

THE MALTA HOSPICE MOVEMENT

Annual Report and Financial Statements
31 December 2020

	Pages
Chairperson's statement	1
Report of the Council of Administrators	2 - 3
Other information	4 - 5
Independent auditor's report	6 - 9
Statement of financial position	10
Statement of comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 30

Chairperson's statement

Most certainly 2020 has been a year like no other.

The arrival of the Covid-19 virus forced a total reassessment of all care and operational procedures. The Hospice's main focus to provide comprehensive palliative care in a timely manner became the biggest challenge since most patient visits had to revert to online meetings. The entire team's unstinting efforts managed to overcome this obstacle thus maintaining an unbroken chain of care we are committed to provide.

Covid-19 also negatively impacted all Hospice's traditional fundraising efforts which had to be curtailed. Having said that, Hospice was the beneficiary of two substantial legacies. The first being a terraced house in St. Venera, for which we hold a Promise of Sale; whilst the second was a generous sum of money. This cash injection and the proceeds from the sale of the property will be utilised for the completion on the St. Michael Hospice Project. In addition, new agreements have been negotiated and signed with the Ministry for the Family and with the Ministry for Health, thus further ensuring sustainability for the long term. Other entities and individuals have also offered financial support in varying ways, including the generous transfer of shares to Hospice from a well-established group of companies. Hospice is committed to continue with its efforts to diversify its fundraising initiatives necessitated in this exceptional year.

The refurbishing works at Adelaide Cini Institute are continuing at a steady pace. It is envisaged that this centre of excellence for Palliative care, to be known as St Michael Hospice, is expected to be completed by December 2022. The entire Hospice Team, as well as members of Council are fully committed to the planning and execution of this long-awaited initiative which will see Hospice move to another level in terms of care, with the addition of a 16-bed in-patient unit. Other specifically assigned areas include the Day Therapy and Out-Patients' Unit, quiet rooms and a landscaped garden for times of calm and reflection in the appropriate environment, as well as a multi-faith room. All this will ensure that Hospice remains one of the main pillars of Palliative care in the Maltese Islands.



Bernadette Bonnici Kind
Chairperson Hospice Malta

12 May 2021

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 2020.

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 €2,075,531 (2019: €149,673). Out of this surplus, around €1.8m was derived from an exceptional legacy, transfer of property and transfer of shares.

Results

The statement of comprehensive income is set out on page 11.

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. Bernadette 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)
Dr. Stefan Laspina – Member (appointed on 10 June 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.

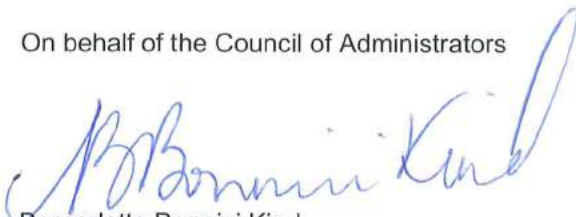
The Council of Administrators is also responsible for designing, implementing and maintaining internal control as the Council of Administrators determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply 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 2020 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



Bernadette Bonnici Kind
Chairperson



Vladimiro Comodini
Treasurer

39 Good Shepherd Avenue
Balzan BZN 1623
Malta

12 May 2021

Other information

Strategic Financial Committee

Mr. Vladimiro Comodini – Chairperson
Ms. Bernadette Bonnici Kind
Mr. Kenneth Delia
Ms. Juanita Bencini
Ms. Rachel Micallef
Mr. Tony Meilaq – resigned during July 2020

Education Committee

Dr. Stefan Laspina – Chairperson
Dr. Joanna Depares
Ms. Lara Farrugia
Ms. Anna Frendo
Mr. Kenneth Delia

Quality and Care Committee

Ms. Anna Frendo – Chairperson
Dr. Elaine Boland
Dr. Jurgen Abela
Ms. Lara Farrugia
Mr. Kenneth Delia

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

Fundraising Committee

Mr. Ramon Muscat – Chairperson
Ms. Bernadette Bonnici Kind
Mr. Vladimiro Comodini
Mr. Kenneth Delia
Ms. Juanita Bencini
Mr. Andrew Zammit

Change Management Committee

Mr. Ramon Muscat – Chairperson
Mr. Kenneth Delia
Ms. Joanne Bondin
Ms. Roslynn Vella

Other information - continued

Bankers

Bank of Valletta Malta plc
Cannon Road
Sta Venera
SVR 9030

HSBC Bank Malta plc
116, Archbishop Street
Valletta
VLT 1444

Auditors

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District, CBD 5090
Qormi
Malta



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 financial statements give a true and fair view of the financial position of The Malta Hospice Movement (the Movement) as at 31 December 2020, 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 10 to 30, comprise:

- the statement of financial position as at 31 December 2020;
- 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 significant accounting policies and other explanatory information.

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 company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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).

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 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.

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 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 Administrators.
- Conclude on the appropriateness of the Council of Administrators' 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

Restriction on distribution and use

These financial statements are intended solely for the use of the Council of Administrators and the members of the Movement, and may not be suitable for another purpose. This report should therefore not be distributed to or used by another party.

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'J. Camilleri', with a long horizontal flourish extending to the right.

Joseph Camilleri
Partner

12 May 2021


Statement of financial position

	Notes	As at 31 December	
		2020 €	2019 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	920,713	536,179
Financial assets at FVOCI	5	1,121,376	779,194
Total non-current assets		2,042,089	1,315,373
Current assets			
Non-current asset held for sale	4	450,000	-
Term deposits	6	725,000	800,000
Other receivables	7	41,455	62,650
Cash and cash equivalents	8	2,318,984	1,063,259
Total current assets		3,535,439	1,925,909
Total assets		5,577,528	3,241,282
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus		1,080,000	1,080,000
Capital reserve	9	4,018,907	1,943,376
Fair value reserve	10	36,412	34,730
Total equity		5,135,319	3,058,106
LIABILITIES			
Non-current liabilities			
Trade and other payables	11	81,703	-
Total non-current liabilities		81,703	-
Current liabilities			
Trade and other payables	11	360,506	183,176
Total current liabilities		360,506	183,176
Total liabilities		442,209	183,176
Total equity and liabilities		5,577,528	3,241,282

The notes on pages 14 to 30 are an integral part of these financial statements.

The financial statements on pages 10 to 30 were authorised for issue by the Council of Administrators on 12 May 2021 and were signed on its behalf by:


Bernadette Bonnici Kind
Chairperson


Vladimiro Comodini
Treasurer

Statement of comprehensive income

	Notes	Year ended 31 December	
		2020 €	2019 €
Revenue	12	3,332,965	1,277,751
Expenditure	13	(1,299,184)	(1,171,234)
Operating surplus		2,033,781	106,517
Finance income	15	45,691	45,604
Finance costs	16	(3,941)	(2,448)
Surplus for the year		2,075,531	149,673
Items that may be subsequently reclassified to surplus or deficit			
Fair value movements on financial assets at FOVCI, net of tax	10	1,682	(19,747)
Other comprehensive income for the year, net of tax		1,682	(19,747)
Total comprehensive income for the year		2,077,213	129,926

The notes on pages 14 to 30 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 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
Balance at 1 January 2020		1,080,000	34,730	1,943,376	3,058,106
Comprehensive income					
Surplus for the year		-	-	2,075,531	2,075,531
Other comprehensive income					
Fair value movements on financial assets at FVOCI	10	-	1,682	-	1,682
Balance at 31 December 2020		1,080,000	36,412	4,018,907	5,135,319

The notes on pages 14 to 30 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December	
		2020 €	2019 €
Cash flows from operating activities			
Cash generated from operations	18	1,433,331	281,152
Interest received	15	45,691	45,604
Interest paid	16	(3,941)	(2,448)
Net cash generated from operating activities		1,475,081	324,308
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(428,856)	(169,621)
Disposal of financial assets at FVOCI	5	134,500	12,500
Proceeds on maturity of term deposits		75,000	-
Net cash used in investing activities		(219,356)	(157,121)
Movement in cash and cash equivalents		1,255,725	167,187
Cash and cash equivalents at beginning of year		1,063,259	896,072
Cash and cash equivalents at end of year	8	2,318,984	1,063,259

The notes on pages 14 to 30 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 2020

In 2020, the Movement adopted new standards, amendments and interpretations to existing standards that are mandatory for the Movement's accounting period beginning on 1 January 2020. 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 2020. 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 stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of an asset 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 Company 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 the statement of comprehensive income during the financial period in which they are incurred.

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.

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

1. Summary of significant accounting policies - continued

1.3 Property, plant and equipment - continued

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.

1.5 Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

1. Summary of significant accounting policies - continued

1.6 Financial assets

(a) Classification

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

1.6 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

1.6 Financial asset - continued

(d) Impairment

The Movement assesses 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.

1.7 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.

1.8 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.

1.9 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

1.10 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.

1.11 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.

1.12 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 2020 €	As at 31 December 2019 €
Loans and receivables category:		
Term deposits (Note 5)	725,000	800,000
Other receivables (Note 7)	22,925	36,001
Cash and cash equivalents (Note 8)	2,318,984	1,063,259
	3,066,909	1,899,260

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 2019		
Financial assets at FVOCI		
- Debt instruments	779,194	779,194
Total financial assets	779,194	779,194
31 December 2020		
Financial assets at FVOCI		
- Equity instruments	500,000	500,000
- Debt instruments	621,376	621,376
Total financial assets	1,121,376	1,121,376

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 2020 and 2019 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 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
Year ended 31 December 2020								
Opening net book amount	270,555	185,010	35,102	5,827	28,442	6,973	4,270	536,179
Additions	-	401,714	19,110	1,393	-	6,639	-	428,856
Disposals	-	-	-	-	(10,668)	-	-	(10,668)
Depreciation charge	(3,327)	-	(17,280)	(1,244)	(18,071)	(3,866)	(534)	(44,322)
Depreciation released	-	-	-	-	10,668	-	-	10,668
Closing net book amount	267,228	586,724	36,932	5,976	10,371	9,746	3,736	920,713
At 31 December 2020								
Cost	332,089	586,724	360,167	123,387	180,013	31,579	8,008	1,621,966
Accumulated depreciation	(64,861)	-	(323,235)	(117,411)	(169,642)	(21,833)	(4,272)	(701,253)
Net book amount	267,228	586,724	36,932	5,976	10,371	9,746	3,736	920,713

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) Adelaide Cini Institute 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.

On 6 July 2020, the Movement was donated a property in Santa Venera which was valued by an independent architect at €450,000. Following the year end, the Movement entered into a Promise of Sale agreement for amount higher than the book value of the property.

5. Financial assets at FVOCI

	As at 31 December	
	2020	2019
	€	€
Listed debt equities – non current		
6% Pendergardens Developments Plc Series II Secured Bonds 2022	51,575	52,500
6% Medserv Plc Secured and Guaranteed € Notes 2020-2023	26,384	27,200
6% Island Hotels Group Holdings Plc Bonds 2024	31,620	32,938
6% AX Investments Plc 2024	23,883	26,329
5.8% International Hotel Investments Plc Euro 2023	23,138	24,955
5.75% International Hotel Investments plc 2025	38,279	40,364
5.3% United Finance Plc Unsecured Bonds 2023	31,185	31,380
5.1% Malta Government Stock 2022 (I)	25,369	26,576
5% Tumas Investments plc 2024	19,885	19,788
5% Malta Government Stock 2021 (I)	116,898	122,659
4.9% Gasan Finance Company plc 2019-2021	-	4,500
4.6% Malta Government Stock 2020 (II)	-	132,340
4.5% Hili Properties plc 2025	2,900	3,045
4.25% Corinthia Finance Plc Bonds 2026	46,800	48,204
4% Eden Bonds 2027	31,714	32,499
4% Midi plc 2026 (Secured)	30,750	30,750
3.75% Virtu Finance Bonds 2027	36,050	36,610
3.75% Tumas Bonds 2027	30,396	29,949
3.75% Premier Capital Bonds 2026	26,231	27,275
4% Exalco Bonds 2028	28,319	29,334
Shares in PG Plc	500,000	-
Total financial assets at FVOCI	1,121,376	779,194
Opening balance	779,194	811,441
Additions	475,000	-
Disposals	(134,500)	(12,500)
Movement in fair value	1,682	(19,747)
	1,121,376	779,194

On 23 July 2020, Mr Paul Gauci and Mrs Marlene Gauci donated 250,000 shares in PG Group p.l.c to the Malta Hospice Movement with a market value of €475,000. The donation was carried out through a notarised contract. The conditions pertaining to the donation are that the shares can never be traded and should the Malta Hospice Movement cease to be a charitable institution carrying out charitable activities, the shares shall be returned to Mr and Mrs Gauci, or their heirs, without any recompense to the Movement.

6. Term deposits

	As at 31 December	
	2020	2019
	€	€
Term deposits – current		
Mediterranean Bank Fixed term deposit	75,000	100,000
APS Bank Fixed term deposit	100,000	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
	725,000	800,000
 Total term deposits	725,000	800,000

7. Other receivables

	As at 31 December	
	2020	2019
	€	€
Current		
Prepayments	16,911	25,049
Other receivables	6,619	1,600
Accrued income	17,925	36,001
	41,455	62,650

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	
	2020	2019
	€	€
Cash at bank and in hand	2,318,984	1,063,259

9. Capital reserve

	As at 31 December	
	2020	2019
	€	€
As at beginning of year	1,943,376	1,793,703
Transfer for the year	2,075,531	149,673
As at end of year	4,018,907	1,943,376

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	
	2020	2019
	€	€
Opening balance	34,730	54,477
Fair value movements on financial assets at FVOCI, net of tax	1,682	(19,747)
	36,412	34,730

The revaluation reserve is a non-distributable reserve.

11. Trade and other payables

	As at 31 December	
	2020	2019
	€	€
Non-current		
Sponsored loan	81,703	-
Current		
Trade and other payables	122,085	64,402
Accruals	34,152	19,816
Deferred revenue	204,269	98,958
	442,209	183,176

A local bank has donated the sum of €100,000 to the Hospice in the form of a sponsored loan over a ten-year period. The bank has committed to settle the loan through yearly instalments. These funds will be fully utilised by the Hospice towards the refurbishment of one residential hall within the centre of excellence in palliative treatment of numerous life-limiting illnesses.

12. Revenue

	2020	2019
	€	€
Donations	2,243,777	559,205
Fund raising activities	146,340	299,256
Sunflower campaign	106,616	56,425
Memberships and sponsorships	9,455	2,640
Government grant	576,942	317,223
EU Funding	182,188	-
Other income	60,147	16,905
MCCF	7,500	26,097
	3,332,965	1,277,751

Donations include two legacies received in the form of property in St. Venera and cash amounting to €1,324,808.

13. Expenses by nature

	2020	2019
	€	€
Employee benefit expense (Note 14)	941,476	822,987
Depreciation of tangible assets (Note 4)	44,322	41,897
Fund raising activities	58,642	63,848
Sunflower campaign	9,497	8,113
Education and other events	286	16,429
Staff continuous professional development	3,047	11,493
Repairs and maintenance	9,113	7,076
Insurance, licences, subscriptions and fees	80,414	64,954
Respite care services	75,379	61,392
Other day services expenses	12,492	14,711
Staff welfare and related costs	13,323	17,050
Motor vehicle expenses, transport and travel	14,668	19,120
Premises, communications and utilities	36,525	22,164
	1,299,184	1,171,234

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2020 and 2019 relate to the following:

	2020	2019
	€	€
Annual statutory audit	2,000	2,000
	2,000	2,000

14. Employee benefit expense

	2020 €	2019 €
Wages and salaries	876,129	765,032
Social security costs	65,347	57,955
	941,476	822,987

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

	2020	2019
Palliative care		
Full time	12	12
Part time	20	17
Administration		
Full time	6	5
Part time	1	1
	39	35

15. Finance income

	2020 €	2019 €
Bank interest income	-	56
Interest income from investments	45,691	45,548
	45,691	45,604

16. Finance costs

	2020 €	2019 €
Bank interest expense	430	-
Bank charges	3,511	2,448
	3,941	2,448

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:

	2020 €	2019 €
Operating surplus	2,033,781	106,517
Adjustments for:		
Non-cash donation - property (Note 4)	(450,000)	-
Non-cash donations - shares (Note 5)	(475,000)	-
Depreciation of property, plant and equipment (Note 4)	44,322	41,897
Changes in working capital:		
Other receivables	21,195	19,574
Trade and other payables	259,033	113,164
Cash generated from operations	1,433,331	281,152

19. Statutory information

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