

MALTA FOOTBALL ASSOCIATION

EXTRACT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(VO/1742)

MALTA FOOTBALL ASSOCIATION

CONTENTS

	Page
Executive Board and Responsibilities	1 - 2
Independent Auditors' Report	3 - 5
Income and Expenditure Account	6
Balance Sheet	7
Extract of notes to the financial statements – Basis of Preparation	8 - 9
Appendices	
Detailed income and expenditure account	10 - 11

MALTA FOOTBALL ASSOCIATION

EXECUTIVE BOARD AND RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

The full list of the Executive Board as at year end can be found on the Association's website.

The Officers of the Association are listed below: -

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

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 and in accordance with International Financial Reporting Standard (IFRS) as adopted by the EU. 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.

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.

MALTA FOOTBALL ASSOCIATION

EXECUTIVE BOARD AND RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

Finance Committee

The Executive Board 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 2023 were the following:

Chairman

Dr. Matthew Paris

General Secretary

Dr. Angelo Chetcuti

Executive Members

Mr. Robert Camilleri

Mr. Pio Vassallo (until Jul 2023)

Dr. Samuel Azzopardi (as of Jul 2023)

Independent Members

Mr. Neville Pullicino

Mr. Joseph Galea FCCA, FIA, FMIT, CPA, ACAMS

Ex Officio Treasurer

Mr. Ivan Mizzi

Mr. Kurt Loporto

Outlook

In its third year of its 4-year strategy, in 2023 the Association experienced an improvement in revenues, which contributed to offset the impact of the shortfall in operational outflows. To address this persisting challenge, the Association is prioritising targeted interventions aimed at enhancing its sustainability and financial stability through better operational efficiency. These measures are aligned with its medium-term recovery plan, which had been formulated in response to the challenges posed by the pandemic and relate to major cost centres such domestic competitions, development and the technical setup of the national teams.

This report was approved by the Executive Board and signed on its behalf on 11 March 2024:



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'), set out on pages 6 to 31, which comprise the balance sheet as at 31 December 2023, the income statement for the year ended 31 December 2023, statement of changes in equity and cashflow statements 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 Association as at 31 December 2023, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to these financial statements, which indicates that the Association incurred an excess of expenditure over income of €786,613 during the year ended 31 December 2023 and, as of that date, the Association had an accumulated deficit of €5,647,426. As stated in Note 1, these events, or conditions, along with other matters are considered to be of fundamental importance to the users' understanding of the financial statements because of the potential impact that a material uncertainty exists that may cast significant doubt on the Associations' ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

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.

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."



Michael Curmi (Partner) for and on behalf of
VCA Certified Public Accountants

Date: 11 March 2024

MALTA FOOTBALL ASSOCIATION
INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 €	2022 €
INCOME	<u>12,990,980</u>	<u>9,429,275</u>
EXPENDITURE		
Direct operating and administrative costs	(12,549,263)	(11,086,784)
Impairment loss on investment in JV	-	(24,875)
Depreciation and amortisation	<u>(858,594)</u>	<u>(941,680)</u>
	<u>(13,407,857)</u>	<u>(12,053,339)</u>
Excess of expenditure over income before finance costs	(416,877)	(2,624,064)
Finance costs	(198,758)	(185,754)
Excess of expenditure over income after finance costs	<u>(615,635)</u>	<u>(2,809,818)</u>
INVESTMENT IN CLUBS INFRASTRUCTURE		
Grant receivable	776,099	487,997
Capital contribution	(799,248)	(576,547)
Finance costs	<u>(147,829)</u>	<u>(151,501)</u>
	<u>(170,978)</u>	<u>(240,051)</u>
Excess of expenditure over income for the year	(786,613)	(3,049,869)
Accumulated deficit brought forward	<u>(4,860,813)</u>	<u>(1,810,944)</u>
Accumulated deficit balance carried forward	<u>(5,647,426)</u>	<u>(4,860,813)</u>

MALTA FOOTBALL ASSOCIATION

BALANCE SHEET

AS AT 31 DECEMBER 2023

	2023	2022
	€	€
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,694,099	11,765,620
PPE under development	3,764,648	1,458,297
Investment in joint venture	15,000	15,000
Right of use asset	296,706	309,606
	<u>14,770,453</u>	<u>13,548,523</u>
Current Assets		
Inventories	195,100	161,724
Trade and other receivables	4,132,867	3,393,126
Cash and cash equivalents	345,569	789,104
	<u>4,673,536</u>	<u>4,343,954</u>
Total Assets	<u>19,443,989</u>	<u>17,892,477</u>
EQUITY AND LIABILITIES		
Equity		
Accumulated deficit – page 6	(5,647,426)	(4,860,813)
Non-Current Liabilities		
Long-term borrowings	9,526,652	9,940,933
Trade and other payables	-	65,000
Lease liability	334,318	340,083
Deferred income	5,511,986	3,074,967
	<u>15,372,956</u>	<u>13,420,983</u>
Current Liabilities		
Short-term borrowings	1,583,840	782,554
Lease liability	4,273	4,103
Trade and other payables	4,303,210	4,368,339
Deferred income	3,827,136	4,177,311
	<u>9,718,459</u>	<u>9,332,307</u>
Total Liabilities	<u>25,091,415</u>	<u>22,753,290</u>
Total Equity and Liabilities	<u>19,443,989</u>	<u>17,892,477</u>

These financial statements were authorised and approved for issue by the Executive Board and signed on its behalf on the 11 March 2024:


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.

Going Concern

During the year ended 31 December 2023, the Association incurred an excess of expenditure over income of €786,613 (FY December 2022: excess of expenditure over income of €3,049,869). At the year end, the Association has an accumulated deficit of €5,647,426 (FY 2022: €4,860,813).

The Association is required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that The Association will continue in business. In satisfaction of this responsibility the Association has considered its ability to meet its liabilities as they fall due.

The Association meets its day to day working capital requirements through bank overdraft facilities, grants and loans from Government, local banks and its international governing bodies, UEFA and FIFA; income from TV rights and other income sources. Management information tools including income and expense budgeting and cash flows are used to monitor current and future liquidity.

In assessing the appropriateness of the going concern assumption, the Association have produced detailed cashflow forecasts that include judgements made at the time of issuing these financial statements. It is planned that income continues to grow, particularly in the area of sponsorships and operations of own facilities. This will be coupled with a sustained control of spending on international travel and salaries, both of which remained contained over the past year, and this trend is reflected also in the budgeted expense for 2024. In the case of salaries, the main difference is the mandatory cost of living adjustment.

The importance of continued financial support from FIFA and UEFA remains critical. Historical data of financial support forwarded by both governing bodies, indicates that these support mechanisms have increased over time, both by way of grants, extended loan repayment terms, flexibility of their use, and some occasional support that exceeds what was originally budgeted as income. Due to these unforeseen income streams and related costs, it is therefore considered appropriate to consider events and transactions that have occurred shortly after year-end or are expected to occur in the forthcoming 24-month period. The extent of this review reflected the current economic environment, the Association's current and projected trading together with its debt services and the extended loan repayment arrangements that are currently being negotiated and is assumed by the Association to be successful.

MALTA FOOTBALL ASSOCIATION

EXTRACT OF NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

Going concern (continued)

Both UEFA and FIFA have proven their support by considering projects submitted by the Association both in operational and investment terms. On top of the operational funds available to the Association through the FIFA Forward and UEFA Hattrick programmes, the Association has already had two significant Hattrick projects favourably assessed, one on football development - covering certain costs related to projects conducted by the Fondazzjoni Inħobb il-Futbol – and the other covering part of the maintenance cost of the National Stadium.

The bank has also been supportive in the Association's endeavours to attain better liquidity. Thanks to its good standing and relationship with the bank, it has already obtained reassurance that the bank would consider an extension of loan repayments for loans 6 and 7. Similarly, FIFA has granted the Association a 1-year moratorium on the repayment of the FIFA Covid Loan taken in 2022. The Association has also obtained such backing from UEFA which reiterates its support to its member associations in guaranteeing financial stability in case of financial difficulties due to unforeseen circumstances.

The management is committed to prioritise cost-consciousness and efficiency while seeking not to prejudice the objectives set out in its strategy. These measures will facilitate the path towards more sustainability.

In terms of capital expenditure, the Association will build on its good record of securing government grants to fund infrastructural projects such as the gradual resurfacing of club pitches and the construction of the new National Football Centre, both of which have proceeded as planned. The Association will continue to ensure that unless new sources of funding are available to it, the allocated funding for the project is not exceeded. A recent review of the project estimated cost is being considered favourably by Government to increase the NDSF grant backing it, already amounting to €4.95m.

This injection of funds from sources mentioned above has permitted the Association to channel more of its resources towards costs of an operational nature, mostly related to the technical setup of the national teams and the domestic leagues, where certain costs have been alleviated from its members, particularly expenses related to junior competitions and the Youth League.

Collectively, the above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Association's ability to continue as a going concern. The Association is confident that the bank borrowing repayments will be rescheduled, and the Association will be able to achieve the level of income and expenditure, to allow the Association to continue in operational existence for the foreseeable future. Accordingly, as at the date of issuing the 2023 financial statements, the Association feels it is appropriate to prepare these financial statements on a going concern basis.

MALTA FOOTBALL ASSOCIATION

APPENDICES

FOR THE YEAR ENDED 31 DECEMBER 2023 – DETAILED INCOME AND EXPENDITURE ACCOUNT

	2023	2022
	€	€
APPENDIX I		
INCOME		
Gates income - Local	698,522	786,098
Gates income - International	884,623	100,164
FIFA Financial Assistance Programme and other income	2,078,232	1,213,211
UEFA HatTrick Annual Solidarity	2,052,000	1,500,000
UEFA Referee Convention	100,000	75,000
UEFA Participation	680,500	1,153,250
Disciplinary fines	138,175	158,896
UEFA Other Income	754,774	589,487
Sponsorship	738,011	623,301
TV and other Rights	3,116,375	2,220,827
FIFA COVID-19 assistance	-	9,614
Sports facilities	738,505	549,762
Other income	831,573	287,073
IFF – Income	179,690	162,592
	<u>12,990,980</u>	<u>9,429,275</u>

MALTA FOOTBALL ASSOCIATION

APPENDICES

FOR THE YEAR ENDED 31 DECEMBER 2023 – DETAILED INCOME AND EXPENDITURE ACCOUNT

	2023	2022
	€	€
APPENDIX II		
EXPENDITURE		
<i>Wages and salaries</i>		
- Management	858,512	840,270
- Administration	967,268	937,345
- Technical	1,567,618	1,535,659
- Facilities and security	560,573	563,898
- COVID 19 supplement	-	(323,575)
- Youth development programmes	219,821	157,786
- Technical staff – youth development programmes	309,372	349,501
Player bonuses and appearance money	532,417	370,959
Travelling and accommodation	2,028,660	1,739,144
Match expenses – International	499,351	277,555
Match expenses – Local	990,463	1,046,707
Club & Member Assoc Assistance	163,084	87,896
National team other expenses	34,813	71,692
Kits and training equipment	94,718	194,805
Referees' convention expenses	221,091	131,008
Referees' fees MC and MA	595,436	556,844
Club schemes	271,771	242,287
Consumables	32,519	41,337
Maintenance	824,079	568,997
Telecommunications	34,866	33,288
Water and electricity	273,521	235,706
Awards, ceremonies, and refreshments	211,318	211,330
Presentations, trophies & awards	124,185	82,121
Cleaning	86,548	69,861
Course expenses	75,829	55,082
Merchandising costs	60,578	56,123
Insurance and medical	386,199	284,816
Professional fees	320,314	275,207
General expenses	62,132	58,522
Software licences	79,673	74,619
Audit fees	13,000	13,000
Website expenses	32,860	51,994
Settlement	-	195,000
Advertising and promotion	16,674	-
	12,549,263	11,086,784