

**The Heritage Parks Federation**

**Report and Financial Statements**

**Period ended 31<sup>st</sup> December 2010**

# The Heritage Parks Federation

## Report and Financial Statements

Year ended 31<sup>st</sup> December 2010

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**The Heritage Parks Federation  
Report of the Executive Committee  
Period ended 31<sup>st</sup> December 2010**

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The Executive Committee of the Federation reports as follows for the activities held during the period ended 31 December 2010.

**Principal Activity**

The Heritage Parks Federation is an organization set up to manage and supervise the management of heritage parks in the Maltese Islands and to develop policies and practices for such parks. The Federation was set up on the 6<sup>th</sup> February 2009 between The Gaia Foundation, Din L-Art Helwa and Nature Trust Malta.

**Results**

The Federation as at 31.12.2010 has received a donation of € 50,000 on which the project has not started and has not received the € 69,881 from the Ministry as contracted for the year under review.

*Income*

The results reflect the income generated and receivable from grants received as a result of management agreements signed with the Ministry for Rural Affairs and the Environment and the Malta Environment and Planning Authority with the Federation to manage the area known as the Majjistral. The agreement is valid for a term of five periods. This is shown on page 5 in the Income Statement.

Other income includes funds generated from related activities.

*Expenditure*

Expenditure for the period is divided between operational costs and administrative costs and expenses and reflects the expenses to run the organization and the project entrusted by the Ministry and MEPA. The results are shown in the schedule attached to the accounts.

*Excess of Income over expenditure*

The surplus for the period is shown on page 5.

The surplus of €21,122 for the year is added to the accumulated fund brought forward from previous year of € 65,440. To this balance has to be added the refund from VAT received during the year of € 8,870 and was not provided for last year. This leaves a total in the accumulated fund of € 95,432 which forms the accumulated fund to be carried forward. The projects undertaken were not fully undertaken since the required permits are still not yet been issued by the competent authority.

**Members of the Board of Administration**

The members of the board of administration who served during the period were:

Mr Martin Galea, Dr. Rudolf Ragonesi, and Mr Vincent Attard. In accordance with the Statute, the present members are to remain in office.

**The Heritage Parks Federation  
Report of the Executive Committee - continued  
Period ended 31<sup>st</sup> December 2010**

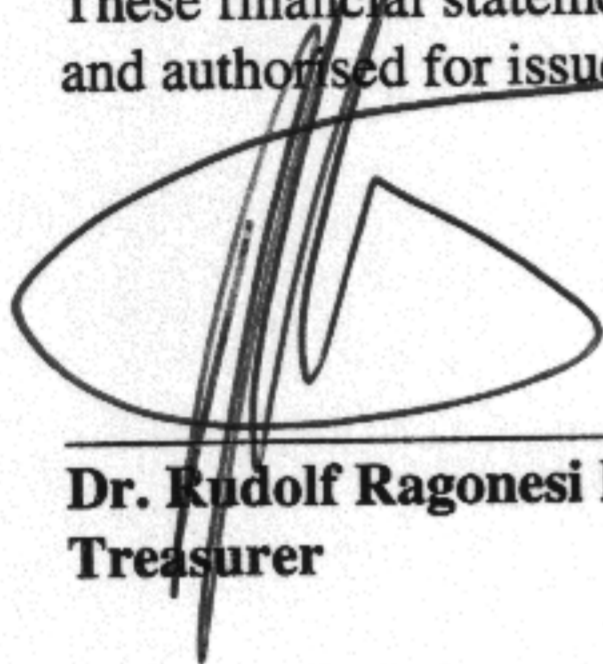
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**AUDITOR**

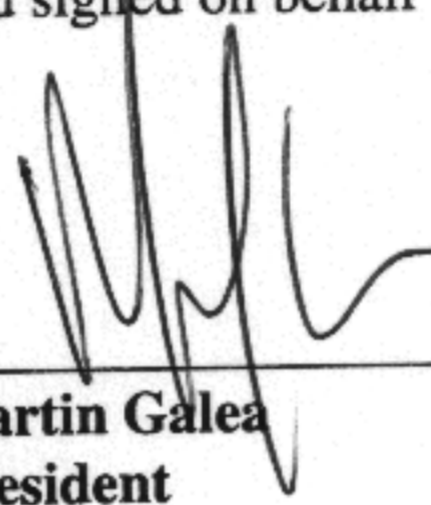
Benjamin Rizzo has expressed his willingness to continue in office and a resolution proposing his reappointment and will be put before the members at the next Annual general meeting.

**Approval of financial statements**

These financial statements were approved by the Executive Committee of the Federation and authorised for issue on the 19<sup>th</sup> July 2011 and signed on behalf of the Federation by:



**Dr. Rudolf Ragonesi LL.D  
Treasurer**



**Martin Galea  
President**

**19<sup>th</sup> July 2011**

**The Heritage Parks Federation**  
**Statement of responsibilities of the Executive Committee of the Federation**  
**Period ended 31<sup>st</sup> December 2010**

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The members of the Executive Committee of the Federation are required to prepare financial statements, in accordance with International Financial Reporting Standards, which give a true and fair view of the state of affairs of the organisation at the end of each financial period and of its profit or loss for the period then ended. In preparing the financial statements, the Executive Committee of the Federation should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Federation will continue in business.

The members of the Executive Committee of the Federation is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the federation. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They have to report as per the statute of the Federation.

# Benjamin Rizzo

*Certified Public Accountant,*  
37, Moses Gatt Street, Birkirkara BKR 4091, Malta

## Independent auditor's report to the members of The Heritage Parks Federation

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### ***Report on the Financial Statements***

I have audited the accompanying financial statements of The Heritage Parks Federation, which comprise the statement of financial position as at 31<sup>st</sup> December 2010, and the income statement, and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

### ***Management's Responsibility for the Financial Statements***

As also described in the statement of directors' responsibility on page 1, management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In my opinion, the financial statements give a true and fair view of the financial position of The Heritage Parks Federation as at 31<sup>st</sup> December 2010, and of its financial performance and its cash flows for the period then ended in accordance with General Accounting Principles for Smaller Entities, except for the non-consolidation of the subsidiary's financial statements, and comply with the Companies Act (Cap.386).

### ***Report on Other Legal and Regulatory Requirements***

These financial statements have been properly prepared in accordance with the Companies Act (Chap. 386), enacted in Malta, which permits compliance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations, for qualifying entities as prescribed in those regulations

  
Benjamin Rizzo

Certified Public accountant

37, Moses Gatt Street, Birkirkara BKR 4091

19<sup>th</sup> July 2011

**The Heritage Parks Federation**  
**Income Statement**  
**For the year ended 31st December 2010**

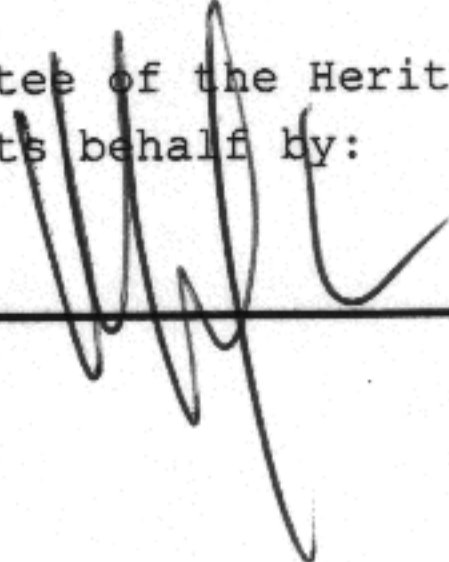
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	<i>notes</i>	<b>2010</b>	<b>2009</b>
		<b>€</b>	<b>€</b>
Grant Receivable - MRAE		<b>69,881</b>	152,802
Other income		<b>3,200</b>	1,257
	<b>5</b>	<b>73,081</b>	154,059
Operational costs		<b>-45,631</b>	-94,959
		<b>27,450</b>	59,100
Administrative costs		<b>-6,450</b>	-4,440
Surplus before interest	<b>6</b>	<b>21,000</b>	54,660
Interest received	<b>7</b>	<b>143</b>	113
Surplus		<b>21,143</b>	54,773
Tax on interest	<b>8</b>	<b>-21</b>	-17
Surplus for the year		<b>21,122</b>	54,756

The Heritage Parks Federation  
Statement of financial position  
AS AT 31ST DECEMBER 2010

	notes	2010 €	2009 €
<b>ASSETS AND LIABILITIES</b>			
<b>Non current assets</b>			
Tangible assets	9	<u>10,420</u>	<u>12,913</u>
<b>Current assets</b>			
Cash and bank balances	10	76,812	1,446
Receivable	11	<u>69,881</u>	<u>69,881</u>
		<u>146,693</u>	<u>71,327</u>
<b>Total Assets</b>		<u><b>157,113</b></u>	<u><b>84,240</b></u>
<b>Current Liabilities</b>			
Payables	12	11,681	18,800
Money received for a project	13	50,000	
		<u>61,681</u>	<u>18,800</u>
<b>Net assets</b>		<u><b>95,432</b></u>	<u><b>65,440</b></u>
<b>ACCUMULATED FUND</b>			
as at 1 January		65,440	10,684
adjustments to opening balance		8,870	0
for year		<u>21,122</u>	<u>54,756</u>
<b>as at 31 December</b>		<u><b>95,432</b></u>	<u><b>65,440</b></u>

Executive Committee of the Heritage Parks Federation on the 19<sup>th</sup> July 2011 and were signed on its behalf by:


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**Martin Galea**  
President


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**Rudolf Ragonesi**  
Treasurer



**The Heritage Parks Federation**  
**CASH FLOW STATEMENT**  
**Year ended 31st December 2010**

	2010 €	2009 €
<b>Cash flows from operating activities</b>		
Surplus for year	21,122	54,756
Adjustment for opening balance on accumulated fund	8,870	0
Depreciation	<u>3,526</u>	<u>3,421</u>
<i>Profit on operations before working capital movements</i>	<b>33,518</b>	<b>58,177</b>
Movements in :		
Receivables	0	-69,881
Payables	-7,120	9,077
Other current liabilities	<u>0</u>	<u>-82,691</u>
<b>Cash flows from operations</b>	<b>26,398</b>	<b>-85,318</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible assets	<u>-1,032</u>	<u>-6,356</u>
<b>Movements in cash and cash equivalents</b>	<b>25,366</b>	<b>-91,674</b>
Money received for a project	50,000	
<b>Cash and cash equivalents</b>		
At beginning of year	<u>1,446</u>	<u>93,120</u>
<b>Cash and cash equivalents</b>		
At end of year	<u><u>76,812</u></u>	<u><u>1,446</u></u>

**The Heritage Parks Federation**  
**Notes to the accounts**  
**Year ended 31<sup>st</sup> December 2010**

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**1. Basis of preparation**

*1.1 Statement of compliance*

The financial statements of The Heritage Parks Federation have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSE"). These are the Federation's first financial statements prepared under GAPSE. The Federation's most recent previous financial statements, for the year ended 31 December 2009, were prepared in accordance with International Financial Reporting Standards (IFRSs). The date of transition to GAPSE is the beginning of the earliest period for which the Federation presents full comparative information in accordance with GAPSE in these financial statements, hence 1 January 2010. An explanation of how the transition to GAPSE has affected the Federation's reported financial position and financial performance is provided, except for the federation's policy of not depreciating its investment property held as a fixed asset and the use of the cost method in accounting for its investment in the associated federation.

*1.2 Basis of measurement*

The financial statements are prepared on the historical cost basis.

*1.3 Functional and presentation currency*

The financial statements are presented in euro, which is the Federation's functional currency.

The significant accounting policies adopted are set out below.

**2. Significant accounting policies**

*Property, plant and equipment*

The Federation's property, plant and equipment are classified into the following classes  
– computer equipment, and motor vehicle.

All tangible assets are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit and loss in the period of derecognition.

**The Heritage Parks Federation  
Notes to the accounts - continued  
Period ended 31<sup>st</sup> December 2010**

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**2. Significant accounting policies – continued**

*Depreciation*

Depreciation commences when the depreciable assets are available for use and is charged to profit and loss so as to write off the cost (or revalued) amount, less any estimated residual value, over their estimated useful lives, using the straight line method on the following basis:

*Rates for depreciation*

The accounting policy on the depreciation of the Federation's property, plant and machinery is worked on the straight line method. This method is based on to write off the values of assets in equal annual installments over the remaining useful lives of the assets at the following rates:

Computer Equipment	33.3 percent
Motor vehicles	20 percent

*Financial Instruments*

Financial assets and financial liabilities are recognised on the organisation's statement of financial position when the organisation has become a party to the contractual provisions of the relative instruments. Financial assets and financial liabilities are initially recognized at cost plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through the income statement.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the organisation has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognized when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

*a. Trade receivables*

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in profit and loss when there is objective evidence that an asset is impaired.

*b. Bank balances*

Subsequent to initial recognition, interest bearing bank accounts are carried at their face value in view of their short-term maturities.

**2. Significant accounting policies – continued**

*c. Payables*

Payables are classified with current liabilities and are stated at their nominal value.

*e. Impairment*

All assets are tested for impairment except for financial assets measured at fair value through profit and loss. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

The organisation reviews the carrying amount of its assets by assessing the greater of their net selling price or value in use in order to determine whether such assets have suffered an impairment loss.

*Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable.

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the organisation and these can be measured reliably.

*Taxation*

Current tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to accumulated fund.

The charge for current tax is based on the charge for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted by the Statement of financial position date.

*Employee benefits*

The organisation contributes towards the state pension in accordance with local legislation. The only obligation of the organisation is to make the required contributions. Costs are expensed in the period in which they are incurred.

*Cash and Cash equivalents*

Cash and Cash equivalents comprise cash in hand and deposits repayable on demand less advances from banks repayable with three months of the date of the advance.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty.**

In the process of applying the Federation's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements.

At the Statement of financial position date, there were no key assumptions concerning the future or other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**4. First-time adoption of GAPSE**

As explained in note 1, the Federation's first-time adopted GAPSE in these financial statements. The Federation's most recent previous financial statements, for the year ended 31 December 2008, were prepared in accordance with International Financial Reporting Standards (IFRSs). The date of transition to GAPSE is 1 January 2009.

The accounting policies applied by the Federation upon transition to GAPSE were consistent with those applied under IFRS. As a result, the transition to GAPSE had no effect on the Federation's reported financial position and financial performance

**5. Revenue Recognition**

Revenues earned by the Federation are recognised on the following basis:  
Income from grants and Management fees on accrual basis as per agreements signed.  
All other income as and when received.

**6. Surplus for the period**

Surplus is stated after charging:

	<b>2010</b>	2009
	€	€
Auditor's fee	<b>600</b>	649
Depreciation	<b>3,526</b>	3,421

**7. Bank interest receivable**

The interest received on bank account balances.

**The Heritage Parks Federation**  
**Notes to the accounts - continued**  
**Period ended 31<sup>st</sup> December 2010**

**8. Taxation**

Provision is made for the payment of tax in bank interest earned at 15% of interest received.

**9. Property improvement, plant and equipment**

Cost	01.01.10	additions	31.12.10
Motor Vehicle	10,715		10,715
Computer Equipment	1,929		1,929
Office equipment	1,265	1,032	2,297
Information boards	5,091		5,091
	<u>19,000</u>	<u>1,032</u>	<u>20,033</u>
Depreciation	01.01.10	for year	31.12.10
Motor Vehicle	4,166	2,143	6,309
Computer Equipment	1,285	644	1,929
Office equipment	127	230	357
Information boards	509	509	1,018
	<u>6,087</u>	<u>3,526</u>	<u>9,613</u>
Net book value	<u>12,913</u>		<u>10,420</u>

**10. Bank balances**

	2010	2009
	€	€
Bank balances as at year end	<u>76,812</u>	<u>1,446</u>

**11. Receivables**

	2010	2009
	€	€
Amount receivable from MRAE for 2010	<u>69,881</u>	<u>69,881</u>

**12 Payables**

	2010	2009
	€	€
Gaia Foundation	8,748	8,748
Accruals	1,437	5,000
National Insurance	662	4,290
Tax - 15% on bank interest	233	212
Audit fee	600	550
	<u>11,681</u>	<u>18,800</u>

**The Heritage Parks Federation**  
**Notes to the accounts - continued**  
**Period ended 31<sup>st</sup> December 2010**

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**13. Other current liabilities**

	<b>2010</b>	2009
	€	€
Money received as per agreement and not yet spent	<u><b>50,000</b></u>	<u>0</u>

**14. Fair values of financial assets and financial liabilities**

At 31 December 2010 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair value due to the short term maturities of these assets and liabilities.

The fair values of non-current financial liabilities are not materially different from their carrying amounts.

**15. Financial risk management**

**Credit risk**

Financial assets which potentially subject the Federation to concentrations of credit risk consist principally of receivable and cash at bank. Cash at bank is placed with reliable financial institutions.

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**The Heritage Parks Federation**  
**Operational costs**  
**Year ended 31st December 2010**

	2010 €	2009 €
Depreciation of equipment	3,526	3,421
Guided walks expenses	215	317
Landscaping	6,637	45,499
Maintenance equipment	447	3,248
Maintenance works	1,095	281
Motor vehicle costs	1,177	2,016
Patrols and security	0	3,039
Salaries	32,155	36,684
Site clean up	379	453
	<u>45,631</u>	<u>94,959</u>

**Administrative costs and expenses**  
**Year ended 31st December 2010**

	2010 €	2009 €
Audit fee	600	649
Bank Charges	31	88
Communications and website	995	621
Conferences expenses	1,076	280
Insurance	559	0
Medicinals and medical expenses	12	191
Professional fees	198	506
Publications	1,370	915
Stationery	330	769
Water and electricity	1,279	422
	<u>6,450</u>	<u>4,440</u>