

MALTA FOOTBALL ASSOCIATION

EXTRACT OF FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(VO/1742)

MALTA FOOTBALL ASSOCIATION

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MALTA FOOTBALL ASSOCIATION

EXECUTIVE BOARD AND RESPONSIBILITIES

FOR THE PERIOD ENDED 31 DECEMBER 2021

The Executive Board as at period 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. Louis Micallef

Deputy Secretary

Mr. Matthew Sciberras

Members

Mr. David Abdilla (app. on 21 Jul 2021)

Mr. Claudio Martinelli (app. 4 Nov 2021)

Mr. Lawrence Aquilina (app. 4 Nov 2021)

Mr. Mark Borg (app. 4 Nov 2021)

Mr. Dione Borg (app. 4 Nov 2021)

Mr. Patrick Cutajar (app. 21 Jul 2021)

Mr. Kenneth Costantino (app. 4 Nov 2021)

Mr. Robert Micallef (app. 4 Nov 2021)

Ms. Stephanie Rocco (app. 21 Jul 2021)

Mr. Carlo Mamo (app. 4 Nov 2021)

Mr. Pio Vassallo (end. 21 Jul 2021)

Mr. Raymond Micallef (end. 21 Jul 2021)

Mr. Joseph Micallef (end. 21 Jul 2021)

Mr. George Galea (end. 21 Jul 2021)

Mr. Godfrey Borg (app. 4 Nov 2021)

Mr. Stefan Vella (app. 21 Jul 2021)

Mr. Victor Cassar (app. 21 Jul 2021)

Mr. Robert Camilleri (app. 21 Jul 2021)

Mr. Jesmond Abela (app. 21 Jul 2021)

Mr. Chris Grech (app. 21 Jul 2021)

Mr. Francis Muscat (app. 21 Jul 2021)

Mr. Joe Sammut (app. 21 Jul 2021)

Dr. Samuel Azzopardi (app. 21 Jul 2021)

Dr. Cory Greenland LL.D. (app. 21 Jul 2021)

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, 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 Boards'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 should;

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

MALTA FOOTBALL ASSOCIATION

EXECUTIVE BOARD AND RESPONSIBILITIES

FOR THE PERIOD ENDED 31 DECEMBER 2021

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.

Outlook

The Association continues in its endeavour to achieve the objectives set in its Strategy 2020-24 with more emphasis being put on the technical side of its operations. Next milestones include a reform in club and nursery licensing. The major capital project being undertaken by the Association is the construction of a National Football Centre, thereby implementing Goal 2 of its Strategy 2020-24. The Centre will host the technical facilities and personnel and will be used as one of the venues during the UEFA Under 19 Championships taking place in Malta in July 2023. The project is being financed together with the National Development and Social Fund through a grant of €5m and a long-term loan of €4.05m.

This report was approved by the Executive Board on 7 April 2022 and signed on its behalf by:



Mr. Bjorn Vassallo
President
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 10, which comprise the balance sheet as at 31 December 2021, the income statement for the period ended 31 December 2021 and an extract of the notes to the financial statements.

"In our opinion, the accompanying financial statements set out on pages 6 to 35, give a true and fair view of the balance sheet of the Association as at 31 December 2021, and of its financial performance for the period 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 relating to going concern as a result of COVID-19

We draw attention to Note 1 to these financial statements, which describes the impact of COVID-19 on the Association's financial results, cashflows and financial position, and the measures being taken by the Executive Board in this regard, in view of the unprecedented nature of the adverse economic conditions experienced. These events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Associations' ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

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.

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.



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTA FOOTBALL ASSOCIATION

- 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. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Association's operations and the overall economy.
- 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.

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 read 'Michael Curmi', is written over a horizontal line.

Michael Curmi (Partner) for and on behalf of

VCA Certified Public Accountants

7 April 2022

MALTA FOOTBALL ASSOCIATION

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2021

	1 Apr 2021 - 31 Dec 2021 (9 months) €	1 Apr 2020 - 31 Mar 2021 (12 months) €
INCOME	6,271,570	8,561,454
EXPENDITURE		
Direct operating and administrative costs	(7,815,120)	(8,438,798)
Depreciation	(755,559)	(975,347)
	(8,570,679)	(9,414,145)
OTHER INCOME		
Share of profit in joint venture	-	8,748
Excess of expenditure over income before finance costs	(2,299,109)	(843,943)
Finance costs	(189,842)	(257,648)
Excess of expenditure over income after finance costs	(2,488,951)	(1,101,591)
INVESTMENT IN CLUBS INFRASTRUCTURE		
Grants receivable	262,643	-
Capital contribution during the period	-	(78,755)
Finance costs	(45,515)	(130,207)
	217,128	(208,962)
Excess of expenditure over income for the period	(2,271,823)	(1,310,553)
Accumulated fund brought forward	460,879	1,771,432
Accumulated (Deficit)/ Funds balance carried forward	(1,810,944)	460,879


MALTA FOOTBALL ASSOCIATION

BALANCE SHEET

AS AT 31 DECEMBER 2021

	2021 December €	2021 March €
ASSETS		
Non-Current Assets		
Property, plant and equipment	12,983,148	12,135,572
Investment in joint venture	39,875	39,875
Right of use asset	325,731	326,790
	<u>13,348,754</u>	<u>12,502,237</u>
Current Assets		
Inventories	296,785	782,699
Trade and other receivables	3,058,374	2,192,549
Cash and cash equivalents	2,074,039	837,777
	<u>5,429,198</u>	<u>3,813,025</u>
Total Assets	<u>18,777,952</u>	<u>16,315,262</u>
EQUITY AND LIABILITIES		
Equity		
Accumulated (Deficit)/ Fund	(1,810,944)	460,879
Non-Current Liabilities		
Long term borrowings	10,174,892	5,741,378
Lease liability	342,694	351,401
Deferred income	2,192,750	2,318,215
	<u>12,710,336</u>	<u>8,410,994</u>
Current Liabilities		
Short term borrowings	1,755,162	2,287,366
Lease liability	3,894	2,275
Trade and other payables	3,446,424	3,103,936
Deferred income	2,673,080	2,049,812
	<u>7,878,560</u>	<u>7,443,389</u>
Total Liabilities	<u>20,588,896</u>	<u>15,854,383</u>
Total Equity and Liabilities	<u>18,777,952</u>	<u>16,315,262</u>

These financial statements were authorised and approved for issue by the Executive Board on the 7 April 2022 and signed on its behalf by:


 Mr. Bjorn Vassallo - President
 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 Association 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 assumption taking cognisance of the COVID-19 related events

During the period ended 31 December 2021, the Association incurred an excess of expenditure over income of €2,271,823 (FY March 2021: excess of expenditure over income of €1,310,553). At the period end, the Association’s total liabilities exceeded its total assets by €1,810,944 (FY March 2021: total assets exceeded liabilities by €460,879).

The operations of the Association have been severely disrupted in the past two years due to the Covid-19 pandemic which led to significant unplanned costs incurred to adhere to additional requirements at both national and international level. Two consecutive seasons had to stop short and for a long period of time matches had to be played without public, with the resulting loss of income. Also, costs on match operations were significantly higher due to more onerous health protocols. At international level, charter flights were mandatory for the majority of National Team matches scheduled in 2021 following restrictions imposed by Public Health authorities.

The Association has taken a number of measures to improve the financial stability due to the impact of Covid 19 on its operations, to maintain both sufficient revenue streams and reduce its cost base.

The importance of the continued financial support of FIFA and UEFA remains critical. As of the next cycle starting in 2023, funding through the FIFA Forward programme will increase by 25%. With respect to its Hattrick funding programme, UEFA has already confirmed that the current amounts in the next cycle are guaranteed with the likelihood that they will increase in the range of 20-25%. Furthermore, more flexibility has been given with respect to UEFA funding for capital projects to be utilised for operational costs. Advance payments from the 2024-2028 cycle can be requested should the need arise as of 2023. It is also expected that the financial consideration for media rights should be improved in the short to medium term.

MALTA FOOTBALL ASSOCIATION

EXTRACT OF NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation (continued)

Despite the challenging environment of the past two years, the Association still managed to increase revenues from sponsorship, particularly through a major National Team sponsorship deal with Visitmalta and a new sponsorship to be tied to the Trophy (Cup) Competition, which did not have a main sponsor for the past 3 years.

The Association has also taken a number of measures which include the closure of the indoor pool to eliminate its direct operating costs. Financial commitments made in favour of internal stakeholders are being better planned in the medium term as a result of incentive-based MoUs in place with the Association's members, which determine its commitments in their regard. Business processes are also being improved through usage of new IT tools in order to streamline and better monitor procurement. In this regard, the Administration will propose an update to the Association's Procurement Policy and its related regulations by the beginning of the new football season.

During the current period, two loans were sanctioned to mitigate the impact of Covid: one from FIFA for the amount of \$3.5m (c. €2.83m), which is interest-free and which will be repaid from future FIFA Forward allocations; and another from BOV under the MDB COVID-19 Guarantee Scheme for the amount of €1.5m. The Wage Supplement granted by government throughout the pandemic was also critical assistance for the Association.

The Executive Board has endorsed a revised budget for financial year 2022 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. The General Assembly had already resolved to limit the Association's spending on club infrastructure and in order to do so external Government funding amounting to €6m, receivable over an 8-year period, was sourced to support clubs resurfacing their football pitches. Furthermore, match costs are once more being shared with clubs as was the practice until 2017, rather than absorbed in their entirety by the Association. Measures are also being taken to reduce the amounts to be spent on travel and accommodation.

The Association has also requested an extension of the repayment programme of its larger loan with BOV amounting to €4.6m as at December 2022, which were sanctioned to finance club infrastructure some years back. This will alleviate considerably the pressure on the Association's cashflow especially in the next 3 years, in which lump-sum payments of €1.5 million each were originally programmed.

MALTA FOOTBALL ASSOCIATION

EXTRACT OF NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation (continued)

The Executive Board are conscious that in common with many other International Football Associations of similar circumstance, all judgements reached at this stage remain subject to a material degree of underlying uncertainty, however the following matters are considered to constitute a material uncertainty that may cast significant doubt about the Association's ability to continue as a going concern.

- The increased level of support from UEFA
- The Association continues to be dependent on the continued support of its bankers for its financing, and on successfully extending the term of repayments.
- A more prolonged outbreak of the pandemic, which may result in further travel costs incurred on an international level due to restrictions imposed by the health authorities.
- The upturn in the attendance to the local stadia.
- The increase in price index as a result of inflation.

Due consideration is given to the above uncertainties and mitigating factors have been taken into consideration in order to ensure the going concern of the Association. The Executive Board continue 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 consider 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 2021 financial statements.

MALTA FOOTBALL ASSOCIATION

APPENDICES

FOR THE PERIOD ENDED 31 DECEMBER 2021 – DETAILED INCOME AND EXPENDITURE ACCOUNT

	1 Apr 2021 - 31 Dec 2021 (9 months) €	1 Apr 2020 - 31 Mar 2021 (12 months) €
INCOME		
Gates income - Local	258,161	-
Gates income - International	122,732	-
FIFA Financial Assistance Programme and other income	626,401	1,276,790
UEFA HatTrick Annual Solidarity	1,549,265	2,145,000
UEFA Referee Convention	75,000	100,000
UEFA Participation	310,000	65,000
Disciplinary fines	69,452	81,763
UEFA Other Income	119,403	237,497
Sponsorship	488,723	479,361
TV Rights	1,866,000	2,504,500
FIFA COVID-19 assistance	232,003	995,339
Sports facilities	293,742	398,968
Other income	260,688	277,236
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	6,271,570	8,561,454

MALTA FOOTBALL ASSOCIATION

APPENDICES

FOR THE PERIOD ENDED 31 DECEMBER 2021 – DETAILED INCOME AND EXPENDITURE ACCOUNT

	1 Apr 2021 - 31 Dec 2021 (9 months) €	1 Apr 2020 - 31 Mar 2021 (12 months) €
EXPENDITURE		
Wages and Salaries	2,900,732	3,563,295
Player bonuses, allowances and appearance money	432,775	488,339
Covid wage supplement	(640,001)	(908,991)
Travelling and accommodation	1,873,769	1,067,190
Match expenses - International	132,719	114,713
National team other expenses	193,372	136,621
Kits and training equipment	194,495	185,774
Inventory provision and write off	-	(182,247)
Referees' convention expenses	99,942	130,882
Players' sponsorship schemes	3,660	21,600
Advertising and promotion	45,546	59,851
Consumables	26,819	51,991
Maintenance	525,190	667,409
Telecommunications	31,289	29,789
Water and electricity	90,878	140,546
Awards, ceremonies, and refreshments	202,194	175,925
Presentations, trophies & awards	41,019	67,718
Cleaning	26,523	21,326
Course expenses	35,050	20,376
Merchandising costs	16,005	10,725
Insurance and medical	249,646	236,617
Professional fees	114,723	215,956
Software licences	103,200	133,690
Audit fees	8,733	8,733
(Decrease)/increase in provision for doubtful debts	(20,127)	34,393
Match expenses - Local	418,071	482,331
Ground rental assistance	105,803	215,779
Referees' fees MC and MA	208,414	272,256
Inhobb il-Futbol foundation	136,698	-
Club schemes	174,886	874,060
Doping test	2,975	234
General expenses	65,233	128,173
Expected credit loss	14,889	(26,256)
	7,815,120	8,438,798