

MALTA FOOTBALL ASSOCIATION

EXTRACT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(VO/1742)



MALTA FOOTBALL ASSOCIATION

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MALTA FOOTBALL ASSOCIATION

EXECUTIVE BOARD AND RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

The Executive Board as at year end was made up of the following members: -

Chairman

Mr Bjorn Vassallo

Deputy Chairman

Mr Ludovico Micallef

Vice-Presidents

Dr Matthew Paris

Mr Adrian Casha

Treasurer

Mr Ivan Mizzi

General Secretary

Dr Angelo Chetcuti

Secretary

Mr Matthew Sciberras

Deputy Secretary

Mr Louis Micallef

Members

Mr David Abdilla (app. on 21 Jul 2021)

Mr Jesmond Abela (app. 21 Jul 2021)

Mr Lawrence Aquilina (app. 4 Nov 2021)

Dr. Samuel Azzopardi (app. 21 Jul 2021)

Mr Mark Borg (app. 21 Jul 2021; end. 15 Jul 2022)

Mr Dione Borg (app. 21 Jul 2021; end 15 Jul 2022)

Mr Godfrey Borg (app. 4 Nov 2021)

Mr Robert Camilleri (app. 21 Jul 2021)

Mr Victor Cassar (app. 21 Jul 2021)

Mr Kenneth Costantino (app. 21 Jul 2021; end. 15 Jul 2022)

Mr Patrick Cutajar (app. 21 Jul 2021)

Ms Dana Farrugia (app. 8 Nov 2022)

Dr Peter Fenech (app. 15 Jul 2022)

Mr Joe Gauci (app. 15 Jul 2022; end. 29 Nov 2022)

Mr Chris Grech (app. 21 Jul 2021)

Dr Cory Greenland LL.D. (app. 21 Jul 2021; end. 15 Jul 2022)

Mr Carlo Mamo (app. 4 Nov 2021)

Mr Claudio Martinelli (app. 4 Nov 2021)

Mr Robert Micallef (app. 4 Nov 2021)

Mr Francis Muscat (app. 21 Jul 2021)

Mr Matthew Naudi (app. 15 Jul 2022)

Ms Stephanie Rocco (app. 21 Jul 2021)

Mr Joe Sammut (app. 21 Jul 2021; end. 15 Jul 2022)

Mr Michael Valenzia (app. 15 Jul 2022)

Mr Pio Vassallo (app. 15 Jul 2022)

Mr Stefan Vella (app. 21 Jul 2021; end. 15 Jul 2022)

The members of the Executive Board have been appointed by the Clubs and will be eligible for re appointment on the expiration of the term of office.

The Executive Board prepares financial statements for each year to the General Assembly, which give a true and fair view of the state of affairs of the Malta Football Association as at the end of the year and of the Association's income and expenditure account for the year. In view of the Executive Board's decision the financial statements are drawn up in accordance with the accounting policies as adopted by the Association. In preparing the financial statements the Executive Board:

- adopts the going concern basis unless it is inappropriate to presume that the Association will continue in the business;
- selects suitable accounting policies and apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- accounts for income and charges relating to the accounting period on the accruals basis;
- values separately the components of asset and liability items; and
- reports comparative figures corresponding to those of the preceding accounting period.

MALTA FOOTBALL ASSOCIATION

EXECUTIVE BOARD AND RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

The Executive Board is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Association and which enable the Executive Board to ensure that the financial statements comply with the Statute. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Board is also responsible for safeguarding the assets of the Association, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Finance Committee

The Executive Committee is empowered to appoint a Finance Committee.

The Finance Committee shall monitor the financial management and advise the Executive Board on financial matters and asset management. It shall analyse the budget and the financial statements prepared by the Treasurer and submit them to the Executive Board for approval. It shall consist of a chairperson, who shall be one of the association's Vice-Presidents, two [2] independent members, and two [2] members appointed from amongst the Executive Board. The independent members shall not be members in the management committee of any member.

The Treasurer shall take part in the meetings of the Finance Committee ex officio without voting rights.

The members of the Finance Committee during the year ended 31 December 2022 were the following:

Chairman

Dr. Matthew Paris

General Secretary

Dr. Angelo Chetcuti

Executive Members

Mr. Robert Camilleri

Mr. Pio Vassallo

Independent Members

Mr. Neville Pullicino

Mr. Joseph Galea

Ex Officio Treasurer

Mr. Ivan Mizzi

Mr. Kurt Loporto

Outlook

Halfway through its 4-year strategy, the Association returned to fairly normal operation in 2022 following the pandemic, which disrupted activity at all levels for two seasons in a row. It started its path towards recovery not without difficulty as it strives to improve liquidity without prejudicing the achievement of the objectives set, especially on the technical side, which remain a priority. The major ongoing capital project is the construction of a National Football Centre, which is progressing steadily. At club level, the Association is steering the gradual replacement of football pitches through the obtainment of public funding.

This report was approved by the Executive Board and signed on its behalf on 6 April 2023 by:


Mr. Bjorn Vassallo

Chairman

obo Executive Board


Mr. Ivan Mizzi

Treasurer

obo Executive Board

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Malta Football Association ('the Association'), an extract of which is set out on pages 6 to 9, which comprise the balance sheet as at 31 December 2022, the income statement for the year ended 31 December 2022 and an extract of the notes to the financial statements.

"In our opinion, the accompanying financial statements set out on pages 6 to 31, give a true and fair view of the balance sheet of the Association as at 31 December 2022, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the accounting policies adopted by the Association.

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 Association 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 Executive Board is responsible for the other information. The other information comprises the General Information. 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. 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.

The Executive Board Responsibility for the Financial Statements

The Executive Board is 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 the accounting policies adopted by the Association, and for such internal control as the Executive Board determines 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 Executive Board is responsible for assessing the Association'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 Executive Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the accounting policies adopted by the Association."

A handwritten signature in blue ink, appearing to be 'Michael Curmi', is written over a horizontal line.

Michael Curmi (Partner) for and on behalf of

VCA Certified Public Accountants

Date: 6 April 2023

MALTA FOOTBALL ASSOCIATION

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 (12 months) €	2021 (9 months) €
INCOME	9,429,275	6,271,695
EXPENDITURE		
Direct operating and administrative costs	(11,086,784)	(7,815,245)
Impairment loss on investment in JV	(24,875)	-
Depreciation and amortisation	(941,680)	(755,559)
	(12,053,339)	(8,570,804)
Excess of expenditure over income before finance costs	(2,624,064)	(2,299,109)
Finance costs	(185,754)	(103,973)
Excess of expenditure over income after finance costs	(2,809,818)	(2,403,082)
INVESTMENT IN CLUBS INFRASTRUCTURE		
Grant receivable	487,997	262,643
Capital contribution	(576,547)	-
Finance costs	(151,501)	(131,384)
	(240,051)	131,259
Excess of expenditure over income for the year / period	(3,049,869)	(2,271,823)
Accumulated (deficit) / funds brought forward	(1,810,938)	460,885
Accumulated deficit balance carried forward	(4,860,807)	(1,810,938)

MALTA FOOTBALL ASSOCIATION

BALANCE SHEET

AS AT 31 DECEMBER 2022

	2022	2021
	€	€
ASSETS		
Non-Current Assets		
Property, plant and equipment	11,765,620	12,983,148
PPE under development	1,458,297	-
Investment in joint venture	15,000	39,875
Right of use asset	309,606	325,731
	<u>13,548,523</u>	<u>13,348,754</u>
Current Assets		
Inventories	161,724	296,785
Trade and other receivables	3,393,126	2,995,663
Cash and cash equivalents	789,104	1,843,767
	<u>4,343,954</u>	<u>5,136,215</u>
Total Assets	<u>17,892,477</u>	<u>18,484,969</u>
EQUITY AND LIABILITIES		
Equity		
Accumulated deficit – page 6	(4,860,807)	(1,810,938)
Non-Current Liabilities		
Long-term borrowings	9,940,933	10,174,892
Trade and other payables	65,000	-
Lease liability	340,083	342,694
Deferred income	3,074,967	2,192,750
	<u>13,420,983</u>	<u>12,710,336</u>
Current Liabilities		
Short-term borrowings	782,554	1,462,179
Lease liability	4,103	3,894
Trade and other payables	4,368,333	3,446,419
Deferred income	4,177,311	2,673,080
	<u>9,332,301</u>	<u>7,585,571</u>
Total Liabilities	<u>22,753,284</u>	<u>20,295,907</u>
Total Equity and Liabilities	<u>17,892,477</u>	<u>18,484,969</u>

These financial statements were authorised and approved for issue by the Executive Board and signed on its behalf on the 6 April 2023:


Mr. Bjorn Vassallo
Chairman
obo Executive Board


Mr. Ivan Mizzi
Treasurer
obo Executive Board

MALTA FOOTBALL ASSOCIATION

EXTRACT OF NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The Malta Football Association (“the Association”) is the governing body for football in Malta. Its main objectives are to promote, advance, administer, co-ordinate and generally encourage the game of football in Malta in accordance with the principles laid down in the statute of the Association.

The financial statements of the Associate have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are presented in Euro (EUR), which represents the functional and presentation currency of the Association.

The preparation of financial statements in conformity with the applicable framework and accounting policies as adopted by the Association requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

These financial statements have been prepared on the historical cost basis and on the going concern basis.

Assessment of the appropriateness of the going concern

During the year ended 31 December 2022, the Association incurred an excess of expenditure over income of €3,049,869 (FY December 2021: €2,271,823). At the year end, the Association's total liabilities exceeded its total assets by €4,860,807 (FY December 2021: total liabilities exceeded assets by €1,810,938).

In the past year the Association's main objective was to start the recovery from a challenging period post-Covid 19. Adherence to its projections in 2022 required a number of interventions to keep spending under control with a view to achieving a more positive financial year in 2023.

Since Q2 2022, all travel and accommodation services are being procured directly by the Association, following a period in which the Association had a 50% participation in an intermediary agency, Sportsplus Ltd. Better management of National Teams' travel arrangements helped to get better value for money and to limit costs. Furthermore, enhancement of the tools used to monitor such planning allows for more informed adjustments to be made throughout the year.

In the current year the Association covered a significant portion of the costs related to activities of the Inħobb il-Futbol Foundation as the latter continues to increase sources of external funding. Such activities include the regional football hubs, the Football in Schools Programme, as well as costs related to junior competitions.

In FY 2022, an extension on the repayment of existing loan facilities was agreed with Bank of Valletta. The Association is also in the process of repurposing the unused portion of an existing loan with the bank to finance working capital and ease pressure on cashflow. Should there be the need, the Association may also count on an overdraft facility which was generally not yet tapped. A process is ongoing to increase such facility to ensure adequate cover should the need arise.

The Executive Board has endorsed a balanced budget for financial year 2023 based on historical financial information, forecasts, as well as assumptions based on updated information. In doing so, a number of further curtailing cost measures are being implemented.

Financial performance in 2023 will also be supported by an increase in funding through the FIFA Forward programme (up by 25% for the 2023-2026 cycle). As of 2024, funding through the UEFA Hatrick programme will also increase by 21%. Furthermore, the Association can rely on increased flexibility on the use of UEFA and FIFA funding for capital projects to be utilised for operational costs.

MALTA FOOTBALL ASSOCIATION

EXTRACT OF NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation (continued)

During the current period, construction works have started on the new National Football Centre, a facility adjacent to the training grounds which features as one of the priorities in the Association's strategy 2020-24. The project is progressing as planned and costs are being monitored to ensure that any overruns can be mitigated as much as possible.

For this purpose, contractual safeguards have been taken to address possible increases in price index as a result of inflation, especially with respect to raw materials.

Funding for the project is being obtained through a grant of €4.95 million from the National Development and Social Fund (NDSF) and a long-term loan of up to €5 million being concluded from the Malta Development Bank (MDB). The Association will ensure that unless new sources of funding are available to it, the allocated funding for the project is not exceeded.

Other than the above-mentioned project, capital expenditure is being kept to a minimum notwithstanding that the Association proceeded with the coordination of a programme to resurface clubs' football pitches thanks to public funding through a Memorandum of Understanding with government covering the period 2021-28.

Throughout 2023, the Association intends to step up its efforts to draw up a master plan for its facilities at Ta' Qali to ensure the best use of the space available to it with a view to commercialising parts that are not critical for sporting activity. In doing so, a new sustained source of revenue is expected to be created while in the long term countering deadweight loss being incurred. In this context, the Association has already requested the extension of the current emptytheoretical grant of its facilities.

A number of factors have been taken into consideration in order to ensure the going concern of the Association. The Executive Board continues to monitor the situation on an ongoing basis. Accordingly, based on the outcome of the cash flow projections in a prudent scenario, the Executive Board considers the going concern assumption in the preparation of the Association's financial statements as appropriate as at the date of authorisation for issue of the December 2022 financial statements.



MALTA FOOTBALL ASSOCIATION

APPENDICES

FOR THE YEAR ENDED 31 DECEMBER 2022 – DETAILED INCOME AND EXPENDITURE ACCOUNT

	1 Jan 2022 - 31 Dec 2022 (12 months) €	1 Apr 2021 - 31 Dec 2021 (9 months) €
APPENDIX I		
INCOME		
Gates income - Local	786,098	239,671
Gates income - International	100,164	122,732
FIFA Financial Assistance Programme and other income	1,213,211	626,401
UEFA HatTrick Annual Solidarity	1,500,000	1,549,265
UEFA Referee Convention	75,000	75,000
UEFA Participation	1,153,250	310,000
Disciplinary fines	158,896	69,452
UEFA Other Income	589,487	119,403
Sponsorship	623,301	488,723
TV Rights	2,031,167	1,866,000
FIFA COVID-19 assistance	9,614	232,003
Sports facilities	549,762	293,867
Other income	476,733	260,688
IFF – Income	162,592	18,490
	<u>9,429,275</u>	<u>6,271,695</u>

MALTA FOOTBALL ASSOCIATION

APPENDICES

FOR THE YEAR ENDED 31 DECEMBER 2022 – DETAILED INCOME AND EXPENDITURE ACCOUNT

	1 Jan 2022 - 31 Dec 2022 (12 months) €	1 Apr 2021 - 31 Dec 2021 (9 months) €
APPENDIX II		
EXPENDITURE		
Wages and Salaries	3,877,172	2,835,397
Wages and Salaries – COVID-19 supplement	(323,575)	(640,001)
Player bonuses, allowances and appearance money	370,959	432,775
Wages and Salaries – Youth expenses	157,786	65,426
Coaching expenses – Youth expenses	349,501	136,698
Travelling and accommodation	1,739,144	1,874,413
Match expenses – International	277,555	286,154
Match expenses – Local	1,045,260	372,084
Club & Member Assoc Assistance	87,896	105,803
National team other expenses	71,692	39,937
Kits and training equipment	194,805	194,495
Referees' convention expenses	131,008	99,942
Referees' fees MC and MA	556,844	254,401
Club schemes	220,287	176,186
Players' sponsorship schemes	22,000	3,660
Doping test	1,447	2,975
Consumables	41,337	26,819
Maintenance	710,864	522,293
Telecommunications	33,288	31,289
Water and electricity	133,249	93,684
Awards, ceremonies, and refreshments	211,330	202,194
Presentations, trophies & awards	82,121	41,019
Cleaning	30,451	26,523
Course expenses	55,082	35,050
Merchandising costs	56,123	16,130
Insurance and medical	284,816	249,646
Professional fees	275,207	151,362
General expenses	58,522	22,383
Software licences	74,619	103,200
Audit fees	13,000	13,000
Provision for doubtful debts	-	(20,127)
Expected credit loss	-	14,889
Website expenses	51,994	45,546
Settlement	195,000	-
	11,086,784	7,815,245