HOSPICE MALTA

Annual Report and Financial Statements
31 December 2022

Registration number: LPA 96

	Pages
Chairperson's statement	1
Report of the Board of Governors	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

It is gratifying to note that even though challenges on the world stage are several, Hospice Malta has continued to work tirelessly to ensure more than 1,300 patients and their families receive all essential support to enable them to cope with circumstances imposed on them by life-limiting illnesses.

Whilst the Hospice Care Team of professionals continues with its primary duty of care in the Community; the Project Team of professionals entrusted with the completion of St Michael Hospice are also working relentlessly to finalise this multi- faceted building laid out in four distinct wings. Due to unforeseen delays caused by several circumstances beyond our control, we are hopeful that Hospice will be moving its present staff complement into the new Community Wing and the Day Therapy Unit by the latter part of 2023. This will be followed by the Education Wing and finally the In-Patient Unit. In the meantime, Hospice is rolling out a pre-planned recruitment initiative to engage the required professionals in sufficient time to undergo the necessary induction process as well as any other job-specific training and/or shadowing.

This Project, which is deemed of national importance continues to attract sponsors from individuals from all walks of life, and from Corporations right across the commercial spectrum. In addition to funds secured from the Ministry for Health, Ministry for the Family, EU and NDSF, Hospice's fundraising efforts continue at a steady pace to ensure that all Hospice services continue to be provided completely free of charge to those who need them. Suffice to say that the fundraising events held throughout 2022 registered an increase of 20% over the previous year reaching a total of €823k.

Although an increase in patient referrals was also noted from the previous year, Hospice Malta continues to strive to raise awareness so that patients and their families are provided with an efficient and effective service at the time when it is needed most. This was also achieved in 2022, through the organization of the National Palliative Care Conference held in April, together with other various educational programs that Hospice carried out.

We applaud the recently published document by the Ministry for Health entitled 'Strategy for Palliative Care' for the next 10 years which has identified this need in our healthcare system. Hospice has contributed its proposals and recommendations to this important document which maps out the path ahead. Once implemented, Palliative Care would have made a huge leap forward, and that can only be of benefit to all the citizens of these islands. Hospice renews its belief and deep commitment towards its achievement.

B Bonnici Kind

Bernadette Bonnici Kind
Chairperson Hospice Malta

05 May 2023

Report of the Board of Governors

The members of the Board of Governors present herewith their report and the audited financial statements of Hospice Malta for the year ended 31 December 2022.

Principal activities

Hospice Malta, (the "Association") is a non-profit organisation providing and promoting the highest standards of Palliative Care for people with progressive life limiting diseases. It also supports and cares for the families and carers of patients and of the bereaved. In order to be able to offer these services free of charge, Hospice Malta generates annual income from donations, fundraising and funding through agreements with the Government of Malta.

Review of performance

During the year under review, the Association reported a surplus amounting to €2,586,340 (2021: €1,467,801).

Results

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

Members of the Board of Governors

In accordance with the statute, the members of the Board of Governors 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 Board of Governors serve on a voluntary basis and receive no remuneration.

The members of the Board of Governors who held office during the year were:

Ms. Bernadette Bonnici Kind – Chairperson
Mr. Ramon Muscat – Vice-Chairperson
Dr. Oriella DeGiovanni – Member (resigned from secretary on 10th August 2022)
Ms. Fleur Marie Ebejer – Secretary (appointed as secretary on 10th August 2022)
Mr. Vladimiro Comodini –Treasurer
Dr. Robert Sammut – Member
Ms. Lora Cascun – Member
Ms. Miriam Muscat – Member
Dr. Etienne Borg Cardona – Member
Dr. Stefan Laspina – Member

Report of the Board of Governors - continued

Statement of responsibilities of the Board of Governors for the financial statements

The Board of Governors 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 Association as at the end of each reporting period and of the surplus or deficit for that period.

In preparing the financial statements, the Board of Governors 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 Association will continue in business as a going concern.

The Board of Governors is also responsible for designing, implementing and maintaining internal control as the Board of Governors 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 Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Hospice Malta for the year ended 31 December 2022 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 Board of Governors

Bernadette Bonnici Kind
Chairperson

Vladimiro Comodini
Treasurer

39 Good Shepherd Avenue
Balzan BZN 1623
Malta

05 May 2023

Other information

Board of Governors Committees

Audit Committee

Dr. Etienne Borg Cardona – Chairperson
Ms. Maria Micallef – independent member
Ms. Geraldine Schembri – independent member

The audit committee was constituted on 10th August 2022 and reports directly to the Board of Governors of Hospice Malta.

Management Committees

Management committees report to the CEO of Hospice Malta.

Strategic Financial Committee

Mr. Vladimiro Comodini – Chairperson
Ms. Bernadette Bonnici Kind
Ms. Juanita Bencini
Mr. Kenneth Delia
Ms. Rachel Micallef

Education Committee

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

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
Mr. Claude Borg
Mr. Kenneth Delia
Mr. Karm Farrugia
Ms. Bernadette Bonnici Kind
Mr. Jeandre Mallia
Mr. Chris Naudi
Mr. Ing. Noel Psaila
Ms. Rachel Micallef
Mr. Alfred Grech

Other information - continued

Fundraising Committee

Ms. Bernadette Bonnici Kind – Chairperson
Mr. Chris Bianco
Mr. Vladimiro Comodini
Ms. Juanita Bencini
Mr. Andrew Zammit
Mr. Kenneth Delia
Ms. Alexia Demicoli

Change Management Committee

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

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

pwc

Independent auditor's report

To the Board of Governors of Hospice Malta

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 Hospice Malta (the Association) as at 31 December 2022, and of the Association'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

Hospice Malta's financial statements, set out on pages 10 to 30, comprise:

- the statement of financial position as at 31 December 2022;
- 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 Association 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 Board of Governors of Hospice Malta

Other information

The Board of Governors is responsible for the other information. The other information comprises the Chairperson's statement and the Board of Governors' 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 Board of Governors for the financial statements

The Board of Governors 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 Board of Governors 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 Board of Governors is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report - *continued*

To the Board of Governors of Hospice Malta

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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governors.
- Conclude on the appropriateness of the Board of Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Governors 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 Board of Governors of Hospice Malta

Restriction on distribution and use

These financial statements are intended solely for the use of the Board of Governors and the members of the Association 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

Joseph Camilleri
Partner

05 May 2023

Statement of financial position

	Notes	As at 31 December 2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**5,520,106**	2,416,147
Financial assets at FVOCI	5	**1,030,418**	1,105,260
Term deposits	6	**100,000**	-
Total non-current assets		**6,650,524**	3,521,407
Current assets			
Non-current asset held for sale	4	**-**	450,000
Term deposits	6	**525,000**	725,000
Other receivables	7	**45,548**	30,539
Cash and cash equivalents	8	**2,662,517**	2,439,803
Total current assets		**3,233,065**	3,645,342
Total assets		**9,883,589**	7,166,749
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus		**1,080,000**	1,080,000
Capital reserve	9	**8,073,044**	5,486,708
Fair value reserve	10	**39,288**	133,546
Total equity		**9,192,332**	6,700,254
LIABILITIES			
Non-current liabilities			
Trade and other payables	11	**62,592**	72,251
Total non-current liabilities		**62,592**	72,251
Current liabilities			
Trade and other payables	11	**628,665**	394,244
Total current liabilities		**628,665**	394,244
Total liabilities		**691,257**	466,495
Total equity and liabilities		**9,883,589**	7,166,749

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 Board of Governors on 05 May 2023 and were signed on its behalf by:

B Bonnici Kind

Bernadette Bonnici Kind
Chairperson

Vladimiro Comodini
Treasurer

Statement of comprehensive income

	Notes	Year ended 31 December 2022 €	2021 €
Revenue	12	**4,440,640**	2,943,932
Expenditure	13	**(1,893,896)**	(1,515,921)
Operating surplus		**2,546,744**	1,428,011
Finance income	15	**43,644**	44,739
Finance costs	16	**(4,052)**	(4,949)
Surplus for the year		**2,586,336**	1,467,801
Items that may be subsequently reclassified to surplus or deficit			
Fair value movements on financial assets at FVOCI, net of tax	10	**(94,258)**	97,134
Other comprehensive income for the year, net of tax		**(94,258)**	97,134
Total comprehensive income for the year		**2,492,078**	1,564,935

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 2021		1,080,000	36,412	4,018,907	5,135,319
Comprehensive income					
Surplus for the year		-	-	1,467,801	1,467,801
Other comprehensive income					
Fair value movements on financial assets at FVOCI	10	-	97,134	-	97,134
Balance at 31 December 2021		**1,080,000**	**133,546**	**5,486,708**	**6,700,254**
Balance at 1 January 2022		1,080,000	133,546	5,486,708	6,700,254
Comprehensive income					
Surplus for the year		-	-	2,586,336	2,586,336
Other comprehensive income					
Fair value movements on financial assets at FVOCI	10	-	(94,258)	-	(94,258)
Balance at 31 December 2022		**1,080,000**	**39,288**	**8,073,044**	**9,192,332**

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

Statement of cash flows

	Notes	Year ended 31 December	
		2022	2021
		€	€
Cash flows from operating activities			
Cash generated from operations	18	**2,695,034**	1,491,523
Interest received	15	**43,644**	44,739
Interest paid	16	**(4,052)**	(4,949)
Net cash generated from operating activities		**2,734,626**	1,531,313
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(3,142,496)**	(1,523,744)
Purchase of financial assets at FVOCI	5	**(102,500)**	-
Disposal of financial assets at FVOCI	5	**83,084**	113,250
Proceeds on maturity of term deposits		**100,000**	-
Proceeds on non-current asset held for sale	4	**550,000**	-
Net cash used in investing activities		**(2,511,912)**	(1,410,494)
Movement in cash and cash equivalents		**222,714**	120,819
Cash and cash equivalents at beginning of year		**2,439,803**	2,318,984
Cash and cash equivalents at end of year	8	**2,662,517**	2,439,803

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 Board of Governors to exercise their judgement in the process of applying the Association's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2022

In 2022, the Association adopted new standards, amendments and interpretations to existing standards that are mandatory for the Association's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Association's accounting policies, not impacting the Association'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 Association's accounting periods beginning after 1 January 2022. The Association has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Association's Board of Governors are of the opinion that, there are no requirements that will have a possible significant impact on the Association'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 Association'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 Association'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 'expenditure'.

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

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 Association 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 Association 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 Association 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 Association 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 Association has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Association 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 Association's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Association classifies its debt instruments:

1. Summary of significant accounting policies - continued

1.6 Financial assets - 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 Association subsequently measures all equity investments at fair value. Where the Association's board 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 Association'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 assets - continued

(d) Impairment

The Association 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 Association 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 Association recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Association'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 Association 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 Association 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 Association's income, only income from sponsorships are invoiced. All other income is accounted for on the 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 Association'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 Association's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance. The Board of Governors do not consider the Association's exposure to price risk and foreign exchange risk to be substantial in view of the nature of the assets and liabilities. The Board of Governors provide principles for overall risk management, as well as policies covering specific areas, such as credit risk. The Association 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 Association's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in euro.

Accordingly, the Association 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 Association 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 Association is not exposed to fair value interest rate risk. The Association's interest rate risk principally arises from bank balances which expose the Association 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 Association's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	As at 31 December 2022 €	As at 31 December 2021 €
Loans and receivables category:		
Term deposits (Note 6)	**625,000**	725,000
Other receivables (Note 7)	**20,585**	19,304
Cash and cash equivalents (Note 8)	**2,662,517**	2,439,803
	3,308,102	3,184,107

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 Association does not hold any collateral as security in this respect.

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

The Association 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 Association'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 Association 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 Association'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 Association'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 Association's trade and other 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 Association's objectives when managing capital are to safeguard the respective Association'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 Association's accumulated surplus, as disclosed in the statement of financial position, constitutes its capital. The Association maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Association's activities, the capital level as at the end of the reporting period is deemed adequate by the Board of Governors.

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 Association's assets and liabilities that are measured at fair value at 31 December:

	Level 1 €	Total balance €
31 December 2021		
Financial assets at FVOCI		
- Equity instruments	600,000	600,000
- Debt instruments	505,260	505,260
Total financial assets	1,105,260	1,105,260
31 December 2022		
Financial assets at FVOCI		
- Equity instruments	**520,000**	**520,000**
- Debt instruments	**510,418**	**510,418**
Total financial assets	**1,030,418**	**1,030,418**

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 2022 and 2021 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 Board of Governors, 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 leasehold premises €	Specialised equipment €	Furniture, fixtures and fittings €	Motor vehicles €	Computer software €	Electrical installation €	Total €
As at 1 January 2021								
Cost	332,089	586,724	360,167	123,387	180,013	31,579	8,008	1,621,967
Accumulated depreciation	(64,861)	-	(323,235)	(117,411)	(169,642)	(21,833)	(4,272)	(701,254)
Net book amount	**267,228**	**586,724**	**36,932**	**5,976**	**10,371**	**9,746**	**3,736**	**920,713**
Year ended 31 December 2021								
Opening net book amount	267,228	586,724	36,932	5,976	10,371	9,746	3,736	920,713
Additions	-	1,500,963	21,041	1,150	-	590	-	1,523,744
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(3,377)	-	(13,612)	(1,219)	(6,625)	(2,944)	(533)	(28,310)
Depreciation released	-	-	-	-	-	-	-	-
Closing net book amount	**263,851**	**2,087,687**	**44,361**	**5,907**	**3,746**	**7,392**	**3,203**	**2,416,147**
At 31 December 2021								
Cost	332,089	2,087,687	381,208	124,537	180,013	32,169	8,008	3,145,711
Accumulated depreciation	(68,238)	-	(336,847)	(118,630)	(176,267)	(24,777)	(4,805)	(729,564)
Net book amount	**263,851**	**2,087,687**	**44,361**	**5,907**	**3,746**	**7,392**	**3,203**	**2,416,147**
Year ended 31 December 2022								
Opening net book amount	263,851	2,087,687	44,361	5,907	3,746	7,392	3,203	2,416,147
Additions	-	3,027,782	27,809	259	29,062	57,584	-	3,142,496
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(3,377)	-	(22,291)	(1,271)	(5,510)	(5,555)	(533)	(38,537)
Depreciation released	-	-	-	-	-	-	-	-
Closing net book amount	**260,474**	**5,115,469**	**49,879**	**4,895**	**27,298**	**59,421**	**2,670**	**5,520,106**
At 31 December 2022								
Cost	332,089	5,115,469	409,017	124,796	209,075	89,753	8,008	6,288,207
Accumulated depreciation	(71,615)	-	(359,138)	(119,901)	(181,777)	(30,332)	(5,338)	(768,101)
Net book amount	**260,474**	**5,115,469**	**49,879**	**4,895**	**27,298**	**59,421**	**2,670**	**5,520,106**

On 16 April 2018, Hospice Malta entered into a lease agreement with the Archdiocese 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 Association was donated a property in Santa Venera which was valued by an independent architect at €450,000. During the year, the Association entered into a Promise of Sale agreement for amount higher than the book value of the property. Following the year end, the Association extended the Promise of Sale agreement till 31 May 2022. On 13 July 2022, the Association entered into a sale agreement and sold the property in Santa Venera at €550,000.

5. Financial assets at FVOCI

	As at 31 December 2022 €	2021 €
Listed debt equities – non-current		
6% Pendergardens Developments Plc Series II Secured Bonds 2022	-	50,375
6% Medserv Plc Secured and Guaranteed € Notes 2020-2023	**17,701**	27,741
6% Island Hotels Group Holdings Plc Bonds 2024	**31,465**	31,341
6% AX Investments Plc 2024	**23,300**	23,999
5.8% International Hotel Investments Plc Euro 2023	**23,000**	23,690
5.75% International Hotel Investments plc 2025	**38,658**	38,904
5.3% United Finance Plc Unsecured Bonds 2023	**30,213**	30,195
5.1% Malta Government Stock 2022 (I)	-	24,161
5% Tumas Investments plc 2024	**19,516**	19,604
2.6% Malta Government Stock 2028	**99,000**	-
4.5% Hili Properties plc 2025	**2,897**	2,974
4.25% Corinthia Finance Plc Bonds 2026	**46,800**	47,970
4% Eden Bonds 2027	**31,227**	31,921
4% Midi plc 2026 (Secured)	**30,000**	30,975
3.75% Virtu Finance Bonds 2027	**33,950**	36,050
3.75% Tumas Bonds 2027	**29,502**	29,949
3.75% Premier Capital Bonds 2026	**25,317**	26,674
4% Exalco Bonds 2028	**27,872**	28,737
Shares in PG Plc	**520,000**	600,000
Total financial assets at FVOCI	**1,030,418**	1,105,260

	2022 €	2021 €
Opening balance	**1,105,260**	1,121,376
Additions	**102,500**	-
Disposals	**(83,084)**	(113,250)
Movement in fair value	**(94,258)**	97,134
	1,030,418	1,105,260

On 23 July 2020, Mr Paul Gauci and Mrs Marlene Gauci donated 250,000 shares in PG Group p.l.c to Hospice Malta 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 Hospice Malta 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 Association.

6. Term deposits

	As at 31 December	
	2022	2021
	€	€
Non-current		
Lombard Bank Fixed term deposit	**100,000**	-
Current		
Mediterranean Bank Fixed term deposit	**75,000**	75,000
APS Bank Fixed term deposit	**100,000**	100,000
BOV Fixed term deposit	**-**	100,000
IIG Bank Fixed term deposits	**100,000**	100,000
Lombard Bank Fixed term deposit	**-**	100,000
Izola Bank Fixed term deposits	**150,000**	150,000
Banif fixed term deposit	**100,000**	100,000
	525,000	725,000
Total term deposits	**625,000**	725,000

7. Other receivables

	As at 31 December	
	2022	2021
	€	€
Current		
Prepayments	**22,944**	9,216
Other receivables	**7,019**	7,019
Accrued income	**15,585**	14,304
	45,548	30,539

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	
	2022	2021
	€	€
Cash at bank and in hand	**2,662,517**	2,439,803

9. Capital reserve

	As at 31 December	
	2022	2021
	€	€
As at beginning of year	**5,486,708**	4,018,907
Transfer for the year	**2,586,336**	1,467,801
As at end of year	**8,073,044**	5,486,708

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

10. Fair value reserve

	As at 31 December	
	2022	2021
	€	€
Opening balance	**133,546**	36,412
Fair value movements on financial assets at FVOCI, net of tax	**(94,258)**	97,134
	39,288	133,546

The revaluation reserve is a non-distributable reserve.

11. Trade and other payables

	As at 31 December	
	2022	2021
	€	€
Non-current		
Sponsored loan	**62,592**	72,251
Current		
Sponsored loan	**9,660**	9,452
Trade and other payables	**51,586**	49,411
Accruals	**312,399**	112,361
Deferred revenue	**255,020**	223,020
	691,257	466,495

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 the new premises in Santa Venera (see note 4).

12. Revenue

	2022	2021
	€	€
Donations	**504,623**	667,636
Fund raising activities	**822,646**	682,995
Memberships and sponsorships	**8,101**	7,500
Government grant	**1,171,802**	1,051,802
EU Funding	**147,456**	128,513
Other income	**66,200**	45,586
Gain on sale of non-current asset held for sale	**100,000**	-
NDSF Funding	**1,619,812**	359,900
	4,440,640	2,943,932

Income from government grant relates to funding received from the Ministry for Health as per agreement held for the provision of palliative care services as well as an agreement with the Ministry of Social Policy and Children's Rights for the provision of family psychosocial services and professional care assistance provided by Hospice.

A Memorandum of Agreement with the National Development and Social Fund (NDSF), signed in June 2021, awarded grants towards the development and completion of the St. Michael Hospice Complex in Santa Venera. The term of the agreement is set to expire by December 2023 wherein the project is expected to be completed.

The amount is received under the European Regional Development Fund Grant (EU funding) Agreement ERDF.08.141 under the Cohesion Policy 2014-2020 Operational Programme 1 under the project title 'Improving Palliative Care in Malta'.

13. Expenses by nature

	2022	2021
	€	€
Employee benefit expense (Note 14)	**1,286,701**	1,048,981
Depreciation of tangible assets (Note 4)	**38,537**	28,310
Fund raising activities	**177,367**	110,149
Education and other events	**26,069**	16,028
Staff continuous professional development	**11,546**	6,074
Repairs and maintenance	**6,027**	7,050
Insurance, licences, subscriptions and fees	**54,633**	61,744
Respite care services	**174,207**	153,853
Other day services expenses	**24,631**	13,589
Staff welfare and related costs	**24,110**	11,461
Motor vehicle expenses, transport and travel	**24,234**	19,274
Premises, communications and utilities	**45,834**	39,408
	1,893,896	1,515,921

13. Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2022 and 2021 relate to the following:

	2022 €	2021 €
Annual statutory audit	**2,000**	2,000

14. Employee benefit expense

	2022 €	2021 €
Wages and salaries	**1,202,631**	979,380
Social security costs	**84,070**	69,601
	1,286,701	1,048,981

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

	2022	2021
Palliative care		
Full time	**22**	13
Part time	**22**	22
Administration		
Full time	**7**	6
Part time	**2**	1
	53	42

15. Finance income

	2022 €	2021 €
Interest income from investments	**43,644**	44,739
	43,644	44,739

16. Finance costs

	2022	2021
	€	€
Bank charges and interest	**4,052**	4,949
	4,052	4,949

17. Taxation

The Association 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:

	2022	2021
	€	€
Operating surplus	**2,546,744**	1,428,011
Adjustments for:		
Gain on sale of non-current asset held for sale (Note 12)	**(100,000)**	-
Depreciation of property, plant and equipment (Note 4)	**38,537**	28,310
Changes in working capital:		
Other receivables	**(15,009)**	10,916
Trade and other payables	**224,762**	24,286
Cash generated from operations	**2,695,034**	1,491,523

19. Commitments

Capital commitments

Commitments for capital expenditure in relation to property development (Note 4) not provided for in these financial statements are €13,000,000.

20. Statutory information

Hospice Malta is a registered voluntary organisation with identification number V0/0062.