

THE HERITAGE PARKS FEDERATION

Annual Report and Financial Statements
31 December 2016

Registered under the Voluntary Organisations Act : V/O 0418

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Executive Committee Report

The Executive Committee of the Federation presents its report for the year ended 31 December 2016.

Principal activities

The Federation is enrolled under the Voluntary Organisations Act (V/O 0418), and its principal activity is the management of heritage parks located within the Maltese Islands.

Review of developments, position and performance of the Federation's activities

Income

The Federation's main source of income is a government grant received by way of management fee due on the contract signed with the Ministry for Rural Affairs and the Environment, and the Planning Authority where the Federation has been assigned with the task of managing the area known as the Majjistral Nature and History Park.

Other income generated during the year relates to donations received from non related parties and income arising from on-site activities organised during the year.

Expenditure

The expenditure incurred during the year relates to the management of the area known as the Majjistral Nature and History Park. The expenditure has been classified into operational costs which relate to costs incurred in the maintenance and management of the park such as salaries and rent, and administrative expenses which are related to costs incurred for pure administration, these include telecommunications, office stationary and printing.

Surplus for the year

The Federation is reporting a surplus of €4,167 (31 December 2015: surplus of €7,912). The accumulated fund at year end amounts to €200,755 (31 December 2015: €196,588)

Events after the end of the accounting period

There are no events arising after the end of the accounting period which have a bearing on the understanding of the Financial Statements

Member of the Executive Committee

The members of the Executive Committee who served during the year were:

Dr Rodolfo Ragonesi	President
Ms. Simone Mizzi	Secretary
Ms. Annick Bonello Cassar	Treasurer (Appointed 9 November 2016)
Mr. Jeffrey Sciberras	Treasurer (Resigned 9 November 2016)

There were no changes in the assignment of responsibilities of the members of the Executive Committee. In accordance with the Federation's statute, the members shall remain in office.

Responsibilities of the members of the Executive Committee

The members of the Executive Committee of the Federation are required to prepare financial statements which give a true and fair view of the state of affairs of the Federation as at the end of each financial period and of the profit or loss for that year.

In preparing the financial statements, the members of the Executive Committee of the Federation are required to:


- adopt the going concern basis unless it is inappropriate to presume that the Federation will continue to operate;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.


The members of the Executive Committee of the Federation are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Federation. The members are also responsible for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The members have a responsibility to report in accordance with the requirements of the statute of the Federation.

Independent Auditor

The independent auditor Dion Borg has indicated his willingness to continue in office and a resolution for his re-appointment will be proposed at next the Annual General Meeting.

Approved by the Executive Committee and signed on its behalf on 30 August 2017 by:



Dr Rodolfo Ragonesi
President

Ms. Annick Bonello Cassar
Treasurer

Income statement


	2016 €	2015 €
Income		
Government grant	69,884	136,190
Other income - donations and activities	4,550	11,472
	<hr/>	<hr/>
	74,434	147,662
Operational costs	(59,790)	(133,502)
	<hr/>	<hr/>
Surplus	14,644	14,160
Administrative expenses	(10,510)	(6,309)
	<hr/>	<hr/>
	4,134	7,851
Bank interest received	33	61
	<hr/>	<hr/>
Surplus for the year	<u>4,167</u>	<u>7,912</u>

The notes on pages 4 to 7 are an integral part of these financial statements


Balance sheet

	Notes	2016 €	2015 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	79,274	84,703
Current assets			
Trade and other receivables	5	19,019	93,879
Cash and cash equivalents	6	114,234	48,498
		<u>133,253</u>	<u>142,377</u>
Total assets		<u>212,527</u>	<u>227,080</u>
Current liabilities			
Payables	7	11,772	30,492
NET ASSETS		<u>200,755</u>	<u>196,588</u>
ACCUMULATED FUND			
As at 1 January		196,588	188,676
Surplus for the year		4,167	7,912
As at 31 December		<u>200,755</u>	<u>196,588</u>

The financial statements on pages 2 to 7 were approved by the Executive Committee on the 30 August 2017 and signed on its behalf by:



Dr. Rodolfo Ragonesi
President



Ms. Annick Bonello Cassar
Treasurer

Notes to the financial statements

1. Basis of preparation

1.1 Statement of compliance

The financial statements have been prepared and presented in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME").

These are the Federation's first financial statements prepared under GAPSME. The Federation's previous financial statements, for the year ended 31 December 2015, were prepared in accordance with the Accountancy Profession (General Accounting Principles for 'Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming part of these Regulations (the 'GAPSE'). The date of transition to GAPSME is the beginning of the earliest period for which the Federation presents full comparative information in accordance with GAPSME in these financial statements, hence 1 January 2016.

1.2 Basis of measurement

The financial statements are prepared under the historical cost basis. These financial statements present information about the Federation as an individual undertaking. The accounting policies set out below have been applied consistently to all periods presented in these financial statements

1.3 Functional and presentation currency

These financial statements are presented using the Euro (€), being the currency that reflects the economic substance of the underlying events and circumstances relevant to the Federation.

Transactions denominated in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised in the balance sheet when the Federation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Federation after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its components, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

Trade and other receivables (excluding non-financial assets included in this line item)

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment.

Trade and other payables (excluding non-financial liabilities included in this line item)

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

2.2 Impairment

The carrying amount of the Federation's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease in accordance with the applicable section in GAPSME.

The carrying amounts of the Federation's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase in accordance with the applicable section in GAPSME.

Notes to the financial statements (continued)

2.3 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost method, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition plant and equipment are carried under the cost model.

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over the expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

Improvement to premises	1% per annum
Computer equipment	25% per annum
Office equipment	10% per annum
Information boards	10% per annum
Furniture and fittings	10% per annum
Motor vehicles	25% per annum
Audio and security equipment	25% per annum

2.4 Cash and cash equivalents

Cash comprises cash at bank and in hand.

2.5 Revenue

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Federation and these can be measured reliably. The following specific criteria must also be met before revenue is recognised:-

(i) Government Grants

Recognition of revenue from government grant is computed on an accrual basis in line with amount referred to in the agreement signed between the Federation and the Government.

(ii) Other income - Donations and Activities

Income from donations and activities are recognised as and when received.

(iii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.6 Taxation

The Federation has been exempted from Income Tax in terms of Article 12 (1) € of the Income Tax Act (Cap. 123).

3. Staff costs

	2016 €	2015 €
Salary	37,087	41,889
Social Security costs	3,534	3,401
	<u>40,621</u>	<u>45,290</u>

The average number of persons employed by the federation during the year was as follows:

	2016	2015
Operations and administration	<u>4</u>	<u>4</u>

4. Property, plant and equipment

	Improvements to premises €	Computer equipment €	Office equipment €	Information Boards €	Motor vehicles €	Furniture and fittings €	Audio and Security equipment €	Total €
Cost								
At 1 January 2016	58,299	2,599	2,297	5,091	10,715	28,767	4,028	111,796
Additions	-	-	-	-	-	-	-	-
At 31 December 2016	58,299	2,599	2,297	5,091	10,715	28,767	4,028	111,796
Depreciation								
At 1 January 2016	1,166	2,376	1,505	3,563	10,715	5,754	2,014	27,093
Charge for the year	583	223	230	509	-	2,877	1,007	5,429
At 31 December 2016	1,749	2,599	1,735	4,072	10,715	8,631	3,021	32,522
Net Book Value								
At 31 December 2016	56,550	-	562	1,019	-	20,136	1,007	57,112
At 31 December 2015	57,133	223	792	1,528	-	23,013	2,014	58,148

Notes to the financial statements (continued)

5. Receivables

	2016 €	2015 €
VAT Refund	19,019	17,245
Amounts due from MRAE and MEET	-	76,634
	<u>19,019</u>	<u>93,879</u>

6. Cash and cash equivalents

	2016 €	2015 €
Cash at bank and in hand	<u>114,234</u>	<u>48,498</u>

7. Payables

	2016 €	2015 €
Trade payables	6,974	2,395
Accruals	3,094	28,097
Other payables	1,704	-
	<u>11,772</u>	<u>30,492</u>

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements for the year ended 31 December 2016

Opinion

I have audited the financial statements of The Heritage Parks Federation (the Federation) set out on pages 2 to 7, which comprise the Balance Sheet as at 31 December 2016, the Income Statement, and Notes to the Financial Statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Federation as at 31 December 2016, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Federation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta*, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Executive Committee

The Executive Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME and for such internal control as the Executive Committee 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 Executive Committee is responsible for assessing the Federation'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 Executive Committee either intends to cease operations or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 primarily economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (continued)

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

- Conclude on the appropriateness of the Executive Committee's 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 Federation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Federation 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.

I communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Dion Borg
Registered Auditor

48,
Parish Street
St. Venera

30 August 2017

Schedule of Operational costs and Administrative expenses

	2016 €	2015 €
Operational costs		
Depreciation	5,429	5,429
Maintenance & embellishment works	4,176	71,087
Skip hire	708	796
Courses and activities	1,715	1,852
Motor vehicle expenses	1,723	1,783
Rent	3,000	3,000
Salaries	40,621	45,290
Water and electricity	1,571	2,202
Volunteers and visitors' hospitality	847	2,063
	<u>59,790</u>	<u>133,502</u>
Administrative expenses		
Audit fee	900	1,500
Bank charges	148	145
Telecommunications	1,351	1,526
Computer expenses	905	1,141
Licences and membership	325	200
Cleaning and general expenses	439	73
Insurance	208	125
Publications	4,655	-
Office stationary	1,029	1,114
Staff uniforms	-	485
Professional fees	550	-
	<u>10,510</u>	<u>6,309</u>