THE MALTA HOSPICE MOVEMENT

Annual Report and Financial Statements
31 December 2019

Registration number: VO/0062

Chairperson's statement

This past year has marked the 30th Anniversary since the establishment of the Malta Hospice Movement. This milestone date saw Hospice take possession of the Adelaide Cini Institute in St Venera which was graciously offered by the Archdiocese of Malta and will become a state of the art centre for palliative care in Malta.

Hospice's track record of sound management and governance practices has been instrumental in securing the support, financial and otherwise, of several leading banks and corporations.
The capital costs involved in the refurbishment and adaptation of Adelaide Cini Institute will be raised through individual & corporate sponsors, Government grants and EU funding amongst other initiatives being reviewed. Hospice is in the process of further ensuring that once functional, the operations shall be sustainably managed for the benefit of this and future generations.

The Organisation's sole objective has been and remains the provision of support services offered free of charge to anyone in need of them. Hospice endeavours to provide a holistic approach to patients dealing with life threatening illnes , and all incumbent issues arising from this reality. Hospice extends support to family members who are also impacted by these circumstances. Hospice s raison d'etre is the unequivocal commitment to providing the best palliative care possible to all who request it.

Bernadette Bonnici Kind
Chairperson Hospice Malta

20 July 2020

Report of the Council of Administrators

The members of the Council of Administrators present herewith their report and the audited financial statements of The Malta Hospice Movement for the year ended 31 December 2019.

Principal activities

The Malta Hospice Movement, (the "Movement") is a private, charitable, non-profit organisation based on Christian principles. It exists to provide and promote the highest standards of Palliative Care for persons with cancer, motor neurone disease, end-of-life cardiac, respiratory, renal and liver diseases. It also aims to help and support their families and carers. In order to be able to offer these services free of charge the Malta Hospice Movement organises various fundraising events.

Review of performance

During the year under review, the Movement reported a surplus amounting to €149,673 (2018: €129,828).

Results

The statement of comprehensive income is set out on page 10.

Members of the Council of Administrators

In accordance with the statute, the members of the Council of Administrators are elected at the Annual General Meeting for a term of two years. All the members retire after their initial term of two years and are eligible for re-election for any number of terms. The members on the Council of Administrators serve on a voluntary basis and receive no remuneration.

The members of the Council of Administrators who held office during the year were:

Ms. Maria Gatt – Chairperson (resigned on 13 May 2020)
Ms. Bernadette Bonnici Kind – Chairperson (appointed on 13 May 2020)
Mr Ramon Muscat - Vice-Chairperson
Ms. Bernardette Bonnici Kind – Secretary (resigned on 13 May 2020)
Dr. Oriella DeGiovanni – Secretary (appointed on 13 May 2020)
Mr. Vladimiro Comodini -Treasurer
Dr. Robert Sammut - Member
Ms. Lora Cascun - Member
Ms. Fleur Marie Ebejer - Member
Ms. Miriam Muscat - Member
Mr. Etienne Borg Cardona – Member
Dr. Vincent Zammit – Member (resigned on 11 March 2020)

Report of the Council of Administrators - continued

Statement of responsibilities of the Council of Administrators for the financial statements

The Council of Administrators is required by the Voluntary Organisations Act, Legal Notice 379 of 2012, to prepare financial statements which give a true and fair view of the state of affairs of the Movement as at the end of each reporting period and of the surplus or deficit for that period.

In preparing the financial statements, the Council of Administrators is responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Movement will continue in business as a going concern.

The Council of Administrators is also responsible for designing, implementing and maintaining internal control as the Council of Administrators determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Voluntary Organisations Act, Legal Notice 379 of 2012. They are also responsible for safeguarding the assets of the Movement and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of The Malta Hospice Movement for the year ended 31 December 2019 are published in hard-copy printed form.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Council of Administrators

Dr Oriella DeGiovanni
Secretary

39 Good Shepherd Avenue
Balzan BZN 1623
Malta

20 July 2020

Other information

Strategic Financial Committee

Mr Vladimiro Comodini – Chairperson
Ms Juanita Bencini
Mr Tony Mejlaq

Education Committee

Dr Stefan Laspina – Chairperson
Mr Kenneth Delia
Ms Lara Farrugia
Dr Sandro Spiteri (resigned on 26 May 2020)
Dr Vincent Zammit (resigned on 11 March 2020)

Quality and Care Committee

Mr Noel Borg – Chairperson
Ms Lora Cascun
Ms Maria Xuereb
Mr Ray Grixti
Mr Godfrey Cutajar
Ms Anna Frendo

Project Management Steering Committee

Ms. Lora Cascun – Chairperson
Perit Claude Borg
Mr Kenneth Delia
Perit Karm Farrugia
Ms. Bernadette Bonnici Kind
Mr Jeandre Mallia
Mr Chris Naudi
Mr Ing. Noel Psaila
Ms Rachel Micallef

Bankers

Bank of Valletta plc
Cannon Road
Sta Venera
SVR 9030

HSBC Bank Malta plc
116, Archbishop Street
Valletta
VLT 1444

Auditors

PricewaterhouseCoopers
78 Mill Street
Qormi

Independent auditor's report

To the Council of Administrators of The Malta Hospice Movement

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Malta Hospice Movement's financial statements give a true and fair view of the Movement's financial position as at 31 December 2019, and of the Movement's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Voluntary Organisations Act, Legal Notice 379 of 2012.

What we have audited

The Malta Hospice Movement's financial statements, set out on pages 9 to 29, comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Movement in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

Independent auditor's report - *continued*

To the Council of Administrators of The Malta Hospice Movement

Other information

The Council of Administrators is responsible for the other information. The other information comprises the Chairperson's statement and the Council of Administrators' report (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, including the Chairperson's statement and the Council of Administrators' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

With respect to the Council of Administrators' report, we also considered whether the Council of Administrators' report includes the disclosures required by the Voluntary Organisations Act, Legal Notice 379 of 2012.

Based on the work we have performed, in our opinion:

- The information given in the Council of Administrators' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Council of Administrators' report has been prepared in accordance with the requirements of the Voluntary Organisations Act, Legal Notice 379 of 2012

In addition, in light of the knowledge and understanding of the Movement and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Council of Administrators' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Council of Administrators for the financial statements

The Council of Administrators is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Voluntary Organisations Act, Legal Notice 379 of 2012, and for such internal control as the Council of Administrators 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 Council of Administrators is responsible for assessing the Movement'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 Council of Administrators either intends to liquidate the Movement or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report - *continued*

To the Council of Administrators of The Malta Hospice Movement

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Movement's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council of Aministrators.
- Conclude on the appropriateness of the Council of Aministrators' 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 Movement'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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Movement's ability 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 Movement's trade, customers and suppliers, and the disruption to its business 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 Council of Administrators 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.

Independent auditor's report - continued

To the Council of Administrators of The Malta Hospice Movement

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Voluntary Organisations Act, Legal Notice 379 of 2012, to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of Council of Administrators' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Joseph Camilleri
Partner

20 July 2020

Statement of financial position

	Notes	As at 31 December 2019 €	2018 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**536,179**	408,455
Financial assets at FVOCI	5	**779,194**	811,441
Total non-current assets		**1,315,373**	1,219,896
Current assets			
Term deposits	6	**800,000**	800,000
Other receivables	7	**62,650**	82,224
Cash and cash equivalents	8	**1,063,259**	896,072
Total current assets		**1,925,909**	1,778,296
Total assets		**3,241,282**	2,998,192
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus		**1,080,000**	1,080,000
Capital reserve	9	**1,943,376**	1,793,703
Fair value reserve	10	**34,730**	54,477
Total equity		**3,058,106**	2,928,180
Current liabilities			
Trade and other payables	11	**183,176**	70,012
Total current liabilities		**183,176**	70,012
Total equity and liabilities		**3,241,282**	2,998,192

The notes on pages 13 to 29 are an integral part of these financial statements.

The financial statements on pages 9 to 29 were authorised for issue by the Council of Administrators on Date and were signed on its behalf by:

Bernadette Bonnici Kind
Chairperson

Vladimiro Comodini
Treasurer

Statement of comprehensive income

	Notes	Year ended 31 December 2019 €	2018 €
Revenue	12	**1,277,751**	1,148,449
Expenditure	13	**(1,171,234)**	(1,063,756)
Operating surplus		**106,517**	84,693
Finance income	15	**45,604**	46,880
Finance costs	16	**(2,448)**	(1,745)
Surplus for the year		**149,673**	129,828
Items that may be subsequently reclassified to surplus or deficit			
Fair value movements on financial assets at FOVCI, net of tax	10	**(19,747)**	(9,072)
Other comprehensive income for the year, net of tax		**(19,747)**	(9,072)
Total comprehensive income for the year		**129,926**	120,756

The notes on pages 13 to 29 are an integral part of these financial statements.

Statement of changes in equity

	Note	Accumulated surplus €	Fair value reserve €	Capital surplus €	Total €
Balance at 1 January 2018		1,080,000	63,549	1,663,875	2,807,424
Comprehensive income					
Surplus for the year		-	-	129,828	129,828
Other comprehensive income					
Fair value movements on financial assets at FVOCI	10	-	(9,072)	-	(9,072)
Balance at 31 December 2018		**1,080,000**	**54,477**	**1,793,703**	**2,928,180**
Balance at 1 January 2019		1,080,000	54,477	1,793,703	2,928,180
Comprehensive income					
Surplus for the year		-		149,673	149,673
Other comprehensive income					
Fair value movements on financial assets at FVOCI	10	-	(19,747)	-	(19,747)
Balance at 31 December 2019		**1,080,000**	**34,730**	**1,943,376**	**3,058,106**

The notes on pages 13 to 29 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2019 €	2018 €
Cash flows from operating activities			
Cash generated from operations	18	**281,152**	89,955
Interest received	15	**45,604**	46,880
Interest paid	16	**(2,448)**	(1,745)
Net cash generated from operating activities		**324,308**	135,090
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(169,621)**	(92,866)
Purchase of financial assets at FVOCI	5	**-**	(27,900)
Disposal of financial assets at FVOCI	5	**12,500**	34,292
Proceeds on maturity of term deposits		**-**	100,000
Net cash generated (used in)/from investing activities		**(157,121)**	13,526
Movement in cash and cash equivalents		**167,187**	148,616
Cash and cash equivalents at beginning of year		**896,072**	747,456
Cash and cash equivalents at end of year	8	**1,063,259**	896,072

The notes on pages 13 to 29 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Voluntary Organisations Act, Legal Notice 379 of 2012. They have been prepared under the historical cost convention and as modified by the fair value of financial assets at FVOCI.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Council of Administrators to exercise their judgement in the process of applying the Movement's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2019

In 2019, the Movement adopted new standards, amendments and interpretations to existing standards that are mandatory for the Movement's accounting period beginning on 1 January 2019. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Movement's accounting policies, not impacting the Movement's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Movement's accounting periods beginning after 1 January 2019. The Movement has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Movement's Council of Administrators are of the opinion that, there are no requirements that will have a possible significant impact on the Movement's financial statements in the period of initial application.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Movement's functional and presentation currency.

1. **Summary of significant accounting policies** - continued

1.2 Foreign currency translation - continued

(b) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Movement's functional and presentation currency.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

All foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, comprising mainly offices, are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Movement and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

1. Summary of significant accounting policies - continued

1.3 Property, plant and equipment - continued

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to surplus or deficit. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to surplus or deficit and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1
Electrical installations	6.67
Furniture, fixtures and air-conditioning	10
Computer software	20
Office and other equipment	20
Motor vehicle	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.4).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in surplus or deficit. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1. Summary of significant accounting policies - continued

1.5 Financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Movement has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Movement reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Movement commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Movement measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Movement's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Movement classifies its debt instruments:

1. **Summary of significant accounting policies** - continued

1.5 Financial asset – continued

(c) Measurement *- continued*

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets are included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognise in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Movement subsequently measures all equity investments at fair value. Where the Movement's council members have elected to present fair value gains and losses on equity investment in OCI, there's no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Movement's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in changes in fair value of financial assets in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1. **Summary of significant accounting policies** - continued

1.5 Financial asset – continued

(d) Impairment

From 1 January 2018, the Movement assess on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Movement applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The impact of the change in impairment methodology and the identified expected credit loss on the retained earnings and equity with regards to each class of financial assets mentioned above was immaterial.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was immaterial.

1.6 Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 1.5). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against surplus or deficit.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

1.8 Financial liabilities

The Movement recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Movement's financial liabilities are classified as financial liabilities which are not at fair value through surplus or deficit (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through surplus or deficit are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Movement derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1. Summary of significant accounting policies - continued

1.9 Trade and other payables

Trade and other payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Offsetting financial instruments

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.

1.11 Revenue recognition

Revenue comprises income received or receivable from various sources such as donations, fund raising activities, memberships, sponsorships and government grants. The Movement recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Owing to the nature of the Movement's income, only income from sponsorships are invoiced. All other income is accounted for on the accrual basis. Since the level of income cannot be estimated with a degree of certainty, all expenditure relating to the current year income or activities, is accounted for on an accrual basis.

Interest income is recognised for all interest-bearing instruments using the effective interest method.

2. Financial risk management

2.1 Financial risk factors

The Movement's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Movement's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Movement's financial performance. The Council of Administrators do not consider the Movement's exposure to price risk and foreign exchange risk to be substantial in view of the nature of the assets and liabilities. The Council of Administrators provide principles for overall risk management, as well as policies covering specific areas, such as credit risk. The Movement did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Market Risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Movement's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in euro.

Accordingly, the Movement is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how surplus or deficit and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market Risk – continued

(ii) Cash flow and fair value interest rate risk

The Movement has no significant interest-bearing assets other than debt securities and term deposits subject to fixed interest rates (refer to Notes 5 and 6) and bank balances (refer to Note 8) subject to variable rates of interest. Fixed interest instruments are measured at amortised cost and accordingly the Movement is not exposed to fair value interest rate risk. The Movement's interest rate risk principally arises from bank balances which expose the Movement to cash flow interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions. The Movement's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	As at 31 December 2019 €	As at 31 December 2018 €
Loans and receivables category:		
Other receivables (Note 7)	**36,001**	67,539
Cash and cash equivalents (Note 8)	**1,063,259**	896,072
	1,099,260	963,611

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Movement does not hold any collateral as security in this respect.

The Movement banks only with local financial institutions with high quality standing or rating.

The Movement manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the end of the reporting period. The Movement's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

(c) Liquidity risk

The Movement is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 11). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Movement's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. The Movement's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

The Movement's trade and payables are entirely repayable within one year from the end of the reporting period.

2. Financial risk management - continued

2.2 Capital risk management

The Movement's objectives when managing capital are to safeguard the respective Movement's ability to continue as a going concern in order to provide returns for the sole purpose of providing the highest standards of Palliative Care for persons with cancer, motor neurone disease and other terminal diseases.

The Movement's accumulated surplus, as disclosed in the statement of financial position, constitutes its capital. The Movement maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Movement's activities, the capital level as at the end of the reporting period is deemed adequate by the Council of Administrators.

2.3 Fair value of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Movement's assets and liabilities that are measured at fair value at 31 December:

	Level 1 €	Total balance €
31 December 2018		
Financial assets at FVOCI		
- Debt instruments	**811,441**	**811,441**
Total financial assets	**811,441**	**811,441**
31 December 2019		
Financial assets at FVOCI		
- Debt instruments	**779,194**	**779,194**
Total financial assets	**779,194**	**779,194**

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

2. Financial risk management - continued

2.3 Fair value of financial instruments - continued

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

At 31 December 2019 and 2018 the carrying amounts of receivables, cash and cash equivalents and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Council of Administrators, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1.

4. Property, plant and equipment

	Land and buildings €	Improvements to properties	Specialised equipment €	Furniture, fixtures and fittings €	Motor Vehicles €	Computer software €	Electrical installation €	Total €
As at 1 January 2018								
Cost	332,089	-	306,700	118,142	170,380	16,642	8,008	951,961
Accumulated depreciation	(54,894)	-	(277,199)	(112,647)	(123,158)	(12,571)	(2,670)	(583,139)
Net book amount	**277,195**	**-**	**29,501**	**5,495**	**47,222**	**4,071**	**5,338**	**368,822**
Year ended 31 December 2018								
Opening net book amount	277,195	-	29,501	5,495	47,222	4,071	5,338	368,822
Additions	-	39,390	15,387	1,770	29,961	6,358	-	92,866
Depreciation charge	(3,320)	-	(13,521)	(1,678)	(31,676)	(2,504)	(534)	(53,233)
Closing net book amount	**273,875**	**39,390**	**31,367**	**5,587**	**45,507**	**7,925**	**4,804**	**408,455**
At 1 January 2019								
Cost	332,089	39,390	322,087	119,912	200,341	23,000	8,008	1,044,827
Accumulated depreciation	(58,214)	-	(290,720)	(114,325)	(154,834)	(15,075)	(3,204)	(636,372)
Net book amount	**273,875**	**39,390**	**31,367**	**5,587**	**45,507**	**7,925**	**4,804**	**408,455**
Year ended 31 December 2019								
Opening net book amount	273,875	39,390	31,367	5,587	45,507	7,925	4,804	408,455
Additions	-	145,620	18,970	2,082	1,009	1,940	-	169,621
Disposals	-	-	-	-	(10,669)	-	-	(10,669)
Depreciation charge	(3,320)	-	(15,235)	(1,842)	(18,074)	(2,892)	(534)	(41,897)
Depreciation released	-	-	-	-	10,669	-	-	10,669
Closing net book amount	**270,555**	**185,010**	**35,102**	**5,827**	**28,442**	**6,973**	**4,270**	**536,179**
At 31 December 2019								
Cost	332,089	185,010	341,057	121,994	190,681	24,940	8,008	1,203,779
Accumulated depreciation	(61,534)	-	(305,955)	(116,167)	(162,239)	(17,967)	(3,738)	(667,600)
Net book amount	**270,555**	**185,010**	**35,102**	**5,827**	**28,442**	**6,973**	**4,270**	**536,179**

On 16 April 2018, the Malta Hospice Movement entered into a lease agreement between Archbishop of Malta, granting and conceding by title of commodatum (referred to as loan for use) St Michael Hospice premises located in Santa Venera.

The agreement has a definite period of 50 years, with possibility of extension. The property leased with no charges can be used exclusively for the promotion and provision of palliative care services in Malta.

5. Financial assets at FVOCI

	As at 31 December	
	2019	2018
	€	€
Listed debt equities – non current		
6.0% Pendergardens Developments Plc Series II Secured Bonds 2022	**52,500**	55,000
6.0% Medserv Plc Secured and Guaranteed € Notes 2020-2023	**27,200**	27,771
6.0% Island Hotels Group Holdings Plc Bonds 2024	**32,938**	33,852
6% AX Investments Plc 2024	**26,329**	26,352
5.9% HSBC Bank Malta plc Subordinated Bonds 2018	**-**	-
5.8% International Hotel Investments Plc Euro 2023	**24,955**	24,610
5.75% International Hotel Investments plc 2025	**40,364**	41,497
5.35% Bank of Valletta Plc Subordinated Bonds 2019	**-**	12,506
5.3% United Finance Plc Unsecured Bonds 2023	**31,380**	31,953
5.1% Malta Government Stock 2022 (I)	**26,576**	27,391
5% Tumas Investments plc 2024	**19,788**	21,049
5% Malta Government Stock 2021 (I)	**122,659**	127,650
4.9% Gasan Finance Company plc 2019-2021	**4,500**	4,622
4.6% Malta Government Stock 2020 (II)	**132,340**	138,190
4.5% Hili Properties plc 2025	**3,045**	3,004
4.25% Corinthia Finance Plc Bonds 2026	**48,204**	48,667
4.0% Eden Bonds 2027	**32,499**	32,939
4% Midi plc 2026 (Secured)	**30,750**	31,080
3.75% Virtu Finance Bonds 2027	**36,610**	36,138
3.75% Tumas Bonds 2027	**29,949**	30,992
3.75% Premier Capital Bonds 2026	**27,275**	26,883
4% Exalco Bonds 2028	**29,334**	29,295
Total financial assets at FVOCI	**779,194**	**811,441**
Opening balance	**811,441**	826,905
Additions	**-**	27,900
Disposals	**(12,500)**	(34,292)
Movement in fair value	**(19,747)**	(9,072)
	779,194	**811,441**

6. Term deposits

	As at 31 December	
	2019	2018
	€	€
Term deposits – current		
Mediterranean Bank Fixed term deposit	**100,000**	100,000
APS Bank Fixed term deposit	**150,000**	150,000
BOV Fixed term deposit	**100,000**	100,000
IIG Bank Fixed term deposits	**100,000**	100,000
Lombard Bank Fixed term deposit	**100,000**	100,000
Izola Bank Fixed term deposits	**150,000**	150,000
Banif fixed term deposit	**100,000**	100,000
	800,000	800,000
Total term deposits	**800,000**	800,000

7. Other receivables

	As at 31 December	
	2019	2018
	€	€
Current		
Prepayments	**26,649**	14,685
Accrued income	**36,001**	67,539
	62,650	82,224

8. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	As at 31 December	
	2019	2018
	€	€
Cash at bank and in hand	**1,063,259**	896,072

9. Capital reserve

	As at 31 December 2019 €	2018 €
As at beginning of year	**1,793,703**	1,663,875
Transfer for the year	**149,673**	129,828
As at end of year	**1,943,376**	1,793,703

The income of the Movement is largely unpredictable. To ensure sustainability of the services The Malta Hospice Movement has built a reserve to ensure continuity if there is a significant short-term drop in income. The Council of Administrators resolved that the accumulated surplus in excess of this reserve is being transferred to a Capital Reserve account which will help The Malta Hospice Movement achieve its ultimate goal of building a new Hospice including an Inpatient Palliative Care Unit.

10. Fair value reserve

	As at 31 December 2019 €	2018 €
Opening balance	**54,477**	63,549
Fair value movements on financial assets at FVOCI, net of tax	**(19,747)**	(9,072)
	34,730	54,477

The revaluation reserve is a non-distributable reserve.

11. Trade and other payables

	As at 31 December 2019 €	2018 €
Current		
Trade and other payables	**64,402**	43,170
Accruals	**19,816**	14,044
Deferred revenue	**98,958**	12,798
	183,176	70,012

12. Revenue

	2019	2018
	€	€
Donations	**559,205**	458,080
Fund raising activities	**299,256**	328,378
Sunflower campaign	**56,425**	27,033
Memberships and sponsorships	**2,640**	1,840
Government grant	**317,223**	304,893
MCCF	**26,097**	13,300
Other income	**16,905**	14,925
	1,277,751	1,148,449

13. Expenses by nature

	2019	2018
	€	€
Employee benefit expense (Note 14)	**822,987**	754,325
Depreciation of tangible assets (Note 4)	**41,897**	53,233
Fund raising activities	**63,848**	68,133
Sunflower campaign	**8,113**	6,780
Education and other events	**16,429**	12,489
Staff continuous professional development	**11,493**	6,056
Repairs and maintenance	**7,076**	6,171
Insurance, licences, subscriptions and fees	**64,954**	37,622
Respite care services	**61,392**	54,985
Other day services expenses	**14,711**	16,441
Staff welfare and related costs	**17,050**	12,223
Motor vehicle expenses, transport and travel	**19,120**	20,502
Premises, communications and utilities	**22,164**	14,796
	1,171,234	1,063,756

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2019 and 2018 relate to the following:

	2019	2018
	€	€
Annual statutory audit	**2,000**	2,000

14. Employee benefit expense

	2019 €	2018 €
Wages and salaries	**765,032**	701,445
Social security costs	**57,955**	52,880
	822,987	754,325

The average number of persons employed by the Movement during the year were:

	2019	2018
Palliative care		
Full time	**12**	14
Part time	**17**	17
Administration		
Full time	**5**	4
Part time	**1**	2
	35	37

15. Finance income

	2019 €	2018 €
Bank interest income	**56**	27
Interest income from investments	**45,548**	47,145
Currency and investment (loss)/gain	**-**	(292)
	45,604	46,880

16. Finance costs

	2019 €	2018 €
Bank charges	**2,448**	1,745

17. Taxation

The Movement has been granted an exemption from income tax (including tax on interest) in accordance with paragraph (e) of sub-section (1) of section 12 of the Income Tax Act (L.N. 64/1994 in Government Gazette dated 3 June 1994) and therefore no provision for income tax has been made in these financial statements.

18. Cash generated from operations

Reconciliation of operating surplus to cash generated from operations:

	2019	2018
	€	€
Operating surplus	**106,517**	84,693
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**41,897**	53,233
Changes in working capital:		
Other receivables	**19,574**	(41,635)
Trade and other payables	**113,164**	(6,336)
Cash generated from operations	**281,152**	89,955

19. Events after the end of reporting period

Towards the end of January 2020, Malta was negatively impacted by the global outbreak of the COVID-19. This virus has caused disruptions to businesses and economic activity which has also been reflected in recent fluctuations in the stock markets. Following an assessment carried out by the Council of Administrators, the emergence and spread of Covid-19 is considered to be a non-adjusting post balance sheet event. It is currently expected that any adverse impact on the Movement's assets will not be significant and is also expected that the Movement will continue to operate for at least 12 months from the reporting date, although the Movement recognises a possibility of a fall in donations, due to lower general economic activity in the country, in the event of a serious outbreak of the virus. However, it is not feasible at this time to determine the quantitative impact of COVID-19 on the assets of the Movement, given the inherent uncertainties.

20. Statutory information

The Malta Hospice Movement is a private, charitable and non-profit making organisation and is registered in Malta.