revenue

	2020 €	2019 €
Government of Malta contribution	84,999,997	88,000,000
Industry stakeholders contribution	4,793,107	10,016,528
Other operators contribution	<u>85,584</u>	<u>1,810,055</u>
	<u><u>89,878,688</u></u>	<u><u>99,826,583</u></u>

4. Other Operating Income

	2020 €	2019 €
Marketing and events income	218,747	1,685,874
Beach concession income	319,968	530,093
Other income	<u>143,433</u>	<u>265,732</u>
	<u><u>682,148</u></u>	<u><u>2,481,699</u></u>

5. Staff Costs and Employees Information

	2020 €	2019 €
Board members' remuneration	185,972	65,209
Key management personnel remuneration	853,653	706,920
Wages and salaries	6,816,447	6,577,959
Social security contributions	<u>392,064</u>	<u>377,192</u>
	<u><u>8,248,136</u></u>	<u><u>7,727,280</u></u>

5. Staff Costs and Employees Information (continued)

The average number of persons employed by the Authority during the year was as follows:

	2020 No	2019 No
Full time employees	182	180
Part time employees	27	29
	<u>209</u>	<u>209</u>

6. Operating Surplus/ (Shortfall) for the Year

The operating surplus/ (shortfall) is stated after charging:

	2020 €	2019 €
Board members' remuneration	185,972	65,209
Key management personnel remuneration	853,653	706,920
Depreciation of property, plant and equipment	184,449	191,910
Auditors' remuneration	6,250	3,250
	<u>6,250</u>	<u>3,250</u>

7. Investment Income

	2020 €	2019 €
Interest income on bank deposits	4,964	5,198
	<u>4,964</u>	<u>5,198</u>

8. Intangible Assets

	Website €	Software €	Total €
At 1 January 2020 and 31 December 2020			
Cost	253,284	231,423	484,707
Accumulated amortisation	(253,284)	(231,423)	(484,707)
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>

9. Property, Plant and Equipment

	Improvements to Buildings €	Furniture, Fixture & Office Equipment €	Motor Vehicles €	IT Equipment €	Total €
At 1 January 2020					
Cost	650,777	739,262	187,700	1,366,190	2,943,929
Accumulated depreciation	(195,079)	(588,841)	(187,700)	(1,309,353)	(2,280,973)
Net book amount	455,698	150,421	-	56,837	662,956
Year ended 31 December 2020					
Opening net book amount	455,698	150,421	-	56,837	662,956
Additions	-	26,551	-	88,586	115,137
Disposals	-	-	-	(7,732)	(7,732)
Depreciation charge	(65,078)	(55,514)	-	(63,857)	(184,449)
Depreciation charge released on disposals	-	-	-	7,732	7,732
Closing net book amount	390,620	121,458	-	81,566	593,644
At 31 December 2020					
Cost	650,777	765,813	187,700	1,447,044	3,051,334
Accumulated depreciation	(260,157)	(644,355)	(187,700)	(1,365,478)	(2,457,690)
Net book amount	390,620	121,458	-	81,566	593,644

10. Trade and Other Receivables

	2020 €	2019 €
Trade receivables (Note i)	145,397	282,349
Amounts owed by related parties (Note ii)	7,635,290	5,386,718
Prepaid expenses and deferred expenditure	6,343,649	10,206,652
Other receivables (Note iii)	<u>301,903</u>	<u>1,159,970</u>
	<u>14,426,239</u>	<u>17,035,689</u>

- i. Trade receivables are stated net of provision for impairment losses of €1,020,882 (2019: €1,119,199).
- ii. Amounts owed by related parties are stated net of provision for impairment losses of €NIL (2019: €23,655). This amount is unsecured and interest free. They are expected to be realised within twelve months after the end of the reporting period.
- iii. Other receivables are stated net of provision for impairment losses of €334,475 (2019: €153,249).

11. Cash and Cash Equivalents

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

	2020 €	2019 €
Cash at bank and in hand	<u>4,038,139</u>	<u>9,505,958</u>

12. Capital Fund

Part of the capital fund (€300,773) represents the surplus on the valuation of the tangible assets taken over by the Authority from NTOM in 1999 as well as the valuation of the tangible assets of the overseas offices.

The other remaining funds (€600,000) relates to expenses in connection with the relocation of Malta Tourism Authority offices from the old premises in Valletta to the new premises in Smart City.

13. General Fund

The general fund represents accumulated surpluses and shortfalls.

14. Trade and Other Payables

	2020	2019
	€	€
Trade payables	4,051,254	20,806,062
Amounts due to related parties	2,704,707	717,323
Accrued expenses	4,947,789	13,940,955
Indirect taxation payable	346,291	372,069
Other payables	811,736	699,251
	<u>12,861,777</u>	<u>36,535,660</u>

As per subsidiary legislation 409.18, 'Package Travel Insolvency Fund Regulations,' the Insolvency Fund Managing Board shall set up a fund, which fund shall be used to reimburse travellers in case that a travel agent operator goes bankrupt. An amount of €656,076 included under the Other Payables relates to the funds deposited in the Insolvency Funds bank accounts. Such funds are administered by the Authority, however, the Authority cannot use the funds for its' operations.

Amounts due to related parties are unsecured and interest free. They are expected to be settled within twelve months after the end of the reporting period.

15. Related Party Transactions

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Transactions with members of the board

Transactions with members of the board are included in note 5 to these financial statements.

Transactions with related parties

	Transaction value		Balance outstanding	
	for the year ended 31 December		as at 31 December	
	2020	2019	2020	2019
	€	€	€	€
Revenue				
Related parties	<u>90,137,481</u>	<u>98,670,770</u>	<u>2,636,796</u>	<u>414,160</u>
Expenditure				
Related parties	<u>20,802,063</u>	<u>22,630,474</u>	<u>2,704,707</u>	<u>(717,323)</u>
Finance transactions				
Advances to related parties	<u>(2,281)</u>	<u>(11,948)</u>	<u>4,998,494</u>	<u>4,996,213</u>

16. Contingent Liability

The Authority is currently defending in Court a number of claims or legal proceedings which might lead to liabilities falling due which, owing to their very special nature, cannot be reasonably quantified. Based on information available to the Authority no current claims or legal proceeding are deemed to be exceptional or which could lead to a significant liability falling on the Authority and therefore no new provision for any claims or legal proceedings was deemed necessary at the end of the reporting period.

With respect to the seven pending lawsuits that are against the Authority, the plaintiff company and the plaintiff individuals were never in a position to provide an estimate of the liability since at no point during the proceedings did the plaintiff company and the plaintiff individuals indicate an estimate sum of damages which they believe they are entitled to.

17. Financial Commitments

During the year under review, the world faced the outbreak of the Coronavirus ("COVID-19"). On 11th March 2020, the COVID-19 was declared by the World Health Organisation ("WHO") as a worldwide pandemic. The outbreak of COVID-19 resulted in serious disruptions in various industries around the world. This negatively affected countries worldwide, including Malta. During the year under review, due to the restrictions imposed across countries, the Authority's activities for promoting Malta through advertising and events had to be either cancelled or postponed to a later date. The uncertainty brought about by the pandemic has led to most of the advertising and events to be postponed to next year, 2021.

As additional support to the tourism industry, the board of directors, in agreement with the Ministry of Finance, decided that commitments not undertaken during 2020 are to be carried forward to 2021. The main objective behind this is that of providing the Maltese tourism industry a sound platform to recover from the negative effects brought by the COVID-19 pandemic.

Financial commitments at the reporting date are as follows:

	€
Committed and contracted for	4,709,760
Committed and not contracted for	<u>8,028,240</u>
	<u>12,738,000</u>

18. Comparative Information

Comparative figures have been reclassified to conform with this year's presentation of financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of the Malta Tourism Authority

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Malta Tourism Authority (the "Authority"), set out on pages 6 to 20 which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and cash flows statement 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 balance sheet of the Authority, as at 31 December 2020 and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) and have been prepared in accordance with the requirements for the Malta Travel and Tourism Services Act (Chap 409).

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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the Board Members' report. Our opinion on the financial statements does not cover this 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. Based on the work we have performed, in our opinion the information given in the Board Members' report for the financial year which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board Members' report. We have nothing to report in this regard.

Responsibilities of the Board Members

The board members are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the board 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 board members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board 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 Authority'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 Authority to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Malta Travel and Tourism Services Act (Chap. 409), enacted in Malta, which permits compliance with the Accountancy Profession (General Accounting Principles for Small and Medium – sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME), for qualifying entities as prescribed in those regulations.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Prowida
Karm Zerafa Street
Birkirkara BKR1713
Malta

14 May 2021

MALTA TOURISM AUTHORITY
Schedules to the Financial Statements
For the year ended 31 December 2020

SCHEDULE

1. Advertising, promotional and marketing expenses
2. Product planning and development expenses
3. Other operating expenses

MALTA TOURISM AUTHORITY
Advertising, Promotional and Marketing Expenses
For the year ended 31 December 2020

Schedule 1

	2020 €	2019 €
Route development international marketing	30,476,638	50,328,118
Strategic support	2,160,411	4,017,030
Representative offices	516,621	771,627
Conventions	581,003	1,390,179
Training support	5,170,432	-
Fairs	666,301	1,277,636
Familiarisation	564,371	1,174,802
Events and sponsorships	5,805,649	18,306,604
Other advertising and public relations	<u>14,904,271</u>	<u>13,411,594</u>
	<u><u>60,845,697</u></u>	<u><u>90,677,590</u></u>

MALTA TOURISM AUTHORITY
Product Planning and Development Expenses
For the year ended 31 December 2020

Schedule 2

	2020 €	2019 €
Tourism zone management expenses	2,287,899	2,085,603
Project management expenses	<u>967,963</u>	<u>1,106,189</u>
	<u><u>3,255,862</u></u>	<u><u>3,191,792</u></u>

MALTA TOURISM AUTHORITY
Other Operating Expenses
For the year ended 31 December 2020

Schedule 3

	2020 €	2019 €
Audit fee	6,250	3,250
Consultancy fees	334,724	331,650
Hospitality	9,802	16,721
Insurance	49,420	22,098
Bank charges	48,578	48,795
Maintenance	129,150	106,145
Motor vehicle expenses	203,918	176,637
Office expenses	126,950	183,812
Cleaning and consumables	61,518	44,209
IT expenses and consumables	297,535	258,133
Rental of equipment	6,687	6,700
Travelling	49,575	263,322
Rent	597,731	577,231
Staff development	4,009	11,752
Subscriptions	64,801	61,873
General expenses	310,188	169,470
Telecommunications	86,508	91,996
Water and electricity	49,017	46,546
Research activities	78,758	108,379
Bad debts written off	-	10,743
Provision for doubtful debts	59,254	86,055
Other expenses	39,169	75,738
	<u>2,613,542</u>	<u>2,701,255</u>

MALTA TOURISM AUTHORITY

*Annual Report
and
Financial Statements
31 December 2022*

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7.	Statement of Comprehensive Income
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9.	Statement of Changes in Equity
10.	Statement of Cash Flow
11 - 33.	Notes to the Financial Statements

The Authority Board presents the annual report together with the audited financial statements of the Malta Tourism Authority for the year ended 31 December 2022.

Incorporation, Mission and Vision

The Malta Tourism Authority came into effect on 1 September 1999 to promote tourism to Malta and regulate tourism services and operations in Malta as outlined in the Malta Travel and Tourism Services Act (Chap. 409).

The mission of the Malta Tourism Authority is to advance the economic and social activity of tourism in the national interest and by working with all stakeholders to develop a sustainable industry for current and future generations.

The vision of the Malta Tourism Authority is to achieve a healthy, sustainable and equitable tourism sector for the Maltese Islands, attracting regular inflows of quality visitors throughout the year from a diverse range of source markets, whilst ensuring that those who choose Malta as a destination are served with professionalism and care.

Performance Review

During the year under review, Malta Tourism Authority received income amounting to €131,202,037 (2021: €118,285,112) from the Government, private sector and other sources.

On the other hand, total expenditure, net of the investment income, finance costs and losses on foreign exchange differences, amounted to €133,445,790 (2021: €110,018,525).

The deficit for the year amounted to €2,243,753 (2021: surplus of €8,266,587).

During the year under review, inbound tourists increased by 137% over the same period when compared to the previous year. In volume terms, the number of inbound tourists increased from 968,000 to almost 2.3 million which is level to the year 2017, but short of nearly 467,000 when compared to the peak figure achieved in the year 2019 (pre-pandemic year). When one compares Malta's pace of recovery in inbound tourists (84%) with the World's pace of recovery in inbound tourists (63%), it increased by 21%.

During the year 2022, inbound tourism improved from the second quarter onwards, as the first quarter of the year was characterised by low travel demand due to the Omicron variant, which emerged in November 2021.

The increase in tourism for the year 2022, resulted in an increase in the number of guest nights amounting to 16.6 million compared to the 8.4 million in the year 2021, that is an increase of 98%. Such increase in the number of guest nights contributed to €2 billion in tourist expenditure, that is an increase of €1.13 billion when compared to the year 2021.

Overall, during the year 2022, the flight connectivity reached 80% of the year 2019. The Poland, France and Italy market reached a record for inbound tourists which accounted for 34% of the total inbound tourists. Moreover, the top inbound source market for the year 2022 was of the UK which accounted for 19% of the total inbound tourists.

Following COVID-19, various efforts were put forward to recover and grow Malta's connectivity to pre-pandemic levels. It is important to continue to manage the future of the tourism industry, in a way which protects existing investments within the principles of sustainable development to ensure maximised economic returns and positive visitor experiences. This will ensure that tourism remains a foremost pillar of the Maltese economy and is ultimately, the key to sustaining success.

General Fund

The deficit for the year amounting to €2,243,753 was transferred to reserves. The accumulated surplus at year end amounted to €5,076,916 (2021: €7,320,669).

Financial Risk Management

The Authority's activities expose to it a variety of financial risks, including credit risk, liquidity risk and foreign exchange risk. These are further analysed in Note 23 to these financial statements.

Events Subsequent to the Statement of Financial Position Date

There were no particular important events affecting the Authority which occurred since the end of the accounting period.

Going Concern

After making enquiries, the board members have a reasonable expectation that the Authority has adequate resources to continue in operating existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

Future Developments

The board members intend to continue to operate in line with their current plan of operations.

Authority Board

The board of the Malta Tourism Authority who served during the year ended 31 December 2022, and up to the date of this report were:

Dr. Gavin Gulia - Chairman
Mr. Alan Borg - Member
Mr. Joseph Muscat - Member
Mr. George Micallef - Member
Mr. Kevin DeCesare - Member
Ms. Rita Vella - Member
Mr. David Curmi - Member
Mr. Michael Camilleri Kamsky - Member (resigned on March 2023)
Mr. Mario Attard - Member (resigned on June 2022)
Dr. Francis Agius - Member (resigned on June 2022)
Mr. James Perry - Member (resigned on July 2022)
Ms. Romina Fenech - Member (appointed on June 2022)
Ms. Jennifer Falzon - Member (appointed on June 2022)
Ms. Caroline Tissot - Member (appointed on July 2022)
Mr. Alan Arrigo - Member (appointed on March 2023)
Dr. Roseanne Sant Cortis - Board Secretary (resigned on June 2022)
Dr. Stephanie Abela - Board Secretary (appointed on June 2022)

Authority Board (continued)

In accordance with the provisions of the Malta Travel and Tourism Services Act (Chap. 409), the Authority Board members are appointed annually at the beginning of the financial year and shall hold office for a period not exceeding three years.

Statement of the Board Members' Responsibilities

The Malta Travel and Tourism Services Act (Chap. 409) requires the board members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Authority and of the income and expenditure of the Authority for that period. In preparing the financial statements, the Authority board members are required to: -

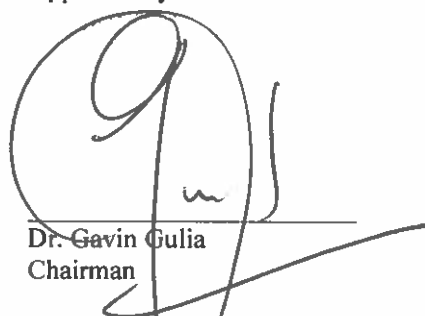
- adopt the going concern basis unless it is inappropriate to presume that the Authority will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the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

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Authority and to enable the board members to ensure that the financial statements have been properly prepared in accordance with The Malta Travel and Tourism Services Act (Chap. 409). This responsibility includes designing, implementing and maintaining such internal control as the Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Authority is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their appointment will be put before the members at the annual general meeting.

Approved by the Board Members and signed on its behalf on 2 May 2023 by:



Dr. Gavin Gulia
Chairman



Mr. George Micallef
Board Member

Malta Tourism Authority
Building SCM01, Level 3
SmartCity Malta
Ricasoli, SCM 1001
Kalkara

INDEPENDENT AUDITOR'S REPORT

To the Members of the Malta Tourism Authority

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Malta Tourism Authority (the "Authority"), set out on pages 7 to 33 which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow 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 Authority, as at 31 December 2022 and of its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs), and have been prepared in accordance with the requirements for the Malta Travel and Tourism Services Act (Chap 409).

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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the General Information and the Board Members' report. Our opinion on the financial statements does not cover this information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed, in our opinion the information given in the Board Members' report for the financial year which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board Members' report. We have nothing to report in this regard.

Responsibilities of the Board Members

The board members are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the board 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 board members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board 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 Authority'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 Authority to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Malta Travel and Tourism Services Act (Chap. 409), enacted in Malta, which permits compliance with the International Financial Reporting Standards as adopted by the EU (EU IFRSs) as prescribed in those regulations.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provida
Karm Zerafa Street
Birkirkara BKR1713
Malta

2 May 2023

	Notes	2022 €	2021 €
Revenue	6	127,638,395	116,015,768
Other operating income	7	<u>3,563,642</u>	<u>2,269,344</u>
Total income		131,202,037	118,285,112
Advertising, promotional and marketing expenses		(109,712,281)	(87,036,780)
Product planning and development expenses		(5,363,406)	(3,520,652)
COVID-19 Schemes		(5,190,544)	(8,041,560)
Staff costs	8	(8,902,176)	(8,917,320)
Other operating expenses		(2,729,421)	(2,047,852)
Depreciation of property, plant and equipment and amortisation of intangible asset	11,12	(286,174)	(258,510)
Depreciation on right-of-use assets	13	<u>(662,681)</u>	<u>(591,073)</u>
Operating (deficit) / surplus for the year	9	(1,644,646)	7,871,365
Foreign exchange differences		(123,826)	(286,468)
Movement in loss allowances for trade receivables	14	(279,166)	764,912
Investment income	10	6,305	9,174
Finance costs	13	<u>(202,420)</u>	<u>(92,396)</u>
(DEFICIT) / SURPLUS FOR THE YEAR		<u>(2,243,753)</u>	<u>8,266,587</u>

	Notes	2022 €	2021 €
ASSETS			
Non-Current assets			
Intangible assets	11	57,072	114,145
Property, plant and equipment	12	919,051	519,661
Right-of-use assets	13	<u>4,024,302</u>	<u>2,532,363</u>
		<u>5,000,425</u>	<u>3,166,169</u>
Current assets			
Trade and other receivables	14	11,883,080	10,587,795
Cash and cash equivalents	15	704,565	4,167,194
Restricted cash	22	<u>15,242,723</u>	<u>18,377,081</u>
		<u>27,830,368</u>	<u>33,132,070</u>
Total Assets		<u><u>32,830,793</u></u>	<u><u>36,298,239</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital Fund	16	900,773	900,773
General Fund	17	<u>5,076,916</u>	<u>7,320,669</u>
		<u>5,977,689</u>	<u>8,221,442</u>
Non-current liabilities			
Lease liabilities	13	<u>3,602,367</u>	<u>2,003,231</u>
Current liabilities			
Trade and other payables	18	22,663,009	25,454,780
Lease liabilities	13	<u>587,728</u>	<u>618,786</u>
		<u>23,250,737</u>	<u>26,073,566</u>
Total Equity and Liabilities		<u><u>32,830,793</u></u>	<u><u>36,298,239</u></u>

The financial statements on pages 7 to 33 have been authorised for issue by the Authority Board Members on 2 May 2023 and were signed on its behalf by:


Dr. Gavin Gulia
Chairman


Mr. George Micallef
Board Member

	Capital Fund €	General Fund €	Total Equity €
Balance at 1 January 2021	900,773	(945,918)	(45,145)
<i>Total comprehensive income for the year</i> Surplus for the year	<u>-</u>	<u>8,266,587</u>	<u>8,266,587</u>
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>8,266,587</u>	<u>8,266,587</u>
Balance at 31 December 2021	<u><u>900,773</u></u>	<u><u>7,320,669</u></u>	<u><u>8,221,442</u></u>
Balance at 1 January 2022	900,773	7,320,669	8,221,442
<i>Total comprehensive income for the year</i> Deficit for the year	<u>-</u>	<u>(2,243,753)</u>	<u>(2,243,753)</u>
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>(2,243,753)</u>	<u>(2,243,753)</u>
Balance at 31 December 2022	<u><u>900,773</u></u>	<u><u>5,076,916</u></u>	<u><u>5,977,689</u></u>

	Notes	2022 €	2021 €
Cash flows from operating activities			
(Deficit) / surplus for the year		(2,243,753)	8,266,587
<i>Adjustment for:</i>			
Depreciation and amortisation		286,174	258,510
Depreciation on right-of-use assets		662,681	591,073
Unrealised exchange differences		48,671	(21,493)
Loss allowances for trade receivables		279,166	(764,912)
Interest income		(6,305)	(9,174)
Finance costs on lease liabilities		202,420	92,396
		<u>(770,946)</u>	<u>8,412,987</u>
Movement in trade and other receivables		(1,659,498)	(1,572,679)
Movement in trade and other payables		(2,755,395)	12,611,471
Movement in restricted cash		<u>3,134,358</u>	<u>(18,377,081)</u>
Cash (used in) / generated from operating activities		(2,051,481)	1,074,698
Interest received		<u>6,305</u>	<u>9,174</u>
Net cash (used in) / generated from operating activities		<u>(2,045,176)</u>	<u>1,083,872</u>
Cash flows from investing activities			
Acquisition of intangible assets		-	(171,218)
Acquisition of property, plant and equipment		<u>(628,491)</u>	<u>(127,454)</u>
Net cash used in investing activities		<u>(628,491)</u>	<u>(298,672)</u>
Cash flows from financing activities			
Payments for lease liabilities		<u>(788,962)</u>	<u>(656,145)</u>
Net cash used in financing activities		<u>(788,962)</u>	<u>(656,145)</u>
Movement in cash and cash equivalents		(3,462,629)	129,055
Cash and cash equivalents at beginning of year		<u>4,167,194</u>	<u>4,038,139</u>
Cash and cash equivalents at end of year	15	<u><u>704,565</u></u>	<u><u>4,167,194</u></u>

1. General Information

The Malta Tourism Authority was formally set up by the Malta Travel and Tourism Service Act (1999).

As set out in Article 5 of the Malta Travel and Tourism Services Act (Chap. 409), the Authority has the following functions:

- (a) to promote and advance Malta as a tourism destination;
- (b) to advise Government on tourism operations and to issue licences under this Act;
- (c) to monitor, classify and control the licensing of and standards provided in or by the tourism industry;
- (d) to contribute towards the improvements of the level of human resources in the tourism industry;
- (e) to advise Government on the planning and development of the tourism industry as well as on the infrastructure supporting the tourism industry; and
- (f) generally to assist and advise Government on any matter relating to/or affecting tourism and to undertake and organise such activities and projects as it may consider appropriate in connection with the performance of its functions.

2. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and in accordance with Malta Travel and Tourism Services Act (Chap. 409).

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

Functional and presentation currency

The financial statements are presented in euro, which is the Authority's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Board Members have considered the development, selection and disclosure of the Authority's critical accounting policies and estimates and the application of these policies and estimates (refer to Note 5 – Critical accounting estimates and judgments).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Standards and Interpretations

There were no new standards, amendments and interpretations to existing standards that have been published and are mandatory for the accounting periods beginning 1 January 2022 or later periods, that have an effect on the Authority's financial statements.

4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the normal course of business, net of the value added tax and discount, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Authority and these can be measured reliably.

Revenue is recognised as follows:

i) Government subvention

Government subvention represents the funds allocated by the Government after the annual Central Government budget is approved by Parliament.

Government subvention is recognised when there is reasonable assurance that all the conditions attaching to it are complied with and the contribution will be received.

Revenue is recognised as follows:

i) Private sector contribution income

Revenue from the private sector is recognised in accordance with the provisions of L.N. 125 of 2002 (Fees (Tourism) Regulations 2002) which detail the amount that is to be invoiced to the various entities that benefit from tourism.

ii) Interest income

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measure reliably. Interest income is recognised on an accrual or time proportion basis.

Employee benefits

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

4. Significant Accounting Policies (continued)

Foreign currencies

Transactions denominated in currencies other than the functional currency are translated at the exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end.

Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in the income statement.

Taxation

The Authority is exempt from income tax in accordance with Article 11 of the Malta Travel and Tourism Services Act (Chap. 409).

Intangible assets

Acquired intangible assets – computer software and website

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Authority and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised.

The amortisation of intangible assets is based on a useful life of 3 years and is charged to profit or loss.

Amortisation method, useful life and residual value

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

Derecognition of intangible assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the surplus or shortfall in the period of derecognition.

4. Significant Accounting Policies (continued)

Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the Authority and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Recognition and measurement (continued)

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

After initial recognition, property, plant and equipment are carried under the cost model.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The depreciation rates charged are as follows:

	%
Motor vehicles	20 per annum straight line
Fixtures, fittings and office equipment	20 per annum straight line
IT equipment	33.3 per annum straight line
Improvements to buildings	10 per annum straight line

Depreciation method, useful life and residual value

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

Derecognition of property, plant and equipment

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

4. Significant Accounting Policies (continued)

Leases

Leases are classified as finance leases whenever the term of the leases transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Authority as a lessee

At the inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for the year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in IFRS 16.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is yearly reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if this cannot be readily determined, the Authority's incremental borrowing rate. The Authority uses its incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal year that the Authority is reasonable certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or if the Authority changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents right-of-use assets within 'Fixed Assets' and lease liabilities within 'Non-current liabilities' and 'Current liabilities' in the statement of the financial position.

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

In the years presented, the Authority does not have financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the authority's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other operating expenses.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions:

- it is held within a model whose objective is to hold the financial assets and collect its contractual cash flows and;
- it meets the contractual cash flow characteristic of the financial asset.

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

An assessment of model for managing financial assets is fundamental to the classification of a financial asset. The Authority determines the model at a level that reflects how groups of financial assets are managed to achieve a particular objective.

For the financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Authority's accounting policy on ECLs.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of the business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As already noted above, the Authority held no financial assets at fair value through profit or loss.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Authority may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

As already noted above, the Authority held no financial assets at FVOCI.

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Authority derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade receivables comprise amounts due from customer for services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operation cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e., expected credit loss allowance.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Expected Credit Losses

The Authority recognised a loss allowance for Expected Credit Losses (ECLs) on the following financial assets at amortised cost: trade and other receivables and cash at bank.

Where a collective basis is applied (see the Accounting Policy entitled 'Collective basis' below), the ECLs on these financial assets are estimated using a provision matrix based on the Authority's historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

4. Significant Accounting Policies (continued)

Expected Credit Losses (continued)

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For trade receivables that do not contain a significant financing component (or for which the IFRS 15 practical expedient for contracts that are one year or less is applied), the Authority applies the simplified approach and recognises lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Authority measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Authority considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Authority has applied the low credit risk assumption for the following classes of financial assets – cash at bank.

Definition of Default

The Authority considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the receivable is unlikely to pay its payables, including the Authority, in full (without taking into account any collateral held by the Authority).

The maximum period considered when estimating ECLs is the maximum contractual year over which the Authority is exposed to credit risk.

4. Significant Accounting Policies (continued)

Expected Credit Losses (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty; a breach of contract, such as a default or past due event; the borrower, for economic or contractual reason relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial recognition; or the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of ECLs

For the financial assets, the credit loss is the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

Where applicable, forward-looking information includes the future prospects of the industries in which the Authority's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that related to the Authority's core operations.

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the Authority performs the assessment of significant increases in the credit risk on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Write-off policy

The Authority writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Authority's recovery procedures, taking into account legal advice where appropriate. Recoveries made are recognised in profit or loss as impairment gains.

4. Significant Accounting Policies (continued)

Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the operations if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

5. Critical Accounting Estimates and Judgements

Estimate and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the board 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 on terms of the requirements of IAS 1 (revised).

6. Revenue

	2022	2021
	€	€
Government of Malta contribution	122,100,000	114,500,000
Industry stakeholder contribution	4,052,595	1,386,283
Other operators contribution	1,485,800	129,485
	<u>127,638,395</u>	<u>116,015,768</u>

7. Other Operating Income

	2022	2021
	€	€
Marketing and events income	2,828,043	2,004,073
Beach concession income	517,356	154,191
Other income	218,243	111,080
	<u>3,563,642</u>	<u>2,269,344</u>

8. Staff Costs and Employees Information

	2022	2021
	€	€
Board members' remuneration	111,343	109,470
Key management personnel remuneration	818,985	848,945
Wages and salaries	7,552,716	7,551,178
Social security contributions	419,132	407,727
	<u>8,902,176</u>	<u>8,917,320</u>

The average number of persons employed by the Authority during the year was as follows:

	2022	2021
	No	No
Full time employees	185	180
Part time employees	43	49
	<u>228</u>	<u>229</u>

9. Operating (Deficit) / Surplus for the Year

The operating (deficit) / surplus is stated after charging:

	2022	2021
	€	€
Board members' remuneration	111,343	109,470
Key management personnel remuneration	818,985	848,945
Depreciation of property, plant and equipment	229,101	201,437
Depreciation of right-of-use assets	662,681	591,073
Amortisation of intangible asset	57,073	57,073
Auditors' remuneration	7,000	6,565
	<u>7,000</u>	<u>6,565</u>

10. Investment Income

	2022 €	2021 €
Interest income on bank deposits	<u>6,305</u>	<u>9,174</u>

11. Intangible Assets

	Website €	Software €	Total €
At 1 January 2021			
Cost	253,284	231,423	484,707
Accumulated amortisation	<u>(253,284)</u>	<u>(231,423)</u>	<u>(484,707)</u>
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>
Year ended 31 December 2021			
Opening net book amount	-	-	-
Additions	171,218	-	171,218
Amortisation charge	<u>(57,073)</u>	<u>-</u>	<u>(57,073)</u>
Closing net book amount	<u>114,145</u>	<u>-</u>	<u>114,145</u>
At 31 December 2021			
Cost	424,502	231,423	655,925
Accumulated amortisation	<u>(310,357)</u>	<u>(231,423)</u>	<u>(541,780)</u>
Net book amount	<u>114,145</u>	<u>-</u>	<u>114,145</u>
Year ended 31 December 2022			
Opening net book amount	114,145	-	114,145
Amortisation charge	<u>(57,073)</u>	<u>-</u>	<u>(57,073)</u>
Closing net book amount	<u>57,072</u>	<u>-</u>	<u>57,072</u>
At 31 December 2022			
Cost	424,502	231,423	655,925
Accumulated amortisation	<u>(367,430)</u>	<u>(231,423)</u>	<u>(598,853)</u>
Net book amount	<u>57,072</u>	<u>-</u>	<u>57,072</u>

12. Property, Plant and Equipment

	Improvements to Buildings €	Furniture, Fixture & Office Equipment €	Motor Vehicles €	IT Equipment €	Total €
At 1 January 2021					
Cost	650,777	765,813	187,700	1,447,044	3,051,334
Accumulated depreciation	(260,157)	(644,355)	(187,700)	(1,365,478)	(2,457,690)
Net book amount	390,620	121,458	-	81,566	593,644
Year ended 31 December 2021					
Opening net book amount	390,620	121,458	-	81,566	593,644
Additions	-	36,280	-	91,174	127,454
Disposals	-	-	-	(2,685)	(2,685)
Depreciation charge	(65,078)	(62,510)	-	(73,849)	(201,437)
Depreciation charge released on disposals	-	-	-	2,685	2,685
Closing net book amount	325,542	95,228	-	98,891	519,661
At 31 December 2021					
Cost	650,777	802,093	187,700	1,535,533	3,176,103
Accumulated depreciation	(325,235)	(706,865)	(187,700)	(1,436,642)	(2,656,442)
Net book amount	325,542	95,228	-	98,891	519,661

12. Property, Plant and Equipment (continued)

	Improvements to Buildings	Furniture, Fixture & Office Equipment	Motor Vehicles	IT Equipment	Total
	€	€	€	€	€
Year ended 31 December 2022					
Opening net book amount	325,542	95,228	-	98,891	519,661
Additions	557,066	24,529	-	46,896	628,491
Disposals	-	-	-	(730)	(730)
Depreciation charge	(118,088)	(35,704)	-	(75,309)	(229,101)
Depreciation charge released on disposals	-	-	-	730	730
Closing net book amount	764,520	84,053	-	70,478	919,051
At 31 December 2022					
Cost	1,207,843	826,622	187,700	1,581,699	3,803,864
Accumulated depreciation	(443,323)	(742,569)	(187,700)	(1,511,221)	(2,884,813)
Net book amount	764,520	84,053	-	70,478	919,051

13. Lease

As lessee

Right-of-use assets

The Authority has elected to present right-of-use assets and lease liabilities as separate line items in the statement of the financial position.

The Authority has opted to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

	Properties €	Total €
Year ended 31 December 2021		
Impact on adoption of IFRS 16	3,056,326	3,056,326
Additions	67,110	67,110
Depreciation charge	<u>(591,073)</u>	<u>(591,073)</u>
Closing net book amount	<u>2,532,363</u>	<u>2,532,363</u>
At 31 December 2021		
Cost	3,701,451	3,701,451
Accumulated depreciation	<u>(1,169,088)</u>	<u>(1,169,088)</u>
Net book amount	<u>2,532,363</u>	<u>2,532,363</u>
Year ended 31 December 2022		
Opening net book amount	2,532,363	2,532,363
Additions - Lease modifications	1,017,006	1,017,006
Additions	1,137,614	1,137,614
Depreciation charge	<u>(662,681)</u>	<u>(662,681)</u>
Closing net book amount	<u>4,024,302</u>	<u>4,024,302</u>
At 31 December 2022		
Cost	5,856,071	5,856,071
Accumulated depreciation	<u>(1,831,769)</u>	<u>(1,831,769)</u>
Net book amount	<u>4,024,302</u>	<u>4,024,302</u>

13. Lease (continued)

Lease liabilities

Lease liabilities are presented in the statement of the financial position of the Authority as follows:

	2022 €	2021 €
Lease liabilities		
Current	587,728	618,786
Non-current	<u>3,602,367</u>	<u>2,003,231</u>
	<u><u>4,190,095</u></u>	<u><u>2,622,017</u></u>

The depreciation on the right-of-use assets and the interest expense on the lease liabilities recognised in the 'Statement of Comprehensive Income' is as follows:

	2022 €	2021 €
Depreciation on right-of-use assets		
Depreciation	<u>662,681</u>	<u>591,073</u>
Interest expense		
Interest expense on lease liability	<u>202,420</u>	<u>92,396</u>

The total cash outflow in respect for leases during the year ended 31 December 2022 amounted to €788,962 (2021: €656,145).

The range of the remaining lease terms of the Authority's properties is 1 - 14 years.

The future minimum lease payments as at 31 December 2022 were as follows:

	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
Lease payments	772,466	2,520,660	2,032,730	5,325,856
Finance charges	<u>(184,738)</u>	<u>(515,508)</u>	<u>(435,515)</u>	<u>(1,135,761)</u>
	<u><u>587,728</u></u>	<u><u>2,005,152</u></u>	<u><u>1,597,215</u></u>	<u><u>4,190,095</u></u>

13. Lease (continued)

The future minimum lease payments as at 31 December 2021 were as follows:

	Not later than one year	Later than one year but not later than five years	Later than five years	Total
	€	€	€	€
Lease payments	692,671	2,093,624	48,106	2,834,401
Finance charges	<u>(73,885)</u>	<u>(136,979)</u>	<u>(1,520)</u>	<u>(212,384)</u>
	<u>618,786</u>	<u>1,956,645</u>	<u>46,586</u>	<u>2,622,017</u>

14. Trade and Other Receivables

	2022	2021
	€	€
Trade receivables (Note i)	273,285	15,162
Amounts owed by related parties (Note ii)	1,901,315	912,350
Indirect taxation refundable	1,174,657	-
Prepaid expenses	8,165,502	8,270,482
Accrued income	273,855	-
Other receivables (Note iii)	<u>94,466</u>	<u>1,389,801</u>
	<u>11,883,080</u>	<u>10,587,795</u>

- i. Trade receivables are stated net of allowance for expected credit losses of €953,964 (2021: €1,056,500).
- ii. Amounts owed by related parties are stated net of allowance for expected credit losses of €5,268,233 (2021: €5,121,072). This amount is unsecured and interest free. They are expected to be realised within twelve months after the end of the reporting period.
- iii. Other receivables are stated net of allowance for expected credit losses of €762,150 (2021: €527,609).

15. Cash and Cash Equivalents

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

	2022	2021
	€	€
Cash at bank and in hand	<u>704,565</u>	<u>4,167,194</u>

The cash at bank and in hand comprises an amount of €704,565 (2021: €644,542) which is specifically related to the 'Travel Insolvency Fund.'

16. Capital Fund

Part of the capital fund (€300,773) represents the surplus on the valuation of the tangible assets taken over by the Authority from NTOM in 1999 as well as the valuation of the tangible assets of the overseas offices.

The other remaining funds (€600,000) relates to expenses in connection with the relocation of Malta Tourism Authority offices from the old premises in Valletta to the new premises in Smart City.

17. General Fund

The general fund represents accumulated surplus and shortfalls.

18. Trade and Other Payables

	2022 €	2021 €
Trade payables	3,628,640	4,833,020
Amounts due to related parties	1,492,749	525,057
Accrued expenses	16,837,055	19,039,267
Indirect taxation payable	-	309,423
Incoming operators guarantees	704,565	644,542
Other payables	-	103,471
	<u>22,663,009</u>	<u>25,454,780</u>

Incoming operators guarantees

As per subsidiary legislation 409.18, 'Package Travel Insolvency Fund Regulations,' the Insolvency Fund Managing Board shall set up a fund, which fund shall be used to reimburse travellers in case that a travel agent operator goes bankrupt. The amount of €704,565 relates to funds deposited in the Insolvency Funds bank accounts. Such funds are administered by the Authority, however, the Authority cannot use the funds for its' operations (note 15).

Related parties

Amounts due to related parties are unsecured and interest free. They are expected to be settled within twelve months after the end of the reporting period.

19. Related Party Transactions

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Transaction with members of the board

Transaction with the members of the board are included in note 8 to these financial statements.

20. Related Party Transactions (continued)

Transactions with related parties

	Transaction value		Balance outstanding	
	Year ended 31 December		As at 31 December	
	2022	2021	2022	2021
	€	€	€	€
Revenue				
Related parties	<u>127,055,914</u>	<u>116,169,813</u>	<u>2,171,054</u>	<u>1,034,928</u>
Expenditure				
Related parties	<u>22,541,949</u>	<u>21,600,450</u>	<u>1,492,749</u>	<u>525,057</u>
Finance transactions				
Advances to related parties	<u>-</u>	<u>-</u>	<u>4,998,494</u>	<u>4,998,494</u>

21. Contingent Liability

The Authority is currently defending in Court a number of claims or legal proceedings which might lead to liabilities falling due which, owing to their very special nature, cannot be reasonably quantified, except to one case where the claim amounts to €35,384. Based on information available to the Authority no current claims or legal proceeding are deemed to be exceptional or which could lead to a significant liability falling on the Authority and therefore no new provision for any claims or legal proceedings was deemed necessary at the end of the reporting period.

With respect to the eleven pending lawsuits that are against the Authority, the plaintiff companies and the plaintiff individuals were never in a position to provide an estimate of the liability (except to one case which amounts to €35,384) since at no point during the proceedings did the plaintiff companies and the plaintiff individuals indicate an estimate sum of damages which they believe they are entitled to.

22. Restricted Cash / Financial Commitments

During the year 2022, the Product Development Directorate entered into various commitments, however, the projects were not yet fulfilled till the year end 2022. As such, during the year under review such directorate committed the amount of €2,110,634 with various suppliers which will be utilised in the years to come when the projects are fulfilled.

In addition, as at 31 December 2022, various contracted commitments were fulfilled during the year, but the claims for such commitments were received and reviewed after year end.

22. Restricted Cash / Financial Commitments (continued)

Financial commitments at the reporting date are as follows:

	2022 €	2021 €
Committed and contracted for - not yet fulfilled	1,896,574	1,971,532
Committed and not contracted for - not yet fulfilled	<u>214,060</u>	<u>456,292</u>
	<u>2,110,634</u>	<u>2,427,824</u>

The balancing amount of the restricted cash amounting to €13,132,089 (which is part of the accrued expenses listed in Note 18) is related to commitments which have been fulfilled during the year, but the claims for such commitments were received and reviewed after year end.

23. Financial Risk Management

At the year end, the Authority's main financial assets on the statements of financial position consisted of trade and other receivables and cash held at bank and in hand. At the year end, the Authority's main financial liabilities on the statement of the financial position consisted of trade and other payables.

The exposure to risk and the way risks arises, together with the Authority's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current heading within the statement of the financial position is intended to indicate the timing in which cash flows will arise.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Authority by failing to discharge an obligation.

Financial assets which potentially subject the Authority to concentrations of the credit risk consist principally of receivables and cash at bank.

Receivables are presented net of an allowance for doubtful receivables. In terms of IFRS 9 the Authority applies an ECL model as an allowance for doubtful receivables. The Authority assesses the credit quality of its customers, the majority of which are unrated, taking into account the financial position, past experience and other factors. The Authority exposure to credit risk is influenced mainly by the individual characteristics of each customer. The necessary provision and impairments are provided for and reviewed on an ongoing basis.

The Authority banks only with financial institutions with high quality rating. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Authority.

23. Financial Risk Management (continued)

Credit risk (continued)

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Authority's maximum exposure to credit risk as summarised below:

	2022	2021
	€	€
Trade and other receivables	11,883,080	10,587,795
Cash at bank and in hand <i>(including restricted cash)</i>	<u>15,947,288</u>	<u>22,544,275</u>
	<u>27,830,368</u>	<u>18,464,378</u>

Neither of the Authority's financial assets are secured by collateral or other credit enhancements.

Management considers the credit quality of these financial assets at the end of the reporting year as being acceptable.

Liquidity Risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate funds to meet the Authority's obligations when they become due. It is the Authority's policy to ensure that resources are available at all times to enable the Authority to meet its liquidity.

Foreign exchange risk

Foreign currency transactions arise when the Authority purchases services whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD, GBP and Swiss Franc.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates.

Fair Values of Financial Instruments

At 31 December 2022 and 31 December 2021, the carrying amount of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

MALTA TOURISM AUTHORITY
Schedules to the Financial Statements
For the year ended 31 December 2022

SCHEDULE

1. Advertising, promotional and marketing expenses
2. Product planning and development expenses
3. Other operating expenses

MALTA TOURISM AUTHORITY
Advertising, promotional and marketing expenses
For the year ended 31 December 2022

Schedule 1

	2022	2021
	€	€
Route development international marketing	54,439,087	49,277,352
Strategic support	2,284,331	1,287,513
Representative offices	467,312	465,759
Conventions	2,674,367	1,206,394
Fairs	637,426	441,096
Familiarisation	910,563	546,293
Events and sponsorships	29,035,281	13,687,595
Other advertising and public relations	<u>19,263,914</u>	<u>20,124,778</u>
	<u><u>109,712,281</u></u>	<u><u>87,036,780</u></u>

MALTA TOURISM AUTHORITY
Product planning and development expenses
For the year ended 31 December 2022

Schedule 2

	2022	2021
	€	€
Tourism zone management expenses	2,163,561	2,299,629
Project management expenses	<u>3,199,845</u>	<u>1,221,023</u>
	<u><u>5,363,406</u></u>	<u><u>3,520,652</u></u>

MALTA TOURISM AUTHORITY
Other operating expenses
For the year ended 31 December 2022

Schedule 3

	2022	2021
	€	€
Audit fee	7,000	6,565
Consultancy fees	379,203	354,756
Hospitality	32,860	8,062
Insurance	52,410	51,046
Bank charges	89,771	102,404
Maintenance	103,534	102,762
Motor vehicle expenses	193,368	210,038
Office expenses	136,008	129,365
Cleaning and consumables	63,842	58,421
IT expenses and consumables	563,172	377,483
Rental of equipment	6,292	6,383
Travelling	296,565	123,671
Rent	68,059	41,915
Staff development	25,735	30,002
Subscriptions	52,702	58,403
General expenses	304,311	207,446
Telecommunications	75,135	80,177
Water and electricity	53,918	43,046
Research activities	205,266	37,196
Other expenses	<u>20,270</u>	<u>18,711</u>
	<u><u>2,729,421</u></u>	<u><u>2,047,852</u></u>

MEDITERRANEAN CONFERENCE CENTRE

Annual Report and
Financial Statements

For the year ended 31 December 2022

MEDITERRANEAN CONFERENCE CENTRE
Annual Financial Statements for the year ended 31 December 2022

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Registration

The Mediterranean Conference Centre (MCC) is an entity within the Government of Malta, falling under the Ministry for Tourism.

Board Members

Dr. Kenneth Spiteri - Chairman
Mr. Christopher Grima - Deputy Chairman
Mr. Felix Galea Busuttil - Board Member
Mr. Norman E. Grech - Board Member
Ms. Joanne Xuereb - Board Member
Mr. Joe Julian Farrugia - Board Member
Dr. Joseph Chetcuti - Board Member
Ms. Davinia Laferla Turner - Board Member
Ms. Nadia Portelli - Board Member
Mr. Clint Bajada - Board Member (Resigned on 29/05/2022)
Mr. John Grima - Board Member (Resigned on 29/05/2022)
Ms. Lara Azzopardi - Board Member (Appointed on 30/05/2022)
Ms. Anna Maria Vella - Board Member (Appointed on 30/05/2022)

Board Secretary

Mr Kenneth Busuttil

Registered Office

Mediterranean Conference Centre,
Triq L-Isptar,
Valletta, VLT 1645
Malta

Auditor

Quazar
Centris Business Gateway, Level 1/l,
Triq is-Salib Tal-Imriehel,
Central Business District, Birkirkara,
Malta

BOARD MEMBERS' REPORT

The Board Members present the annual report and the audited financial statements for the year ended 31 December 2022.

Principal Activity

The Mediterranean Conference Centre (MCC) is an entity within the Government of Malta, falling under the Ministry for tourism. The centre situated in the heart of Valletta consists of various halls that are rented out regularly for conferences, exhibitions, fairs and seminars, among others. The Centre contributes to cultural welfare of the Maltese society. The Centre also houses an augmented reality museum.

Highlights of the Year

The board members report a profit for the year of €801,324 (2021: Loss €288,542) on a turnover of €2,528,627 (2021: €1,188,665). The profit for the year has been added to the accumulated fund brought forward of €2,902,109 giving a balance of €3,703,433 as at 31 December 2022.

Following the adverse effects of the pandemic, COVID-19, the Centre saw a gradual return of business and income therefrom during the last quarter of 2021 and consequently experienced an unprecedented increase in its income streams and therefore its net result in 2022. Concessions were re-instated in full during the year under review.

Total expenses increased from the previous year, mainly as a consequence of an increase in activities and the production of the MCC's own musical.

The results for the year are set out in the statements of comprehensive income on page 9.

During the year under review, National Funding towards capital expenditure was still forthcoming. The EU program was pursued successfully, with the implementation of the last phase, the re-instatement of a new hall, the Slaves hall together with replacement of the HVAC system in the La Valette Hall. More, equally important projects, were executed by in-house resources.

Revenue

During the year, income from all sectors increased most notably that emanating from theatrical hire. Outstanding productions, such as the Malta Film Awards, Matilda the Musical, EUFSC music festival, Caravaggio, MCC's own musical and the final intriguing series performances of Cirque Du Soleil, income therefrom representing 50% of the income from this sector, were staged. 2022 marked the return of certain prestigious conferences and events such as Arriolos, Honlea, Medical Cannabis conference, Malta Fashion Week and Igaming Idol, together with new-comers such as Shark tank TV show, EY Conference and Inform. The wedding sector, deriving income from the magnificent outdoor space in the Centre, the Grand Harbour Terrace, flourished. Banquets regained their popularity at par with the recovery of the MICE business.

All in all, the array of events held, sometimes concurrently, is proof of a versatile venue in which the Centre has today evolved, primarily owing to the material investment that has been directed towards it. Income from concessions was derived in full owing to the recovery of the economy as a whole. Other income related to Government grants, increased in line with further funding obtained during the year.

For the foreseeable future the board will pursue in the direction of seeking alternative uses and new opportunities with the aim of maximising its renovated and new spaces.

Expenses

Most expenses, that are directly related to the operation, registered an increase, the most notable pertaining to direct costs and those related to the production of Caravaggio, the Musical. Vacant positions continued to be filled-in, in order to supplement the increased demand and activity. Once again, budgets towards refurbishment works were sustained, in order to continue to ensure that the premises are kept in good working order. The increase in provision for bad debts was necessary owing to two long outstanding balances whose recoverability is questionable.

Statement of Financial Position

The increase in non-current assets is due to the net effect of acquisitions during the year and depreciation thereon. Thanks to the internal and ERDF funding, during the year 2022, the conference centre was in a position to continue the momentum initiated in the previous years and invest in capital expenditure. The most significant projects completed are described as below

1. The capitalisation of all the restrooms co-financed by the EU;
2. Facelift of the Michel Angelo Grima Hall annex;
3. The in-house refurbishment of a number of stone balustrades in and outside the Centre;
4. The acquisition of rectangular conference tables;
5. The acquisition of a new wood working machine;
6. The acquisition of various IT equipment and software;
7. Facelift to catering lift;
8. Acquisition of furniture and décor for Skola Zfin;
9. Contribution towards the refurbishment of the St Elmo Cafeteria.

In the year to come, the conference centre will complete the final phase of the the EU co-financed project that will see the reinstatement of a new hall to add to its stock of spaces available for rent and the installation of new HVAC in its signature hall.

As at 31 December 2022, the Centre has increased its cash resources and once again managed to maintain a healthy cash balance.

The increase in trade and other receivables is mainly due to the net effect of the increase in trade receivables, net of provision for bad debts and the decrease in the rest of the debtors. Trade receivables increased as a consequence of the significant increased activity. Indirect tax dues by the CFR were received in full during 2022. A cultural claim in 2021 in relation to a cultural event in 2022, held in accrued income in the previous year, was released during the year under review. Prepayments in the previous year comprised of prepaid expenses in relation to a major cultural event held in 2022. This matter did not recur at the end of the year under review.

The increase in trade and other payables was primarily the result of an increase in activity that affected all types of liabilities including increase in indirect taxation and government grants (EU and national) received during the year net of the release to profit and loss during the year.

Future Developments

The Board Members intend to continue to operate in line with the current line of business and pursue opportunities for further growth.

Board Members

In preparing the financial statements, the Board Members are required to:


- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items on a prudent basis;
- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- report comparative figures corresponding to those of the preceding accounting year
- prepare the financial statements in accordance with generally accepted principles in the Companies Act (Cap.386) and in accordance with the provision of the same Act.

The Board Members are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Conference Centre. This responsibility includes ensuring that the entity establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The Board Members are also responsible for safeguarding the assets of the Entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Quazar has expressed the willingness to continue in office and a resolution for the re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board of Members and duly signed on its behalf by:


Dr. Kenneth Spiteri
Chairman


Mr Norman E. Grech
Board Member

25 August 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MEDITERRANEAN CONFERENCE CENTRE (the Entity), set out on pages 9 to 23, which comprise the balance sheet as at 31 December 2022, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the for the year then ended, and notes to the financial statement, including a summary of the significant accounting policies and explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mediterranean Conference Centre as at 31 December 2022 and of its financial performance for the year then ended in accordance with the International Financial Reporting Standards Regulations, ("IFRS") as adopted by the European Union (EU).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described below in the Auditors' Responsibilities for the Audit of the financial statements section of my report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Matter

The Financial statements of the Entity for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 14 October 2022.

Other Information

The Board Members are responsible for the other information. The other information comprises the 'General Information' and the 'Report of the Board Members'. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In addition, in light of the knowledge and understanding of the entity 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 Board Members and Other Information.

We have nothing to report in this regard.

Responsibilities of the Board Members

The Board Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as the Board Members necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements the Board Members responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

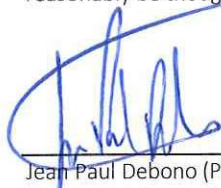
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the Board 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Entity's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Auditor's responsibility for the audit of the financial statements (CONT'D)

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



Jean Paul Debono (Partner)

for an on behalf of

Quazar

Certified Public Accountants and Registered Auditors

Level 1/I, Centris Business Gateway,

Triq is-Salib Tal-Imriehel,

Central Business District, Birkirkara,

Malta

25 August 2023

MEDITERRANEAN CONFERENCE CENTRE

Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	2022 €	2021 €
Turnover	3	2,528,627	1,188,665
Administrative Expenses		(3,270,417)	(2,517,521)
Operating Loss		(741,790)	(1,328,856)
Other Income	4	1,543,684	1,042,324
Finance Cost	5	(570)	(2,010)
Profit/Loss for the financial year	6	801,324	(288,542)
Total comprehensive income for the year		801,324	(288,542)

MEDITERRANEAN CONFERENCE CENTRE

Statement of Financial Position
As at 31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	5,697,014	5,887,602
		-----	-----
Total Non-Current Assets		5,697,014	5,887,602
		-----	-----
Current Assets			
Inventories	10	39,485	40,240
Trade and Other Receivables	11	1,313,981	752,931
Cash and Cash Equivalents	12	1,753,857	1,379,728
		-----	-----
Total Current Assets		3,107,323	2,172,899
		-----	-----
TOTAL ASSETS		8,804,337	8,060,501
		=====	=====
EQUITY			
Accumulated Funds		3,703,433	2,902,109
TOTAL EQUITY		3,703,433	2,902,109
		-----	-----
LIABILITIES			
Non-Current Liabilities			
Long-Term Borrowings	13	3,659,678	3,829,842
		-----	-----
Total Non-Current Liabilities		3,659,678	3,829,842
		-----	-----

MEDITERRANEAN CONFERENCE CENTRE

Statement of Financial Position (CONT'D)
As at 31 December 2022

	Note	2022 €	2021 €
Current Liabilities			
Trade and Other Payables	13	1,441,226	1,328,550
Total Current Liabilities		1,441,226	1,328,550
TOTAL LIABILITIES		5,100,904	5,158,392
TOTAL LIABILITIES AND EQUITY		8,804,337	8,060,501

The notes on pages 15 to 25 are an integral part of these financial statements.

The financial statements were approved by the Board Members' on 25 August 2023 and signed by:

Dr. Kenneth Spiteri
Chairman

Mr Norman E. Grech
Board Member

MEDITERRANEAN CONFERENCE CENTRE

Statement of Changes in Equity
For the year ended 31 December 2022

	Accumulated Funds €	Total Equity €
Financial year ended 31 December 2021		
Balance as at 01 January 2021	3,190,651	3,190,651
Total comprehensive income for the year		
Loss for the year	(288,542)	(288,542)
	-----	-----
Balance at 31 December 2021	2,902,109	2,902,109
	=====	=====
Financial year ended 31 December 2022		
Balance as at 01 January 2022	2,902,109	2,902,109
Total comprehensive income for the year		
Profit for the year	801,324	801,324
	-----	-----
Balance at 31 December 2022	3,703,433	3,703,433
	=====	=====

The notes on pages 15 to 25 are an integral part of these financial statements.

MEDITERRANEAN CONFERENCE CENTRE

Statement of Cash Flow
For the year ended 31 December 2022

	2022	2021
	€	€
Cash Flows from Operating Activities		
Profit/(Loss) before tax	801,324	(288,542)
Depreciation of property, plant and equipment	833,593	792,784
Finance Cost	570	2,062
Finance Income	-	(51)
	-----	-----
Cash generated before working capital changes	1,635,487	506,253
Movement in inventories	754	2,016
Increase in trade and other receivables	(561,275)	(166,349)
(Decrease)/Increase in trade and other payables	(57,262)	82,717
	-----	-----
	1,017,704	424,637
Cash used in operations		
Interest paid	(570)	(2,062)
Interest received	-	51
	-----	-----
Net Cash used in operating activities	1,017,134	422,626
	-----	-----
Cash flows used in investing activities		
Acquisitions of property, plant and equipment	(643,069)	(567,958)
Disposal of PPE	64	-
	-----	-----
Net decrease in cash and cash equivalents	374,129	(145,332)
Cash and cash equivalents at beginning of year	1,379,728	1,525,060
	-----	-----
Cash and cash equivalents at end of year	1,753,857	1,379,728
	=====	=====

1 Basis of Preparation

1.1 Statement of Compliance

The financial statements of MEDITERRANEAN CONFERENCE CENTRE ("the Entity") have been prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union (EU).

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis.

1.3 Functional and presentation currency

The financial statements are presented in Euro which is the Entity's functional currency.

1.4 Significant judgements and critical estimation uncertainties

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Board Members have considered the development, selection and disclosure of the entity's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Board 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 disclosure in terms of the requirements of IAS 1.

1.5 Adoption of new and revised International Financial Reporting Standards as adopted by the EU

In the current year, the entity adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

1.6 International Financial Reporting Standards as adopted by the EU in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the entity's accounting periods beginning after 1 January 2021. The entity has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the board members are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

2 Significant accounting policies

2.1 Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the entity and these can be measured reliably. Revenue is measured net of value-added tax and discounts where applicable. The following specific criteria must also be met before revenue is recognised.

Provision of Services

Revenue from the provision of services is recognised when costs incurred or to be incurred can be measured reliably.

Government Grant

Government grants are recognised where there is reasonable assurance that the grant received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.2 Financial Risk Management

The entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The entity's risk management is coordinated by the board members and focuses on actively securing the entity's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the conference centre is exposed to are described below.

Market Risk

Foreign exchange risk

Most of the entity's transactions are carried out in Euro. Exposure to currency exchange rates arises from the entity's transactions in foreign currencies. The entity's financial assets face minimal foreign currency risk since all sales are made in receivable in Euro.

Interest rate risk

The entity's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observation of current market conditions, the board members consider an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

2.2 Financial Risk Management (CONT'D)

Credit Risk

The entity's credit risk is limited to the carrying amount of financial assets recognised at the date of the statement of financial position which are disclosed in note 12.

The entity continuously monitors defaults of customers and other counterparts, and incorporates this information into its credit risk controls. The entity's policy is to deal only creditworthy counterparties.

None of the entity's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Liquidity Risk

The entity's exposure to liquidity risk arise from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount offunding to meet the entity's obligations when they become due.

As at 31 December 2022 and 2021, the contractual maturities on the financial liabilities of the entity reflect the gross cash flows, which do not differ from the carrying values of the financial liabilities at the date of the statement of financial position.

2.3 Financial assets, liabilities and equity

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are recognised at their nominal values.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

After an asset or liability is recognised on the balance sheet, it shall be derecognised if, and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity. An equity instrument is any contract that evidences a residual interest in the assets of the company after

deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

Financial assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

2.3 Financial assets, liabilities and equity (CONT'D)

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive
- Financial assets at fair value through profit and loss

The Entity's financial assets are mainly financial assets is amortised cost.

Financial Assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted when the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as practical expedient.

Financial assets at amortised cost are subsequently carried at amortised costs using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Entity's financial assets under this classification include cash at banks, trade receivable and other receivables.

Impairment of Financial Assets

The Entity recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised costs. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stage. For credit exposures for which there has not been a significant increase in credit risk since initial recognition for credit losses that result from default events that are possible when the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the time of default (Lifetime ECL).

2.3 Financial assets, liabilities and equity (CONT'D)

Impairment of Financial Assets - cont'd

The Entity considers a financial asset to be in default when contractual payments are 60 months past due. The entity recognises a loss allowance for the expected credit losses on trade receivables. The amount of expected credit losses on trade receivables is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective trade receivables. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity

For trade receivables, the Authority applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Authority's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit and loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit and loss.

Financial liabilities under this category include borrowings and trade and other payables.

Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable rights to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Property, plant and equipment

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

2.4 Property, plant and equipment (CONT'D)

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

After initial recognition land and buildings are carried under the revaluation model. Other property, plant and equipment are carried under the cost model.

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

The rates of depreciation used are the following:

Furniture and Fixtures	10-15%
Plant and Machinery	10%
Motor Vehicles	20%
Computer Equipment	25%
Improvements	5%

Depreciation method, useful life and residual value

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

Derecognition of plant and equipment

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

2.5 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour and a proportion of fixed and variable production overheads that are incurred in converting materials into finished goods, based on the normal level activity.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

2.6 Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.7 Impairment

The Entity's assets are tested for impairment.

The carrying amounts of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

For the purpose of impairment assessment, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Entity basis, as a cashgenerating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Entity to which the asset belongs. To determine the valuein-use, management estimates expected future cash flows from each CGU and determine a suitable

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Th difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3 Revenue

Revenue is derived from the provision of services during the year net of any indirect taxes.

	2022	2021
	€	€
Income from halls and outdoor spaces	1,964,619	990,182
Income from catering	33,582	37,016
Hire of equipment	134,857	57,429
Catering commisions	325,398	84,093
Recharge of expenses	20,314	13,740
Other sundry income	49,857	6,205
	-----	-----
	2,528,627	1,188,665
	=====	=====

MEDITERRANEAN CONFERENCE CENTRE

Notes to the Financial Statements
For the year ended 31 December 2022

4 Other income

	2022	2021
	€	€
Government grants	1,136,508	699,284
Other income	407,176	343,040
	-----	-----
	1,543,684	1,042,324
	=====	=====

5 Finance Costs

	2022	2021
	€	€
Interest (Expense)/Income	(570)	51
Bank Charges	-	(2,061)
	-----	-----
	(570)	(2,010)
	=====	=====

6 Profit/Loss for the financial year

	2022	2021
	€	€
Auditor's Remuneration	2,000	2,000
Board Members' Remuneration	60,550	59,773
	-----	-----
	62,550	61,773
	=====	=====

MEDITERRANEAN CONFERENCE CENTRE

Notes to the Financial Statements
For the year ended 31 December 2022

7 Staff Costs

	2022	2021
	€	€
Wages and Salaries	1,128,156	982,040
Employer's NI and maternity contributions	63,005	64,540
	-----	-----
	1,191,161	1,046,580
	=====	=====

The average number of employees including board members by the entity during the year was 59 (2021: 57)

	2022	2021
	€	€
Recharges from related parties	41,255	88,306
	-----	-----

8 Taxation

The board as per previous practise, considers the entity as tax exempt and did not provide for tax at 35% on the profits/losses generated during the year

MEDITERRANEAN CONFERENCE CENTRE

Notes to the Financial Statements
For the year ended 31 December 2022

9	Property, Plant and Equipment	Furniture and Fittings	Plant and Machinery	Motor Vehicles	Computer Equipment	Improvement to Premises	Total
	As at 1st January 2021						
	Cost amount	806,287	3,054,397	14,371	793,343	5,846,720	10,515,118
	Accumulated Depreciation and Impairment	(389,091)	(2,146,264)	(14,371)	(484,230)	(1,593,560)	(4,627,516)
	Net book amount	417,196	908,133	-	309,113	4,253,160	5,887,602
	Year Ended 31 December 2022						
	Opening net book amount	417,196	908,133	-	309,113	4,253,160	5,887,603
	Additions	250,085	55,935	-	14,299	322,750	643,069
	Disposals	(160)	-	-	(2,025)	-	(2,185)
	Depreciation Charge	(85,989)	(295,119)	-	(153,279)	(299,207)	(833,594)
	Depreciation released on disposal	96	-	-	2,025	-	2,121
	Closing net book amount	581,228	668,949	-	170,133	4,276,703	5,697,014
	As at 31 December 2022						
	Cost Amount	1,056,212	3,110,332	14,371	805,617	6,169,470	11,156,002
	Accumulated depreciation and impairment	(474,984)	(2,441,383)	(14,371)	(635,484)	(1,892,767)	(5,458,988)
	Net book amount	581,228	668,949	-	170,133	4,276,703	5,697,014

MEDITERRANEAN CONFERENCE CENTRE

Notes to the Financial Statements
For the year ended 31 December 2022

10 Stock Inventory

	2022	2021
	€	€
Stock Inventory	39,485	40,240
	=====	=====

Stock Inventory is made up of stationery goods such as pens, books, cleaning materials, electrical materials, food, drinks and mementoes

11 Trade and Other Receivables

	2022	2021
	€	€
Trade Receivables	463,311	272,947
Trade Receivables - Related Parties	774,555	80,451
Provision for Bad Debts	(138,311)	(74,746)
Expected Credit Losses	(3,169)	(3,169)
Other Receivables	118,927	121,201
Accrued Income	61,094	179,726
Guarantee	9,550	9,550
Indirect Taxation	-	74,813
Prepayments	28,024	92,158
	-----	-----
	1,313,981	752,931
	=====	=====

12 Cash and Cash Equivalents

	2022	2021
	€	€
Cash at Bank	1,750,787	1,378,896
Cash in Hand	3,070	832
	-----	-----
	1,753,857	1,379,728
	=====	=====

13 Trade and Other Payables

Non-Current Liabilities	2022	2021
	€	€
Deferred Grants	3,659,168	3,826,597
Hire Purchase Creditor	510	3,245
	-----	-----
	3,659,678	3,829,842
	=====	=====
Current Liabilities	2022	2021
	€	€
Trade Payables	280,759	218,013
Trade Payables - Related Parties	34,334	18,761
Other Payables	192,530	210,912
Accruals	154,614	148,420
Deferred Income	41,433	138,584
Deferred Grant	605,967	593,860
Indirect Taxation	131,589	-
	-----	-----
	1,441,226	1,328,550
	=====	=====

14 Commitments and contingencies

As at the balance sheet date, the entity has guarantees of €9,550 (2021: €9,550)

15 Related party disclosures

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making its financial and operational decisions. The entity has related party relationships with entities and agencies owned and controlled by the Government of Malta. Transactions are carried out with related parties on a regular basis and in the ordinary course of business.

Related party balances are disclosed in Notes 11 and 13 to the financial statements.