

WALSA FOOTBALL ASSOCIATION
LICENSING DEPARTMENT
14 APR 2023

Balzan Football Club
Annual Financial Report
And
Financial Statements
31 December 2022

Ougma

Balzan Football Club

CONTENTS

Balzan Football Club

	Pages
General Information	1
Committee Members' Report	2 - 3
Independent Auditors' Report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 29

Balzan Football Nursery

	Pages
Income account	1
Expenditure account	2

Balzan Football Club

GENERAL INFORMATION

REGISTRATION

Balzan Football Club is registered in Malta with the Malta Football Association.

OFFICIALS AND OTHER COMMITTEE MEMBERS

President	Mr. Anton Tagliaferro
Vice President	Mr. David Melillo
Secretary	Mr. Joseph Agius
Assistant Secretary	Ms. Diane Cassar (served until 9th June 2022) Mr. Jesmond Pace (co-opted on 22nd August 2022)
Treasurer	Mr. Peter Cipriott
Assistant Treasurer	Mr. Mario Nappa
Members	Mr. Clifford Cipriott Mr. Alex Attard Mr. Frank Monreal Mr. Joe Micallef Mr. Eric Galea Mr. Ivan Pirotta Mr. Noel Muscat Mr. Simon Fenech (elected on 10th June 2022) Mr. Anton Vidal (elected on 10th June 2022) Mr. Charles Micallef (served until 9th June 2022) Mr. Paul Meilak (served until 9th June 2022)

CLUB ADDRESS

"Solerville", Main Street, Balzan, Malta

BANKERS ADDRESS

Bank Of Valletta
295, Naxxar Road, Birkirkara BKR 9041, Malta

AUDITORS

Steven Galea and Associates Limited
37, St. Mary Street, Naxxar NXR 1406, Malta

Balzan Football Club

Committee Members' Report

for the year ended 31 December 2022

The Committee members submit their annual report and the audited financial statements for the year ended 31 December 2022.

1. PRINCIPAL ACTIVITY

Balzan Football Club is constituted in accordance with the rules and regulations of the Malta Football Association and observes the rules, regulations, and decisions of the Malta Football Association as well as those of the Fédération Internationale de Football Association (FIFA) and of the Union des Associations Européennes de Football (UEFA).

2. RESULTS

The statement of comprehensive income is set out on page 7 .

3. REVIEW FOR THE YEAR

The Club generated a surplus of €46,809 during the year under review.

4. COMMITTEE MEMBERS

During the year ended 31 December 2022, the Committee Members were as listed on page 1.

5. STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

In terms of the licensing regulations applicable to Premier Division member clubs, the Club is to prepare financial statements for each financial period which give a true and fair view of the financial position of the Club as at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the Club is required to:

- adopt the going concern basis unless it is inappropriate to presume that the Club will continue to function.
- select suitable accounting policies and apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- account for income and charges relating to the accounting period on the accrual basis.
- value separately the components of asset and liability items.
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Balzan Football Club

Committee Members' Report for the year ended 31 December 2022

STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES (continued)

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

AUDITORS

The auditors, Steven Galea and Associates Limited, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

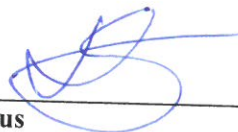
The Committee Members' report was approved by the members and was signed on its behalf by:



David Melillo
Vice-President



Peter Cipriott
Treasurer



Joseph Agius
Secretary

Date: 14 April 2023

Balzan Football Club

INDEPENDENT AUDITORS' REPORT

To the Members of Balzan Football Club

Opinion

We have audited the accompanying financial statements of Balzan Football Club ("the Club"), set out on pages 7 to 29 which comprise the Statement of financial position as at 31 December 2022, and the Statement of comprehensive income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Club as of 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the 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 Club in accordance with 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 Act (Chap.281) in Malta, and we have fulfilled our 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 audit opinion.

Other Information

The Committee Members are responsible for the other information. The other information comprises the general information and the Committee Members' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion there on.

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 the fact. We have nothing to report in this regard.

Balzan Football Club

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of Balzan Football Club

Responsibilities of the Committee Members

The Committee Members are responsible for the preparation of the financial statements that give a true and fair view in accordance to International Financial Reporting Standards as adopted by the EU and for such internal controls as the Committee Members determine are 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 Committee Members are responsible for assessing the Club'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 Committee members either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee members.
- Conclude on the appropriateness of the Committee Members' use of 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 Club'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 Club to cease to continue as a going concern.

Balzan Football Club

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of Balzan Football Club

- 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 Committee 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.



Steven Galea

for and on behalf of

Steven Galea and Associates Limited

Certified Public Accountants

37, St. Mary Street

Naxxar NXR 1406

Malta

Date : 14 April 2023

Balzan Football Club

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2022

	Notes	2022 €	2021 €
Income	3	1,022,289	905,415
Expenditure	5	(975,480)	(949,156)
Profit/(loss) for the year		<u>46,809</u>	<u>(43,741)</u>
Total comprehensive income/(loss) for the year		<u>46,809</u>	<u>(43,741)</u>

The notes on pages 11 to 29 form an integral part of these financial statements.

Balzan Football Club

STATEMENT OF FINANCIAL POSITION

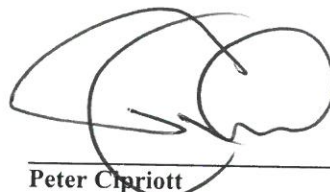
at 31 December 2022

	Notes	2022 €	2021 €
Non-current assets			
Intangible assets	8	14,375	5,417
Property, plant and equipment	9	395,693	406,055
Receivables	11	28,484	45,158
		<u>438,552</u>	<u>456,630</u>
Current assets			
Stocks	10	2,230	1,925
Receivables	11	135,156	22,817
Cash at bank and in hand	13	21,525	76,638
		<u>158,911</u>	<u>101,380</u>
TOTAL ASSETS		<u>597,463</u>	<u>558,010</u>
ACCUMULATED FUND AND LIABILITIES			
Accumulated fund and surplus			
Accumulated fund		233,339	186,530
Total equity		<u>233,339</u>	<u>186,530</u>
Non-current liabilities			
Trade and other payables	12	192,478	211,470
Current liabilities			
Short-term borrowings		2,270	-
Trade and other payables	12	169,376	160,010
		<u>171,646</u>	<u>160,010</u>
Total liabilities		<u>364,124</u>	<u>371,480</u>
TOTAL ACCUMULATED FUND AND LIABILITIES		<u>597,463</u>	<u>558,010</u>

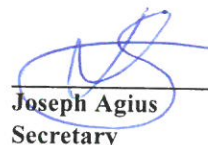
The financial statements on pages 7 to 29 have been authorised for issue by the Committee Members and signed on their behalf by:



David Melillo
Vice-President



Peter Cipriott
Treasurer



Joseph Agius
Secretary

Date: 14 April 2023

The notes on pages 11 to 29 form an integral part of these financial statements.

Balzan Football Club

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2022

	Accumulated fund €	Total €
Financial year ended 31 December 2021		
Balance at 1 January 2021	230,271	230,271
Loss for the financial year	(43,741)	(43,741)
Balance at 31 December 2021	<u>186,530</u>	<u>186,530</u>
Financial year ended 31 December 2022		
Balance at 1 January 2022	186,530	186,530
Surplus for the financial year	46,809	46,809
Balance at 31 December 2022	<u>233,339</u>	<u>233,339</u>

Balzan Football Club

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	2022 €	2021 €
Cash flows from operating activities		
Net profit/(loss) before tax	46,809	(43,741)
Adjustments for:		
Depreciation of property, plant and equipment	25,074	22,372
Amortisation of intangible assets	6,042	29,833
Profit on sale of players	-	(18,571)
	<u>77,925</u>	<u>(10,107)</u>
Operating profit/(loss) before working capital change		
Increase in stocks	(305)	1,230
Movement in trade and other receivables	(95,665)	102,786
Movement in trade and other payables	(9,626)	(35,091)
Net cash flows (used)/from operating activities	<u>(27,671)</u>	<u>58,818</u>
Cash flows from investing activities		
Player registration costs	(15,000)	-
Purchase of property, plant and equipment	(14,712)	(35,974)
Proceeds from grants	-	-
Proceeds from sale of players	-	40,000
Net cash flows from investing activities	<u>(29,712)</u>	<u>4,026</u>
Movement in cash and cash equivalents	<u>(57,383)</u>	<u>62,844</u>
Reconciliation of net cash flow to movement in net funds		
Movement in cash and cash equivalents	(57,383)	62,844
Cash and cash equivalents at start of year	76,638	13,794
Cash and cash equivalents at end of year	<u>19,255</u>	<u>76,638</u>
Cash and cash equivalents		
Cash at bank and in hand	<u>19,255</u>	<u>76,638</u>

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

1. ACCOUNTING CONVENTION AND BASIS OF PREPARATION

These financial statements are prepared in accordance with the provisions of licensing Regulations for Premier Division member clubs and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

These financial statements are prepared under the historical cost convention, unless otherwise disclosed in the relevant accounting policy.

These financial statements are presented in Euro (€) which is the Club's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

New or revised standards, interpretations, and amendments adopted

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 Club has not early adopted the new or amended standards in preparing these financial statements. The Committee 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.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, at an amount that reflects the consideration to which the Club is expected to be entitled when performance obligation is satisfied in a manner that depicts the transfer of control over the goods or services promised to the customer. A performance obligation may be satisfied either at a point in time or over time.

The consideration relates to the transaction price [or a portion of the transaction price] allocated to each performance obligation as defined in the contract with the customer. The transaction price reflects discounts, rebates, refunds, and other allowances granted to customers and excludes sales taxes, if any.

The transaction price may include variable consideration and time value of money. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

Revenue recognition (continued)

Variable consideration subject to a measurement constraint is initially recognised as a deferred revenue and is recognised only as revenue when it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

The following specific recognition criteria must also be met before revenue is recognised:

- gate receipts are recognised over the period of the season;
- marketing, sponsorship, and advertising are recognised over the duration of the respective contracts;
- broadcasting rights are taken in proportion to the number of matches played;
- merchandising and catering are recognised on an earned basis;
- football related rental income is recognised over the duration of the contract;
- donations and other third-party contributions are recognised on a cost basis;
- interest income is recognised as the interest accrues unless collectability is in doubt.

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received. Grants related to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Foreign currencies

Transactions in foreign currencies are converted into euro at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. All resulting differences are taken to the profit and loss account.

Intangible assets

Player registration costs

Player registration costs are recognised as an asset to the extent that it is expected that such players will be utilised throughout their contract period.

Player registration costs (including agent and other directly attributable costs) are amortised on a straight-line basis over the period of their contract.

At each statement of financial position date, the club assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated, impairment is passed through the profit and loss.

Internally generated intangible assets are held at nil value. Any costs (including, but not necessarily limited to agent and other directly attributable costs) incurred in extensions to player's original contract are capitalised and amortised over the period of the extended contract.

Balzan Football Club

Notes to the Financial Statements

for the year ended 31 December 2022

Intangible assets (continued)

Gains and losses on sale of players are determined by reference to their carrying amount and are taken into account in determining the profit on ordinary activities.

Property, plant and equipment

Recognition and measurement

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

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

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.

Land is not depreciated. The rates of depreciation used for other items of tangible fixed assets are the following:

		%
Building and improvements	-	2
Office equipment and furnishings	-	10
Plant and machinery (including machine tools)	-	20
Motor vehicle	-	20
IT equipment and software	-	25

Depreciation method, useful life, and residual value

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

Derecognition of property, plant, and equipment

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 or loss.

Balzan Football Club

Notes to the Financial Statements

for the year ended 31 December 2022

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Club 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.

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 or loss.

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 where 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 cost 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

Financial asset at fair value through other comprehensive income

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

- equity instruments not held-for-trading, which the Club elected to classify irrevocably as equity instruments designated at fair value through OCI at initial recognition; and
- debt instruments held within the business model whose objective is to collect contractual cash flows and to sell the financial assets ("hold to collect and sell") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, FVOCI are measured at fair value plus transaction costs. Subsequently, these are remeasured to fair value at each reporting date with fair value changes recognised in OCI.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

Financial instrument (continued)

Interest income, foreign currency revaluations, and impairments or reversals on debt instruments at FVOCI are recognised in profit or loss. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Dividends (except return of investment) on equity instruments at FVOCI are recognised in profit or loss when the right of payment has been established. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to retained earnings, and never recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

On initial recognition, these are measured at fair value and transaction costs are charged to profit or loss. Subsequently, these are remeasured at fair value with fair value changes recognised in profit or loss. Dividends are recognised in profit or loss when the right of payment has been established.

Impairment of financial assets

The Club recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. 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 Club expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided 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 timing of the default (lifetime ECL).

The Club considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club 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.

Balzan Football Club

Notes to the Financial Statements

for the year ended 31 December 2022

Financial instrument (continued)

For certain assets, the Club 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 Club's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

Financial liabilities

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

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction costs 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 or 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 or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVPL) are financial liabilities that are held for trading and/or financial liabilities that are designated at initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities at FVPL are initially recognised at and subsequently measured at fair value with fair value changes recognised in profit or loss.

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.

Balzan Football Club

Notes to the Financial Statements

for the year ended 31 December 2022

Cash and cash equivalents

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost.

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

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method.

Stocks 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, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. 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.

Impairment of non-financial assets

The Club's non-financial and financial assets are tested for impairment.

The carrying amounts of the Club's non-financial 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.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

Impairment of non-financial assets (continued)

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

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 profit or loss.

Related parties

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. Related parties may be individuals or corporate entities

Events after the reporting period

Post year-end events that provide additional information about the Club's financial position at the end of reporting period (adjusting events) are recognised in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

3. INCOME

Income attributable to the football activity and ancillary items is as follows:

	2022	2021
	€	€
Commercial		
Membership fees	540	695
Merchandising	385	735
Income from disposal of player registrations (including loan income)		
Transfer fees	17,895	4,670
Profit on disposal of intangible fixed assets (player registrations)	-	18,571
Contributions / donations from related and other parties		
Donations and voluntary contributions	2,650	717
Other income		
Nursery academy membership fees	42,005	85,545
Commercial		
- Rental income	11,254	4,164
Solidarity and prize money		
- UEFA solidarity and participation	28,653	18,250
Advertising	4,278	-
Sponsorships	851,577	547,619
MFA ground maintenance support	2,000	-
MFA guaranteed income	10,757	-
Other income		
- Grant income	8,768	8,767
- Summer school	13,600	-
- Covid wage supplement	6,646	200,106
- Youth players development pot	5,000	1,800
- SAC artificial turf	10,225	12,157
- Other income	6,056	1,700
	<u>1,022,289</u>	<u>905,496</u>

Balzan Football Club

Notes to the Financial Statements
for the year ended 31 December 2022

4. GRANTS INCOME

This refers to grant income from the following funds:

- a) National Lotteries Good Causes Fund
- b) Football Facilities Fund for Football Clubs
- c) MFA Sports Complex Fund
- d) Energy and Water Agency Fund
- f) Disaster Fund Grant

Note 12 represents deferred grants balances in accordance with IAS 20.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

5. EXPENDITURE

	2022	2021
	€	€
<u>Cost of Sales / Materials</u>		
Affiliation fees and other dues	160	160
Kits	9,123	6,975
Medical expenses	45,461	38,673
Overseas travel and accomodation	12,713	2,031
Transport	3,227	1,200
<u>Other operating expenses</u>		
Players' wages and salaries including NI	622,568	585,411
Other staff salaries including NI	187,731	188,762
Accomodation (foreign players)	3,729	6,597
Fines	2,525	2,205
Other Expenses		
- Training compensation	2,823	5,433
- Gate expenses	3,429	112
- Administration fees	-	3,000
- Subscriptions	450	4,190
- Other expenses	1,672	212
- Motor vehicle expenses	7,763	6,819
- Advertising	280	1,410
- Hostel related expenses	-	2,151
- Licences, permits and visas	6,601	11,290
- Ground tickets	-	603
- MFA Courses	150	-
- Youth Club Association	-	-
<u>Cost of acquiring player registrations</u>		
<u>(including non-capitalised agent fees and loan fees)</u>		
Transfer fees	2,650	200
Match expenses	-	-
<u>Expenses of non football operations</u>		
Office expenses	1,802	1,666
Audit fee	2,832	2,832
Professional fees	149	400
<u>Property and facility expenses</u>		
Ground maintenance	1,858	2,597
Facility fees and insurance	17,075	18,573

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

Repairs and maintenance	592	859
Water and electricity	6,679	2,506
<u>Commercial activities expenses</u>		
Events	-	-
<u>Finance expenses</u>		
Bank charges	322	165
Amortisation of intangible fixed assets (players registration)	6,042	29,833
Depreciation of tangible fixed assets	25,074	22,372
Total expenses	<u>975,480</u>	<u>949,237</u>

6. STAFF COSTS

The staff costs incurred during the year were as follows:

	2022	2021
	€	€
Wages and salaries - players	585,274	551,647
Wages and salaries - others	183,249	181,353
Social security costs and maternity fund contributions	41,776	41,173
	<u>810,299</u>	<u>774,173</u>

An amount of € 105,287 in relation to salaries and wages paid to nursery staff is included in Nursery expenses.

The average number of employees employed by the Club during the year amounted to 30 (2021: 34).

7. INCOME TAX

Balzan Football Club is exempt from tax in terms of Section 12 (1) of the Income Tax Act.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

8. INTANGIBLE ASSETS

	Player Registration Costs €
Year ended 31 December 2022	
Opening net book amount	
Additions	5,417
Disposal	15,000
Amortisation for the year	(18,633)
Released on disposal	(6,042)
	18,633
Closing net book amount	<u>14,375</u>
At 31 December 2022	
Cost	
Accumulated amortisation	160,117
	(145,742)
Net book amount	<u>14,375</u>
31 December 2021	
Cost	
Accumulated amortisation	182,333
	(176,916)
Net book amount	<u>5,417</u>

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

INTANGIBLE ASSETS (continued)

PLAYER IDENTIFICATION TABLE

Financial year ended 31 December 2022

	Date of birth	Start date of contract	End of contract	Cost of registration	Amortisation 1 Jan 2022	Amortisation for the year	Amortisation 31 Dec 2022	Disposal (cost)	Disposal (amortisation)	Closing book value
				€	€	€	€	€	€	€
Samir Arab	25/03/1994	10/06/2015	2018/2019	20,000	20,000	-	20,000	-	-	-
Michael Johnson	11/05/1994	12/06/2017	2018/2019	10,633	10,633	-	-	-	-	-
Neil Frendo	04/01/1999	01/06/2018	2019/2020	20,000	20,000	-	-	(10,633)	(10,633)	-
Paul Fenech	20/12/1986	03/01/2019	09/06/2021	75,000	75,000	-	20,000	-	-	-
Benjamin Hili	16/02/2004	01/08/2022	15/05/2026	15,000	-	1,875	75,000	-	-	-
Markus Grima	22/07/2000	27/08/2019	29/05/2022	10,000	8,333	1,667	1,875	-	-	13,125
Jake Pisani	10/03/2001	01/09/2019	20/05/2023	10,000	6,250	2,500	10,000	-	-	-
Weverton Gomes Souza	08/03/1992	15/08/2020	15/05/2021	8,000	8,000	-	8,750	-	-	1,250
				168,633	148,216	6,042	135,625	(8,000)	(8,000)	-
								(18,633)	(18,633)	14,375

Note:

Players whose contract has been fully amortised are still on the books of Balzan Football Club as at 31st December 2022.

Balzan Football Club

Notes to the Financial Statements
for the year ended 31 December 2022

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings & Improve- ments €	Motor vehicles €	Office equipment & furnishings €	IT equipment & software €	Plant & machinery €	Total €
Year ended 31 December 2022						
Opening net book amount	330,156	4,560	15,873	-	55,466	406,055
Additions	-	6,740	5,561	-	2,411	14,712
Reclassification	-	-	-	-	-	-
Depreciation charge for the year	(7,083)	(2,488)	(7,294)	-	(8,209)	(25,074)
Closing net book amount	323,073	8,812	14,140	-	49,668	395,693
At 31 December 2022						
Cost	354,149	12,440	41,198	843	82,086	490,716
Accumulated depreciation	(31,076)	(3,628)	(27,058)	(843)	(32,418)	(95,023)
Net book amount	323,073	8,812	14,140	-	49,668	395,693
At 31 December 2021						
Cost	354,149	5,700	35,637	843	79,675	476,004
Accumulated depreciation	(23,993)	(1,140)	(19,764)	(843)	(24,209)	(69,949)
Net book amount	330,156	4,560	15,873	-	55,466	406,055

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

10. STOCKS

	2022 €	2021 €
Merchandising goods	2,230	1,925

11. RECEIVABLES

	2022 €	2021 €
Non-current		
Advance payments	28,484	45,158
Current		
Advance payments	16,674	16,674
Prepayments and accrued income	67,908	6,143
Other receivables	50,574	-
	<u>135,156</u>	<u>22,817</u>

12. TRADE AND OTHER LIABILITIES

	2022 €	2021 €
Non-current		
Grants deferred income (note 4)	163,410	172,177
Accruals and deferred income	29,068	39,293
	<u>192,478</u>	<u>211,470</u>
Current		
Other payables	96,399	87,104
Grants deferred income (note 4)	11,720	8,768
Indirect tax (VAT)	2,360	422
Social security contributions	54,770	60,153
Accruals and deferred income	4,127	3,563
	<u>169,376</u>	<u>160,010</u>

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the cash flow statement reconcile to the balance sheet amounts as follows:

	2022	2021
	€	€
Cash at bank and in hand	<u>19,255</u>	<u>76,638</u>

Balzan Football Club

Notes to the Financial Statements

for the year ended 31 December 2022

14. FINANCIAL RISK MANAGEMENT

At year-end, the Club's main financial assets on the statement of financial position comprised cash at banks, trade and other receivables. The Club had no off-balance sheet financial assets.

At year-end, the Club's main financial liabilities on the statement of financial position consisted of trade and other payables and borrowings. The Club had no off-balance sheet financial liabilities.

Exposure to credit, liquidity and currency risks arise in the normal course of the Club's business. The Club is not significantly exposed to interest rate risk since it does not have borrowings which are subject to fluctuating interest rates.

Timing of cash flows

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

Capital risk management

The Club manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Club consists of accumulated funds as disclosed in the statement of changes in equity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Club to concentrations of credit risk consist principally of trade and other receivables and cash at banks.

The credit risk relating to cash at financial institutions is considered to be low in view of the committee Members' policy of placing it with reputable financial institutions. Carrying amounts for receivables are stated net of the expected credit loss allowance.

The credit quality of the Club's financial assets is viewed by the Committee Members as neither past due nor impaired considering the collectability of debts and the credit history of the counter parties.

Liquidity risk

Liquidity risk arises in the general funding of the Club's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. In this year of operation, the Club has raised funds mainly from operations. Liquidity risk is managed by maintaining significant levels of liquid funds and identifying and monitoring changes in funding required to meet operational goals driven by the Committee Members.

Foreign currency risk

The Club is not significantly exposed to foreign currency risk on payments of expenses and collection of receivables since the Club operates primarily in Euro.

Balzan Football Club

Notes to the Financial Statements for the year ended 31 December 2022

Fair values

The carrying amounts of cash at banks, trade and other receivables and trade and other payables approximated their fair values due to their short-term maturities.

15. MINIMUM DISCLOSURES

These financial statements include the minimum disclosure requirements in accordance with current licence regulations. Where amounts relating to such minimum disclosures were nil, no disclosure was made in the financial statements.

Balzan Football Nursery
INCOME AND EXPENDITURE ACCOUNT
For the Financial Year Ended
31 December 2022

Contents	Page
Income account	1
Expenditure account	2

BALZAN FOOBALL NURSERY

INCOME ACCOUNT

for the season ended 31 December 2022

	2022	2021
	€	€
Membership fees	42,025	85,545
Transfer fees	1,000	1,070
UEFA subsidies	6,790	7,000
Fund raising activities	13,600	-
Sponsorships	48,500	-
Merchandising	385	735
	<u>112,300</u>	<u>94,350</u>
OTHER INCOME		
Ground ball boys fees	-	-
TOTAL INCOME	<u>112,300</u>	<u>94,350</u>

BALZAN FOOTBALL NURSERY

EXPENDITURE ACCOUNT

for the season ended 31 December 2022

	2022	2021
	€	€
EXPENDITURE		
Affiliation fees and other dues	160	160
Transfer fees	1,750	200
Coaches and technical staff	105,287	85,918
Medical expenses	1,270	4,510
Transport	1,127	-
Kits, football and equipment	536	600
Repairs and mainatance	334	2,753
Telephone and fax	408	322
Bank fees	1	-
Tournament fees and trophies	1,005	90
TOTAL EXPENDITURE	<u>111,878</u>	<u>94,553</u>
TOTAL INCOME (from page 1)	<u>112,300</u>	<u>94,350</u>
(EXCESS EXPENDITURE OVER INCOME) /	422	(203)
EXCESS INCOME OVER EXPENDITURE	<u><u>422</u></u>	<u><u>(203)</u></u>