

**BALZAN FOOTBALL CLUB  
ANNUAL FINANCIAL REPORT  
AND  
FINANCIAL STATEMENTS  
31 DECEMBER 2020**

**BALZAN FOOTBALL CLUB  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Balzan Football Club**

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**Balzan Football Nursery**

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**BALZAN FOOTBALL CLUB  
GENERAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**GENERAL INFORMATION**

**REGISTRATION**

Balzan Football Club is registered in Malta with the Malta Football Association.

**OFFICIALS AND OTHER COMMITTEE MEMBERS**

President	Mr. Anton Tagliaferro
Vice Presidents	Mr. David Melillo Mr. Sandro Azzopardi (resigned on 11 June 2020)
Secretary	Mr. Joseph Agius
Assistant Secretary	Ms. Diane Cassar
Treasurer	Mr. Peter Cipriott
Assistant Treasurer	Mr. Mario Nappa
Members	Mr. Clifford Cipriott Mr. Joe Micallef Mr. Alex Attard Mr. Frank Monreal Mr. Eric Galea Mr. Paul Meilak (elected on 11 June 2020) Mr. Omar Cassar (elected on 11 June 2020) Mr. Ivan Pirotta (elected on 11 June 2020) Mr. Noel Muscat (elected on 11 June 2020) Mr. Charles Micallef (resigned on 11 June 2020) Mr. Anton Vidal (resigned on 11 June 2020) Mr. Alex Bezzina (resigned on 11 June 2020)

**CLUB ADDRESS**

"Solerville", Main Street, Balzan, Malta.

**BANKERS ADDRESS**

Bank of Valletta  
295, Naxxar Road, Birkirkara BKR 9041, Malta.

**AUDITORS**

DFK Malta Audit Limited, 36/2, Manol Mansion, De Paule Avenue, Balzan BZN 9022, Malta.

**BALZAN FOOTBALL CLUB  
COMMITTEE MEMBERS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Committee members submit their annual report and the audited financial statements for the year ended 31 December 2020.

**1. PRINCIPAL ACTIVITY**

Balzan Football Club is constituted in accordance with the rules and regulations of the Malta Football Association and observes the rules, regulations and decisions of the Malta Football Association as well as those of the Fédération Internationale de Football Association (FIFA) and of the Union des Associations Européennes de Football (UEFA).

**2. RESULTS**

The statement of comprehensive income is set out on page 6.

**3. REVIEW FOR THE YEAR**

The Club generated a surplus of € 11,084 during the year under review.

**4. COMMITTEE MEMBERS**

During the year ended 31 December 2020, Committee members were as listed on page 1.

**5. STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES**

In terms of the licensing regulations applicable to Premier Division Member Clubs, the Club is to prepare financial statements for each financial period which give a true and fair view of the financial position of the Club as at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the Club is required to:

- adopt the going concern basis unless it is inappropriate to presume that the Club will continue to function;
- 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 accrual basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period;
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

**BALZAN FOOTBALL CLUB  
COMMITTEE MEMBERS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**5. STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES (continued)**

The Committee Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Club. This responsibility includes designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Club and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**6. AUDITORS**

The Auditors, DFK Malta Audit Limited, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

**The Committee members report was approved by the members and was signed on its behalf by :**



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Mr. David Melillo  
Vice President



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Mr. Joseph Agius  
Secretary



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Mr. Peter Cipriott  
Treasurer

6 April 2021

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BALZAN FOOTBALL CLUB**

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### **Opinion**

We have audited the financial statements of Balzan Football Club ("the Club"), set out on pages 6 to 23, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Club as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Club in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The Committee Members are responsible for the other information. The other information comprises the general information and the Committee Members' report. 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 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 Committee Members**

The Committee Members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and for such internal control as they determine 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 Committee Members are responsible for assessing the Club'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 they either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

The Committee Members are responsible for overseeing the Club's financial reporting process.

### **Auditors' 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 auditors' 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.

**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE MEMBERS OF  
BALZAN FOOTBALL CLUB**

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As part of an audit in accordance with ISAs, we exercise professional judgment 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 Club's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members;
- Conclude on the appropriateness of the Committee Members' 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 Club'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 Club to cease to continue as a going concern; and
- 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 the Committee Members 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.

**This Copy of the audit report has been signed by  
Emanuel Farrugia (Director) for and on behalf of**

**DFK Malta Audit Limited**  
Registered Auditor  
36/2, Manol Mansion  
De Paule Avenue  
Balzan BZN 9022  
Malta

6 April 2021

**BALZAN FOOTBALL CLUB**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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		2020	2019
		-----	-----
		€	€
	Notes		
	-----		
Income	3	943,727	1,131,733
Expenditure	5	(932,643)	(1,295,623)
		-----	-----
<b>Profit / (loss) for the year</b>		<b>11,084</b>	<b>(163,890)</b>
		-----	-----
<b>Total comprehensive income / (loss) for the year</b>		<b>11,084</b>	<b>(163,890)</b>
		=====	=====

**BALZAN FOOTBALL CLUB**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

		2020	2019
		€	€
	Notes		
	-----		
<b>Non-current assets</b>			
Intangible assets	8	56,678	111,685
Property, plant and equipment	9	392,453	276,456
Receivables	10	61,832	78,505
		-----	-----
		510,963	466,646
		-----	-----
<b>Current assets</b>			
Stocks	11	3,155	5,195
Receivables	10	108,929	31,974
Cash at bank and in hand	13	13,794	9,605
		-----	-----
		125,878	46,774
		-----	-----
<b>TOTAL ASSETS</b>		636,841	513,420
		=====	=====
<b>ACCUMULATED FUND AND LIABILITIES</b>			
<b>Accumulated fund and surplus</b>			
Accumulated fund		230,271	219,187
		-----	-----
<b>Total equity</b>		230,271	219,187
		-----	-----
<b>Non-current liabilities</b>			
Trade and other liabilities	12	224,000	213,071
		-----	-----
<b>Current liabilities</b>			
Trade and other liabilities	12	182,570	81,162
		-----	-----
<b>Total liabilities</b>		406,570	294,233
		-----	-----
<b>TOTAL ACCUMULATED FUND AND LIABILITIES</b>		636,841	513,420
		=====	=====

The financial statements on pages 6 to 27 have been authorised for issue by the Committee members on 6 April 2021 and were signed on its behalf by:

  
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 Mr. David Melillo  
 Vice President

  
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 Mr. Joseph Agius  
 Secretary

  
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 Mr. Peter Cipriotti  
 Treasurer

**BALZAN FOOTBALL CLUB**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Accumulated Fund
	----- €
<b>Financial year ended 31 December 2019</b>	
<b>Balance at 1 January 2019</b>	383,077
Total comprehensive income for the year:	
Loss for the financial year	(163,890)
	-----
<b>Balance at 31 December 2019</b>	219,187
	=====
<b>Financial year ended 31 December 2020</b>	
<b>Balance 1 January 2020</b>	219,187
Total comprehensive income for the year:	
Profit for the financial year	11,084
	-----
<b>Balance at 31 December 2020</b>	230,271
	=====

**BALZAN FOOTBALL CLUB**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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	2020	2019
	-----	-----
	€	€
<b>Cash flows from operating activities</b>		
Net profit / (loss) before tax	11,084	(163,890)
Adjustments for:		
Depreciation of property, plant and equipment	9,232	8,310
Amortisation of intangible assets	63,007	61,249
Profit on sale of players	(50,000)	(35,000)
	-----	-----
<b>Operating profit / (loss) before working capital changes</b>	33,323	(129,331)
Increase / (decrease) in receivables	(60,282)	56,100
Increase in trade and other payables	90,042	20,356
Decrease / (increase) in stocks	2,040	(2,185)
	-----	-----
<b>Net cash from / (used in) operating activities</b>	65,123	(55,060)
	-----	-----
<b>Cash flows from investing activities</b>		
Players registration costs	(8,000)	(152,776)
Purchase of property, plant and equipment	(125,229)	(200,454)
Proceeds from grants	22,295	162,417
Proceeds from sale of players	50,000	35,000
	-----	-----
<b>Net cash used in investing activities</b>	(60,934)	(155,813)
	-----	-----
<b>Net movement in cash and cash equivalents</b>	4,189	(210,873)
Cash and cash equivalents at beginning of year	9,605	220,478
	-----	-----
<b>Cash and cash equivalents at end of year (note 13)</b>	13,794	9,605
	=====	=====

**BALZAN FOOTBALL CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. ACCOUNTING CONVENTION AND BASIS OF PREPARATION**

These financial statements are prepared in accordance with the provisions of licensing Regulations for Premier Division member clubs and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

These financial statements are prepared under the historical cost convention, unless otherwise disclosed in the relevant accounting policy.

These are the Club's first financial statements prepared under IFRS as adopted by the EU. The Club's previous financial statements, for the year ended 31 December 2019, were prepared 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"). The date of transition to IFRS as adopted by the EU is the beginning of the earliest period for which the Club presents full comparative information in accordance with GAPSME in these financial statements, hence 1 January 2019.

An explanation of how the transition to GAPSME has affected the Club's reported financial position and financial performance is provided in note 15..

These financial statements are presented in Euro (€) which is the Club's functional currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

Several new or revised standards, interpretations and amendments were in issue and endorsed by the EU but are not yet effective for the current financial year. The Club has not early adopted the new or amended standards in preparing these financial statements. The Committee members anticipate that the adoption of the new standards, interpretations, or amendments thereto, will not have a material impact on the financial statements upon initial application.

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, at an amount that reflects the consideration to which the Club is expected to be entitled when performance obligation is satisfied in a manner that depicts the transfer of control over the goods or services promised to the customer. A performance obligation may be satisfied either at a point in time or over time.

**BALZAN FOOTBALL CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition (continued)**

The consideration relates to the transaction price (or a portion of the transaction price) allocated to each performance obligation as defined in the contract with the customer. The transaction price reflects discounts, rebates, refunds, and other allowances granted to customers and excludes sales taxes, if any.

The transaction price may include variable consideration and time value of money. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events.

Variable consideration subject to a measurement constraint is initially recognised as a deferred revenue and is recognised only as revenue when it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

The following specific recognition criteria must also be met before revenue is recognised:

- gate receipts are recognised over the period of the season;
- marketing, sponsorship, and advertising are recognised over the duration of the respective contracts;
- broadcasting rights are taken in proportion to the number of matches played;
- merchandising and catering are recognised on an earned basis;
- football related rental income is recognised over the duration of the contract;
- donations and other third party contributions are recognised on a cost basis.
- interest income is recognised as the interest accrues unless collectability is in doubt.

**Grants**

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received. Grants related to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

**BALZAN FOOTBALL CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign currencies**

Transactions in foreign currencies have been converted into euro at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated into euro at the rates of exchange ruling at balance sheet date. All resulting differences are taken to the accumulated fund.

**Intangible assets**

*Player registration costs*

Player registration costs are recognised as an asset to the extent that it is expected that such players will be utilised throughout their contract period.

Player registration costs (including agent and other directly attributable costs) are amortised on a straight-line basis over the period of their contract.

At each statement of financial position date, the club assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated, impairment is passed through the profit and loss.

Internally generated intangible assets are held at nil value. Any costs (including, but not necessarily limited to agent and other directly attributable costs) incurred in extensions to player's original contract are capitalised and amortised over the period of the extended contract.

Gains and losses on sale of players are determined by reference to their carrying amount and are taken into account in determining the profit on ordinary activities.

**Property, plant, and equipment**

*Recognition and measurement*

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. An item of property, plant and equipment is 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 initial estimate of 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 standards of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property, plant, and equipment (continued)**

After initial recognition, an item of property, plant and equipment is carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

*Depreciation*

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its 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.

Land is not depreciated. The rates of depreciation used for other items of property, plant and equipment are the following:

	%
Work in progress	0
Buildings and improvements	2
Office equipment and furnishings	10
Plant and machinery (including machine tools)	20
IT equipment and software	25

*Depreciation method, useful life, and residual value*

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

*Derecognition of property, plant, and equipment*

On disposal of an item of property, plant and equipment, the cost and related accumulated depreciation and impairment losses, if any are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled, or expire.

**Financial assets**

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

**Financial assets at amortised cost**

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted where the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as a practical expedient.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

*Financial asset at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income (FVOCI) comprise of:

- equity instruments not held-for-trading, which the Club elected to classify irrevocably as equity instruments designated at fair value through OCI at initial recognition; and
- debt instruments held within the business model whose objective is to collect contractual cash flows and to sell the financial assets ("hold to collect and sell") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, FVOCI are measured at fair value plus transaction costs. Subsequently, these are remeasured to fair value at each reporting date with fair value changes recognised in OCI.

Interest income, foreign currency revaluations, and impairments or reversals on debt instruments at FVOCI are recognised in profit or loss. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Dividends (except return of investment) on equity instruments at FVOCI are recognised in profit or loss when the right of payment has been established. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to retained earnings, and never recycled to profit or loss.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

On initial recognition, these are measured at fair value and transaction costs are charged to profit or loss. Subsequently, these are remeasured at fair value with fair value changes recognised in profit or loss. Dividends are recognised in profit or loss when the right of payment has been established.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

*Impairment of financial assets*

The Club recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

The Club considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

For certain assets, the Club applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Club's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

*Financial liabilities*

Financial liabilities are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit or loss.

**BALZAN FOOTBALL CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss (FVPL) are financial liabilities that are held for trading and/or financial liabilities that are designated at initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities at FVPL are initially recognised at and subsequently measured at fair value with fair value changes recognised in profit or loss.

*Offsetting of financial assets and financial liabilities*

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.

**Cash and cash equivalents**

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method. Stocks are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Impairment of non-financial assets**

The Club's non-financial and financial assets are tested for impairment.

The carrying amounts of the Club's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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 to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of Club'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 a revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**Events after the reporting period**

Post year-end events that provide additional information about the Club's financial position at the end of reporting period (adjusting events) are recognised in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

**3. INCOME**

Income attributable to the football activity and ancillary items is as follows:

	2020 ----- €	2019 ----- €
<b>Commercial</b>		
Membership fees	450	780
Merchandising	3,400	25
<b>Income from disposal of player registrations (including loan income)</b>		
Transfer Fees	2,250	3,850
Profit on disposal of intangible fixed assets (player registrations)	50,000	35,000
<b>Contributions / donations from related and other parties</b>		
Donations and voluntary contributions	-	11,934
<b>Other income</b>		
Gate receipts	882	-
Nursery academy membership fees	67,300	44,741
Commercial		
Rental income	8,164	8,164
Fund raising activities	6,100	10,540

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. INCOME (continued)**

Solidarity and prize money		
UEFA solidarity and participation	155,157	262,290
Advertising	6,163	4,840
Sponsorships	561,403	699,367
MFA guaranteed income	12,000	17,000
Other income		
Grant income	2,491	2,491
MFA Covid support grant income	13,500	-
Covid wages supplement	35,997	-
Youth players development pot	1,350	-
Ground rent income	9,776	19,509
Match cards	-	1,955
Administration fees	-	3,550
Administration wages support	5,000	5,000
Other income	2,344	697
<b>Total income</b>	<b>943,727</b>	<b>1,131,733</b>

**4. GRANTS INCOME**

This refers to grant income from the following funds:

- a) National Lotteries Good Causes Fund
- b) Football Facilities Fund for Football Clubs
- c) MFA Sports Complex Fund
- d) Energy and Water Agency Fund
- e) Disaster Fund Grant

Note 12 represents deferred grants balances in accordance with IAS 20.

**5. EXPENDITURE**

	2020	2019
	-----	-----
	€	€
<b>Cost of sales / materials</b>		
Affiliation fees and other dues	2,139	2,814
Kits	9,943	11,754
Medical expenses	24,871	41,660
Overseas travel accomodation	1,000	12,431
Transport	1,815	3,205
Work permit and visas	2,089	6,106

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**5. EXPENDITURE (continued)**

**Other operating expenses**

Players' wages and salaries including NI	580,535	852,877
Other staff salaries including NI	176,805	224,497
Accommodation (foreign players)	4,996	8,144
Fines	1,375	2,180
Other expenses		
Instat database costs	-	6,000
Training compensation	-	2,000
Gate expenses	-	634
Administration fees	1,600	-

**Cost of acquiring player registrations  
(including non-capitalised agent fees and loan fees)**

Transfer fees	1,000	8,750
---------------	-------	-------

**Match expenses**

8,762	12,518
-------	--------

**Expenses of non football operations**

Office expenses	1,742	1,800
Audit fee	3,540	3,540
Professional fees	9,385	4,492

**Property and facility expenses**

Ground maintenance	6,361	831
Facility fees and insurance	18,107	16,674
Repair and maintenance	50	210
Water and electricity	1,526	2,392

**Commercial activities expenses**

Events	2,628	120
--------	-------	-----

**Finance expenses**

Bank charges	135	435
--------------	-----	-----

**Amortisation of intangible fixed assets  
(players registration)**

63,007	61,249
--------	--------

**Depreciation of tangible fixed assets**

9,232	8,310
-------	-------

**Total expenses**

932,643	1,295,623
=====	=====

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. STAFF COSTS**

The staff costs incurred during the year were as follows:

	2020	2019
	-----	-----
	€	€
Wages and salaries – players	544,275	809,730
Wages and salaries – others	176,805	224,497
Social security costs and maternity fund cotributions	36,260	43,147
	-----	-----
	757,340	1,077,374
	=====	=====

An amount of € 88,752 in relation to salaries and wages paid to nursery staff is included in Nursery expenses. The average number of employees employed by the Club during the year amounted to 33 (2019 - 41).

**7. INCOME TAX**

Balzan Football Club is exempt from tax in terms of Section 12 (1) of the Income Tax Act.

**8. INTANGIBLE ASSETS**

	Player Registration Costs
	-----
	€
<b>Year ended 31 December 2020</b>	
Opening net book amount	111,685
Additions	8,000
Disposal	(13,072)
Amortisation	(63,007)
Released on Disposal	13,072
	-----
Closing net book amount	56,678
	=====
<b>At 31 December 2020</b>	
Cost	315,109
Accumulated amortisation	(258,431)
	-----
<b>Net book amount</b>	56,678
	=====
<b>At 31 December 2019</b>	
Cost	320,181
Accumulated amortisation	(208,496)
	-----
<b>Net book amount</b>	111,685
	=====

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. INTANGIBLE ASSETS (continued)**

**PLAYER IDENTIFICATION TABLE**

**Financial year ended 31 December 2020**

	Date of birth	Start date of contract	End of contract	Cost of registration	Amortisation 1 Jan 2020	Amortisation for the year	Amortisation 31 Dec 2020	Disposal (cost) (amortisation) book value	Disposal (cost) (amortisation) book value	Closing
				€	€	€	€	€	€	€
Steve Bezzina	05/01/1987	12/08/2013	08/06/2016	45,000	45,000	-	45,000	-	-	-
Mark Spiteri	25/04/1992	12/08/2013	08/06/2016	13,072	13,072	-	13,072	(13,072)	(13,072)	-
Samir Arab	25/03/1994	10/06/2015	Last game 2018/2019	20,000	20,000	-	20,000	-	-	-
Alfred Effiong	29/11/1984	20/08/2015	Last game 2017/2018	30,000	30,000	-	30,000	-	-	-
Michael Johnson	11/05/1994	12/06/2017	Last game 2018/2019	10,633	10,633	-	10,633	-	-	-
Neil Frendo	04/01/1999	01/06/2018	Last game 2019/2020	20,000	10,000	5,000	15,000	-	-	5,000
Steven Pisani	07/08/1992	01/01/2019	31/05/2022	50,000	14,286	14,286	28,572	-	-	21,428
Paul Fenech	20/12/1986	03/01/2019	09/06/2021	75,000	30,000	30,000	60,000	-	-	15,000
Kristijan Naumovski	17/09/1988	10/06/2019	Last game 2019/2020	7,776	3,888	3,888	7,776	-	-	-
Markus Grima	22/07/2000	27/08/2019	29/05/2022	10,000	1,667	3,333	5,000	-	-	5,000
Jake Pisani	10/03/2001	01/09/2019	20/05/2023	10,000	1,250	2,500	3,750	-	-	6,250
Weverton Gomes Souza	08/03/1992	15/08/2020	15/05/2021	8,000	-	4,000	4,000	-	-	4,000
				299,481	179,796	63,007	242,803	(13,072)	(13,072)	56,678

Note: Contract dates refer to the original contracting period over which contract costs are being amortised.

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**9. PROPERTY, PLANT AND EQUIPMENT**

	Total	Work in Progress	Buildings & Improvements	Plant & Machinery	Office equipment & furnishings	IT equipment & software
	€	€	€	€	€	€
<b>Year ended</b>						
<b>31 December 2020</b>						
Opening net book amount	276,456	177,000	66,606	25,994	6,856	-
Additions	125,229	89,635	-	31,460	4,134	-
Depreciation	(9,232)	-	(1,638)	(4,456)	(3,138)	-
	-----	-----	-----	-----	-----	-----
<b>Closing net book amount</b>	<b>392,453</b>	266,635	64,968	52,998	7,852	-
	=====	=====	=====	=====	=====	=====
<b>At 31 December 2020</b>						
Cost	440,030	266,635	81,877	69,239	21,436	843
Accumulated depreciation	(47,577)	-	(16,909)	(16,241)	(13,584)	(843)
	-----	-----	-----	-----	-----	-----
<b>Net book amount</b>	<b>392,453</b>	266,635	64,968	52,998	7,852	-
	=====	=====	=====	=====	=====	=====
<b>At 31 December 2019</b>						
Cost	314,801	177,000	81,877	37,779	17,302	843
Accumulated depreciation	(38,345)	-	(15,271)	(11,785)	(10,446)	(843)
	-----	-----	-----	-----	-----	-----
<b>Net book amount</b>	<b>276,456</b>	177,000	66,606	25,994	6,856	-
	=====	=====	=====	=====	=====	=====

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. RECEIVABLES**

	2020	2019
	-----	-----
	€	€
<b>Current</b>		
Advance payments	61,832	78,505
	=====	=====
<b>Non-current</b>		
Dues in relation to player transfers	-	1,250
Advance payments	16,674	16,674
Prepayments and accrued income	5,697	4,980
Other receivables	86,558	9,070
	-----	-----
	108,929	31,974
	=====	=====

**11. STOCKS**

	2020	2019
	-----	-----
	€	€
Merchandising stocks	3,155	5,195
	=====	=====

**12. TRADE AND OTHER LIABILITIES**

	2019	2018
	-----	-----
	€	€
<b>Non-current</b>		
Grants accrued income (note 4)	186,081	164,926
Accruals and deferred income	37,919	48,145
	-----	-----
	224,000	213,071
	=====	=====
<b>Current</b>		
Creditors in relation to player transfers	3,000	5,000
Other payables	88,672	21,662
Grant accrued income (note 4)	3,631	2,491
Indirect tax	3,426	1,908
Social security contributions	68,916	34,342
Accruals and deferred income	14,925	15,759
	-----	-----
	182,570	81,162
	=====	=====

**BALZAN FOOTBALL CLUB**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement reconcile to the balance sheet position amounts as follows:

	2020	2019
	-----	-----
	€	€
Cash at bank and in hand	13,794	9,605
	=====	=====

**14. FINANCIAL RISK MANAGEMENT**

At year-end, the Club's main financial assets on the statement of financial position comprised cash at banks, trade and other receivables. The Club had no off-balance sheet financial assets.

At year-end, the Club's main financial liabilities on the statement of financial position consisted of trade and other payables and borrowings. The Club had no off-balance sheet financial liabilities.

Exposure to credit, liquidity and currency risks arise in the normal course of the Club's business. The Club is not significantly exposed to interest rate risk since it does not have borrowings which are subject to fluctuating interest rates.

*Timing of cash flows*

The presentation of the financial assets and liabilities listed under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

*Capital risk management*

The Club manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Club consists of accumulated funds as disclosed in the statement of changes in equity.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Club to concentrations of credit risk consist principally of trade and other receivables and cash at banks.

**BALZAN FOOTBALL CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**14. FINANCIAL RISK MANAGEMENT (continued)**

The credit risk relating to cash at financial institutions is considered to be low in view of the committee Members' policy of placing it with reputable financial institutions. Carrying amounts for trade and other receivables are stated net of the expected credit loss allowance.

The credit quality of the Club's financial assets is viewed by the Committee Members as neither past due nor impaired considering the collectability of debts and the credit history of the counter parties.

*Liquidity risk*

Liquidity risk arises in the general funding of the Club's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. In this year of operation, the Club has raised funds mainly from operations. Liquidity risk is managed by maintaining significant levels of liquid funds and identifying and monitoring changes in funding required to meet operational goals driven by the Committee Members.

*Foreign currency risk*

The Club is not significantly exposed to foreign currency risk on payments of expenses and collection of trade and other receivables since the Club operates primarily in Euro.

*Fair values*

The carrying amounts of cash at banks, trade and other receivables and trade and other payables approximated their fair values due to their short-term maturities.

**15. FIRST-TIME ADOPTION OF IFRS AS ADOPTED BY THE EU**

As explained in Note 1, the Club adopted IFRS as adopted by the EU for the first time in these financial statements. The date of transition to IFRS as adopted by the EU is 1 January 2019. The accounting policies applied by the Club upon transition to IFRS as adopted by the EU were consistent with those applied under GAPSME. As a result, the transition to IFRS as adopted by the EU had no effect on the Club's reported financial position and financial performance.

**16. MINIMUM DISCLOSURES**

These financial statements include the minimum disclosure requirements in accordance with current licence regulations. Where amounts relating to such minimum disclosures were nil, no disclosure was made in the financial statements.

**Balzan Football Nursery**  
**INCOME AND EXPENDITURE ACCOUNT**  
**For the Financial Year Ended**  
**31 December 2020**

<b>Contents</b>	<b>Page</b>
Income Account	1
Expenditure Account	2

**BALZAN FOOTBALL NURSERY  
INCOME ACCOUNT  
FOR THE SEASON ENDED 31 DECEMBER 2020**

---

	2020	2019
	-----	-----
	€	€
<b>INCOME</b>		
Membership fees	67,300	44,741
Transfer fees	1,800	3,050
Donations and voluntary contributions	1,900	3,060
UEFA subsidies	11,832	-
Fund raising activities	6,100	9,890
Sponsorships	-	49,500
Merchandising	3,400	-
	-----	-----
	92,332	110,241
<b>OTHER INCOME</b>		
Ground ball boys fees	144	312
	-----	-----
<b>TOTAL INCOME</b>	92,476	110,553
	=====	=====

**BALZAN FOOTBALL NURSERY  
EXPENDITURE ACCOUNT  
FOR THE SEASON ENDED 31 DECEMBER 2020**

---

	2020	2019
	-----	-----
	€	€
<b>EXPENDITURE</b>		
Affiliation fees and other dues	564	462
Transfer fees	-	3,200
Coaches and technical staff	88,752	102,174
Overseas travel and accommodation	-	426
Medical expenses	-	341
Transport	-	975
Kits, footballs and equipment	-	625
Repairs and maintenance	45	-
Telephones and fax	187	365
Tournament fees and trophies	235	1,714
Bank charges	-	5
	-----	-----
<b>TOTAL EXPENDITURE</b>	89,783	110,287
	-----	-----
<b>TOTAL INCOME (from page 1)</b>	92,476	110,553
	-----	-----
<b>EXCESS INCOME OVER EXPENDITURE</b>	2,693	266
	=====	=====