

VALLETTA FC

Annual Financial Report

&

Financial Statements

31 December 2021

Valletta Football Club
Annual Financial Statements for the year ended 31 December 2021

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Valletta Football Club
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GENERAL INFORMATION

Registration

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

Officials & other Committee Members:

President: Alexander Fenech

Secretary: Joe Attard

Treasurer: Roderick Axisa

Other committee members:

Paul Spiteri (Vice President)

Matthew Carbonaro

Dr Pierre Farrugia

James Mackay

Jean Pierre Baldacchino

Edward Bartolo

Clint Axisa (resigned 25th February, 2022)

Club Address: 126, Sta. Lucia Street, Valletta VLT 1183 Malta

Bankers Address: Bank of Valletta & APS Bank

Auditors:

Darmanin Cauchi & Co

DACA Accountants

Vjal Cottoner

Fgura FGR 1382

COMMITTEE MEMBERS' REPORT

The committee members submit their annual report and the audited financial statements for the year ended 31 December 2021.

Principal activity

Valletta 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).

Results

The statement of comprehensive income is set out on page 9.

Review of the year

The club incurred a loss of € 733,761 during the year under review (2020: Loss of € 45,408).

Committee members

During the year ended 31 December 2021, committee members were as listed on page 3.

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 judgements and estimates that are reasonable and prudent;
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

COMMITTEE MEMBERS' REPORT - continued

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

DACA Accountants 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:



Mr Alexander Fenech
President



Mr Roderick Axisa
Treasurer



Mr Joe Attard
Secretary

Date: 12th April, 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Valletta Football Club

Opinion

We have audited the financial statements of Valletta Football Club ("the Club"), set out on pages 9 - 31, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Club as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

Responsibilities of the Committee Members

The Committee Members are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for 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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of Valletta Football Club

Responsibilities of the Committee Members (continued)

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 they 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.

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 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 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 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 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 Club to cease to continue as a going concern; and

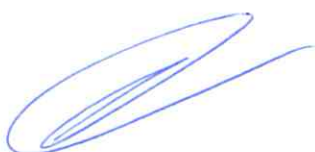
INDEPENDENT AUDITOR'S REPORT (continued)

To the members of Valletta Football Club

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

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

We communicate with the 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.



Mrs Tanya Ebejer CPA
For and on behalf Darmanin Cauchi & Co
DACA Accountants
Vjal Kottoner
Fgura FGR 1382

Date: 12th April, 2022

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 €	2020 €
Income	3	525,028	1,297,392
Expenditure	4	<u>(1,254,964)</u>	<u>(1,341,917)</u>
Operating loss		<u>(729,936)</u>	<u>(44,525)</u>
Interest receivable and similar income		-	5
Interest payable and similar charges	6	(3,825)	(888)
Loss for the year:		<u>(733,761)</u>	<u>(45,408)</u>

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STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2021 €	2020 €
Fixed assets			
Intangible assets	8	2,588	26,410
Tangible fixed assets	10	<u>504,434</u>	<u>526,758</u>
		<u>507,022</u>	<u>553,168</u>
Current assets			
Receivables	11	115,473	208,007
Cash at bank and in hand	14	<u>54,073</u>	<u>68,681</u>
		<u>169,546</u>	<u>276,688</u>
TOTAL ASSETS		<u>676,568</u>	<u>829,856</u>
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated fund and surplus			
Accumulated fund		(1,893,754)	(1,159,993)
Reserves		<u>1,153,427</u>	<u>1,163,742</u>
Total equity		<u>(740,327)</u>	<u>3,749</u>
Payables: falling due after more than one year			
Other liabilities	12	<u>916,327</u>	<u>578,077</u>
		<u>916,327</u>	<u>578,077</u>
Payables: falling due within one year			
Trade and other liabilities	13	<u>500,568</u>	<u>248,030</u>
		<u>500,568</u>	<u>248,030</u>
Total liabilities		<u>1,416,895</u>	<u>826,107</u>
TOTAL ACCUMULATED FUND AND LIABILITIES		<u>676,568</u>	<u>829,856</u>

The financial statements on pages 9 to 31 have been authorised for issue by the committee members on the 12th April, 2022 and signed on its behalf by:


Mr Alexander Fenech
President


Mr Roderick Axisa
Treasurer


Mr Joe Attard
Secretary

Valletta Football Club
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STATEMENT OF CHANGES IN EQUITY

	Note	Accumul. fund €	General reserve €	Revaluation reserve €	Total €
Financial period ended 31 December 2020					
Balance at 01 January 2020		(1,114,585)	878,795	295,262	59,472
Total income/(loss) for the year					
- loss for the financial year		(45,408)			(45,408)
- amortisation		-	-	(10,315)	(10,315)
Balance at 31 December 2020		(1,159,993)	878,795	284,947	3,749
Financial year ended 31 December 2020					
Balance at 01 January 2021		(1,159,993)	878,795	284,947	3,749
Total income/(loss) for the year					
- loss for the financial year		(733,761)			(733,761)
- amortisation				(10,315)	(10,315)
Balance at 31 December 2021		(1,893,754)	878,795	274,632	(740,327)

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STATEMENT OF CASH FLOWS

	Note	2021 €	2020 €
Cash flows from operating activities			
Net loss for the year before taxation		(733,761)	(45,408)
Adjustments for:			
Depreciation of tangible fixed assets		12,009	12,009
Amortisation of player registration costs		7,322	25,177
Profit on sale/loan of players		(13,500)	-
Interest receivable		-	(5)
		<hr/>	<hr/>
Operating profit/(loss) before working capital changes		(727,930)	(8,227)
Decrease/(increase) in stocks		-	24,880
Decrease/(increase) in debtors		92,534	(20,076)
Increase/(decrease) in creditors		252,538	(25,984)
		<hr/>	<hr/>
Cash generated from/(used in) operations		(382,858)	(29,404)
Interest received			5
		<hr/>	<hr/>
Net cash from/(used in) operating activities		(382,858)	(29,399)
Cash flows from investing activities			
Purchase of fixed tangible assets		-	(25,477)
Proceeds from sale of players		30,000	
		<hr/>	<hr/>
Net cash from/(used in) investing activities		30,000	(25,477)
Cash flows from financing activities			
Waived loans from committee members		-	-
Amounts granted/(repaid) in respect of loans		338,250	(7,946)
		<hr/>	<hr/>
Net cash from/(used in) financing activities		338,250	(7,946)
Net movement in cash and cash equivalents		(14,608)	(62,822)
Cash and cash equivalents at beginning of year		68,681	131,503
		<hr/>	<hr/>
Cash and cash equivalents at end of year	14	54,073	68,681

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING CONVENTIONS 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

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.*

Foreign currencies

Transactions in foreign currencies have been converted into euro at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated into euro at the rates of exchange ruling at the balance 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets - continued

Player registration costs

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.

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.

Tangible fixed assets

Recognition and measurement

A tangible fixed asset 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 in excess of 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 tangible fixed asset 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Tangible fixed assets - continued

Depreciation - continued

The annual rates used for this purpose, which are applied proportionately in the year of acquisition and in the year of disposal, are:

	%
Office equipment and furnishings	10
Building equipment and services	20
Buildings and improvements	1
Other equipment	20
Salinos ground	0

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 tangible fixed assets

On disposal of an item of tangible fixed assets, 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments (continued)

Financial assets

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

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments (continued)

Financial liabilities at amortised cost

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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NOTES TO THE FINANCIAL STATEMENTS - continued

3. INCOME

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

	2021	2020
Commercial		
Membership Fees	32,035	23,890
National competitions participation & prize money	-	-
Sponsorships and advertising income	164,500	182,200
Other commercial income	-	-
Income from disposal of player registrations (including loan income)		
Transfer fees	5,000	209,374
Profit/(loss) on disposal of intangible fixed assets (player registrations)	8,500	-
Contributions/Donations from related parties		
Donations and voluntary contributions	10,930	1,839
Other/Non-Split		
Gate receipts	2,669	10,096
Commercial		
Leasing		-
Women's Team		-
Nursery	75,783	71,311
Fund raising activities		
Broadcasting Rights		-
Solidarity & Prize Money		
TV		-
UEFA solidarity & participation Payment	22,000	583,507
Training compensation	-	3,784
Interest income on late payment by debtors		
*Other Income	203,611	211,391
	525,028	1,297,392

* Other income consists of €194,020 in gross wage supplements granted by Malta Enterprise and other Covid-19 related assistance provided by government-related entities.

4. EXPENDITURE

The profit/loss is stated after charging:

	2021	2020
<u>Cost of Sales/Materials</u>		
Opening stock	-	24,880
Health insurance	17,431	14,301
Lease of training ground	-	12,200
Medical expenses	12,492	7,099
Overseas travel and accommodation	28,919	17,698
Work permit and visas	2,245	2,805
Software subscription	17,300	-
Training expenses	15,000	11,840
Training kits, wear and equipment	54,175	23,295
Contributions to nursery	-	14,120
Closing stock	-	-
<u>Other/Non-Split</u>		
Other operating expenses		
Players' wages and salaries including NI	690,335	826,523
Players' wages and salaries Including NI (Futsal)	22,102	26,249
Other staff salaries including NI	142,408	130,993
Other staff salaries including NI (Nursery)	17,254	15,133
Non taxed car cash allowances	49,140	44,460
Accommodation (foreign players)	63,978	34,428
Fines	2,350	2,620
Nursery (excluding salaries and wages)	69,511	41,724
Other football related expenditure	8,836	19,743
<u>Cost of acquiring player registrations (including non-capitalised agent fees and loan fees)</u>		
Transfer fees		
Agents' fees	-	4,500
Amortisation of intangible fixed assets (player registrations)	7,322	25,177
	1,220,798	1,299,788

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	2021	2020
<u>Expenses of Non-Football Operations</u>		
Office expenses	485	609
Telecommunication expenses	151	219
Audit fees	500	500
Legal fees	-	15,160
Professional fees	-	500
<u>Property & Facilities expenses</u>		
Ground rent	6,450	7,066
Repair and maintenance	3,653	3,534
Water and Electricity	1,318	833
<u>Sponsorship and advertising expenses</u>		
Advertising	703	834
<u>Commercial activities expenses</u>		
General expenses	8,297	445
<u>Affiliation fees</u>		
Affiliation fees and other dues	600	600
Total administrative expense	22,157	30,300
Finance expenses		
Bank charges	575	411
Bank interest payable	3,250	477
	3,825	888
Depreciation of Tangible Fixed Assets	12,009	12,009

NOTES TO THE FINANCIAL STATEMENTS - continued

5. STAFF COSTS

The staff costs incurred during the year was as follows:	2021	2020
	€	€
Wages and salaries – players (including NI)	712,437	852,772
Wages and salaries – staff (including NI)	159,662	146,126
Non-taxable car cash allowances	49,140	44,460
	921,239	1,043,358

The average number of persons employed by the club during the year amounted to 42 (2020: 38) employees.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	€	€
Bank charges	575	411
Interest on amounts due to third parties	3,250	477
	3,825	888

7. INCOME TAX

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

NOTES TO THE FINANCIAL STATEMENTS - continued

8. INTANGIBLE ASSETS

	Player Registration Costs €	Total Intangible Assets €
Year ended 31 December 2021		
Opening net book amount	26,410	26,410
Amortisation charge	(7,322)	(7,322)
Disposals for the year	(55,000)	(55,000)
Amortisation released on disposal	38,500	38,500
Closing net book amount	2,588	2,588
At 31st December 2021		
Cost	90,893	90,893
Accumulated amortisation	(88,305)	(88,305)
Net book amount	2,588	2,588
At 31st December 2020		
Cost	165,473	165,473
Accumulated amortisation	(139,063)	(139,063)
Net book amount	26,410	26,410

Valletta Football Club
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NOTES TO THE FINANCIAL STATEMENTS - continued

9. PLAYER IDENTIFICATION TABLE

Name	Previous Club	Start of contract	End of contract	Contract term	Value €	Acc. Amort. €	Disposal - Cost €	Disposal - Acc. Dep'n €	Amort. for the year €	Balance end of year €
Ryan Camilleri	Hibernians FC	2014/15	2018/19	5	50,000	(50,000)				-
Henry Bonello (contract 2)	Birkirkara FC	2017/18	2021/22	5	55,000	(38,500)	(55,000)	38,500		-
Joseph Zerafa	Birkirkara FC	2017/18	2021/22	5	15,120	(10,584)			(3,024)	1,512
Kyrian Nwoko	Luxol St. Andrews FC	2017/18	2021/22	5	10,773	(7,542)			(2,155)	1,076
Enmy Manuel Pena Beltre	Luxol St. Andrews FC	05 January 2018	2020/21	3.5	15,000	(12,857)			(2,143)	-
					145,893	(119,483)	(55,000)	38,500	(7,322)	2,588

Total Cost at year end: 90,893
Total Amortisation at year end: (88,305)
NBV at year end: 2,588

Henry Bonello

Proceeds from sale	€ 25,000
Reversal of original cost	(55,000)
Reversal of accumulated amortisation	38,500
Profit on disposal	8,500

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NOTES TO THE FINANCIAL STATEMENTS - continued

10. TANGIBLE FIXED ASSETS

	Office equipment & furnishings €	Building equipment & services €	Buildings & improvements €	Salinos ground €	Other equipment €	Total €
Year ended 31 December 2021						
Opening net book amount	8,463	5,183	331,685	160,069	21,358	526,758
Depreciation charge	(1,898)	(1,000)	(739)	-	(8,372)	(12,009)
Amortisation of revaluation reserve	-	-	(10,315)	-	-	(10,315)
Closing net book amount	6,565	4,183	320,631	160,069	12,986	504,434
At 31 December 2021						
Cost	28,534	23,635	414,272	189,663	42,745	698,849
Accumulated depreciation	(21,969)	(19,452)	(93,641)	(29,594)	(29,759)	(194,415)
Net book amount	6,565	4,183	320,631	160,069	12,986	504,434
At 31 December 2020						
Cost	28,534	23,635	414,272	189,663	42,745	698,849
Accumulated depreciation	(20,071)	(18,452)	(82,587)	(29,594)	(21,387)	(172,091)
Net book amount	8,463	5,183	331,685	160,069	21,358	526,758

NOTES TO THE FINANCIAL STATEMENTS - continued

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	€	€
Accrued income	40,000	124,178
Deposits & prepayment	8,765	5,525
Trade receivables	23,427	50,955
Other receivables	42,892	18,460
Loans to related entities	389	8,889
	<u>115,473</u>	<u>208,007</u>

12. OTHER LIABILITIES

	2021	2020
	€	€
Falling due after one year		
Amount owed to committee members parties (note 15)	251,197	121,197
Amount owed to third parties	665,130	456,880
	<u>916,327</u>	<u>578,077</u>

13. TRADE AND OTHER LIABILITIES

	2021	2020
	€	€
Falling due within one year		
Trade payables	64,684	41,020
Indirect tax and social security contributions	168,369	173,696
VAT payable	57,256	33,034
Wages and salaries outstanding	137,500	-
Accruals and deferred income	72,759	280
	<u>500,568</u>	<u>248,030</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

14. 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:

	2021	2020
	€	€
Cash at bank and in hand	54,073	68,681

15. RELATED PARTIES

Loans from committee members

The club took out a loan from the club's President Alexander Fenech (€251,197). The amounts due to the members are unsecured and bear no interest and have no fixed date for repayment. The outstanding balance on this loan is shown with other liabilities in Note 12.

16. FINANCIAL RISK MANAGEMENT

At year-end, the Club's main financial assets on the statement of financial position comprised of cash at banks and 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 retained earnings and other reserves as disclosed in Note xx to these financial statements and in the statement of changes in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS - continued

16. FINANCIAL RISK MANAGEMENT - CONTINUED

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.

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.

17. 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.