

MALTA BUSINESS REGISTRY

Annual Report and Financial Statements
31 December 2023

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Registrar's Statement report

The Registrar presents the report and the audited financial statements of the Malta Business Registry for the year ended 31 December 2023.

Principal activities

The Malta Business Registry (MBR) is an agency set up by the Malta Business Registry (Establishment as an Agency) Order (S.L. 595.27), which regulates its functions and duties as applied within the remit of the Companies Act, Chapter 386 of the Laws of Malta. The MBR is responsible for the registration of all commercial partnerships and for a portal maintained by the Registrar of Companies making public all information required to be filed by commercial partnerships in terms of the Companies Act. In addition to this the MBR is also responsible for the registration of the Foundations and Associations in terms of the Second Schedule of the Civil Code. The MBR is also responsible for the register on beneficial owners of commercial partnerships, foundations, associations and other organisations. The MBR also conducts onsite inspections on companies in order to verify that the beneficial owners disclosed to the Registrar of Companies is accurate, current and up-to-date.

Establishment of the Registry and review of the business

The Registry is established under the terms of Subsidiary Legislation 595.27. Management hereby reports a surplus of €8,867,322 for the financial year 2023 (2022: €10,985,395).

Results and surplus funds

The statement of comprehensive income is set out on page 7. The surplus funds for the financial year paid to Government, in terms of the Public Administration Act amount to €10,000,000 (2022: €9,000,000).

Statement of Registrar's responsibilities

In preparing the financial statements the Registrar is responsible for;

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU and the Public Administration Act;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Registry will continue in operation as a going concern.

The Registrar is also responsible for designing, implementing and maintaining internal control as the Registrar determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Public Administration Act and Financial Administration and Audit Act. The Registrar is also responsible for safeguarding the assets of the Registry and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Access to information published on the Registry's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Registrar's Statement report - continued

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed.

On behalf of the Malta Business Registry



Geraldine Spiteri Lucas
Registrar/Chief Executive Officer



Annalise Zammit
Deputy Registrar/Chief Operations Officer

Registered office
Malta Business Registry
AM Business Centre
Triq il-Labour,
Żejtun ZTN 2401,
Malta

10 April 2024

Independent auditor's report

To the Stakeholders of the Malta Business Registry

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of the Malta Business Registry (the Registry) as at 31 December 2023, and of the Registry's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Public Administration Act.

What we have audited

The Malta Business Registry's financial statements, set out on pages 6 to 20, comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Registry in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor's report - continued

To the Stakeholders of the Malta Business Registry

Other information

The registrar is responsible for the other information. The other information comprises the registrar's statement 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the registrar for the financial statements

The registrar is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Malta Financial Services Authority Act, and for such internal control as the registrar 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 registrar is responsible for assessing the Registry'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 registrar either intends to liquidate the Registry or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report - continued

To the Stakeholders of the Malta Business Registry


- 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 Registry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the registrar.
- Conclude on the appropriateness of the registrar'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 Registry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Registry's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Registry's stakeholders as a body in accordance with Public Administration Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.



Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

10 April 2024

Statement of financial position

		As at 31 December	
	Notes	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,479,038	7,639,324
Right-of-use assets	8	13,781,158	15,176,623
Total non-current assets		20,260,196	22,815,947
Current assets			
Trade and other receivables	5	3,553,708	2,887,709
Cash and cash equivalents	6	12,323,311	12,409,571
Cash held on behalf of third parties	6	4,255,314	326,522
Total current assets		20,132,333	15,623,802
Total assets		40,392,529	38,439,749
EQUITY AND LIABILITIES			
Capital and reserves			
Staff support fund reserve	9	13,798	9,783
Reserve fund		18,739,743	19,876,436
Total equity		18,753,541	19,886,219
Non-current liabilities			
Lease liabilities	8	15,030,282	16,152,732
Current liabilities			
Trade and other payables	7	5,486,256	1,376,638
Lease liabilities	8	1,122,450	1,024,160
Total current liabilities		6,608,706	2,400,798
Total liabilities		21,638,988	18,553,530
Total equity and liabilities		40,392,529	38,439,749

The notes on pages 10 to 20 are an integral part of these financial statements.

The financial statements on pages 6 to 20 were authorised for issue by the Malta Business Registry on 10 April 2024 and were signed on its behalf by:



Geraldine Spiteri Lucas
Registrar/Chief Executive Officer



Annalise Zammit
Deputy Registrar/Chief Operations Officer

Statement of comprehensive income

		Year ended 31 December	
	Notes	2023 €	2022 €
Income	10	17,388,292	18,817,709
Operating expenses	11	(8,645,115)	(7,869,309)
Operating surplus		8,743,177	10,948,400
Other income	13	753,751	730,625
Finance income		25,875	96
Finance expenses	14	(655,481)	(693,726)
Surplus for the year – total comprehensive income		8,867,322	10,985,395

The notes on pages 10 to 20 are an integral part of these financial statements.

Statement of changes in equity

	Staff support reserve €	Reserve fund €	Total €
As at 1 January 2022	5,855	17,894,969	17,900,824
Comprehensive income			
Appropriation from income statement	-	10,985,395	10,985,395
Transfer to staff support reserve	3,928	(3,928)	-
Total comprehensive income for the year	3,928	10,981,467	10,985,395
Transactions with stakeholders			
Surplus allocated to Government	-	(9,000,000)	(9,000,000)
Total transactions with stakeholders	-	(9,000,000)	(9,000,000)
As at 31 December 2022	9,783	19,876,436	19,886,219
As at 1 January 2023	9,783	19,876,436	19,886,219
Comprehensive income			
Appropriation from income statement	-	8,867,322	8,867,322
Transfer to staff support reserve	4,015	(4,015)	-
Total comprehensive income for the year	4,015	8,863,307	8,867,322
Transactions with stakeholders			
Surplus allocated to Government	-	(10,000,000)	(10,000,000)
Total transactions with stakeholders	-	(10,000,000)	(10,000,000)
As at 31 December 2023	13,798	18,739,743	18,753,541

The notes on pages 10 to 20 are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December	
	Notes	2023 €	2022 €
Cash flows from operating activities			
Cash generated from operations	16	15,162,612	13,310,886
Interest and other income received		779,626	730,721
Net cash generated from operating activities		15,942,238	14,041,607
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(420,065)	(1,796,850)
Net cash used in investing activities		(420,065)	(1,796,850)
Cash flow from financing activities			
Payments to Government	18	(10,000,000)	(9,000,000)
Capital repayments of lease liabilities		(1,679,641)	(1,645,369)
Net cash used in financing activities		(11,679,641)	(10,645,369)
Net movement in cash and cash equivalents		3,842,532	1,599,388
Cash and cash equivalents at beginning of year		12,736,093	11,136,705
Cash and cash equivalents at end of year	6	16,578,625	12,736,093

The notes on pages 10 to 20 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of Public Administration Act. They have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the registrar to exercise judgement in the process of applying the Registry's accounting policies (see Note 3 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Registry adopted new standards, amendments and interpretations to existing standards that are mandatory for the Registry's accounting year beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Registry's accounting policies impacting the financial performance and position.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Registry. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro, which is the Registry's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains or losses are presented in the income statement.

1. Summary of material accounting policy information - continued

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Registry and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

	%
Building improvements	10
Furniture, fixtures and fittings	20
Equipment	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in the income statement. When re-valued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.4 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance.

Impairment

The Registry assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Registry applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call together with short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of change in value.

1. Summary of material accounting policy information - continued

1.6 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.7 Provisions

Provisions for legal claims are recognised when the Registry has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.8 Revenue recognition

The Registry recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity.

Income derived is recognised when payment is received which, in view of the profile of companies including dormant and defunct companies, is determined by the Registry to be the point in time when there is a probability that the economic benefits associated with the revenue will flow to the entity. Fees and penalties and similar income due but not paid, are not accounted for, and are not recognised.

1.9 Leases

The Registry leases various vehicles and office spaces. Rental contracts are typically made for fixed periods ranging from 5 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset including a corresponding liability at the date at which the leased asset is available for use by the Registry.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities comprise the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Registry, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

1. Summary of material accounting policy information - continued

1.9 Leases - continued

To determine the incremental borrowing rate, the Registry where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease payments due within twelve months are classified as current, if not they are presented as non-current liabilities.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of vehicles and land are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2. Financial risk management

2.1 Financial risk factors

The Registry's activities potentially expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Registry's risk management is coordinated by the registrar and focuses on actively securing the Registry's short to medium term cash flows by minimising the exposure to financial markets.

The most significant financial risks that the Registry is exposed to are described below.

(a) Market risk

The registrar does not consider that the Registry is exposed to significant market risk in view of the assets held.

(b) Credit risk

The Registry's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The Registry's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Notes	2023 €	2022 €
Trade and other receivables	5	1,759,988	1,144,211
Cash and cash equivalents	6	16,578,625	12,736,093
		18,338,613	13,880,304

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The Registry assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. The Registry monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Registry's receivables, taking into account historical experience.

The Registry's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers. None of the Registry's financial assets are secured by collateral.

As at 31 December 2023, trade receivables of €424,436 (2022: €424,619) were impaired, and the amount of the provision in this respect is equivalent to these amounts. Reversal of provisions for impairment arises in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Registry does not hold any collateral as security in respect of the impaired assets.

Credit risk in relation to cash and cash equivalents is deemed to be low, since the counterparts and issuer are reputable banks.

(c) Liquidity risk

The Registry is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 7). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Registry's obligations.

The Registry monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. The Registry's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

2.2 Capital risk management

The Registry's equity, as disclosed in the statement of financial position, constitutes its reserve fund. The Registry's objectives when managing capital are to safeguard the respective entity's ability to continue as a going concern in order to provide returns and benefits for stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In view of the nature of the Registry's activities and its financial position, the capital level as at the end of the reporting period is deemed adequate by the Registrar.

2.3 Fair values of financial instruments

At 31 December 2023 and 2022 the carrying amounts of cash at bank, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the registrar, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Property, plant and equipment

	Building improvements €	Furniture, fixtures and fittings €	Equipment €	Total €
At 1 January 2022				
Cost or valuation	7,091,004	871,525	2,028,747	9,991,276
Accumulated depreciation	(1,409,206)	(425,789)	(855,986)	(2,690,981)
Net book amount	5,681,798	445,736	1,172,761	7,300,295
Year ended 31 December 2022				
Opening net book amount	5,681,798	445,736	1,172,761	7,300,295
Additions	1,162,584	473,085	161,181	1,796,850
Disposals	-	-	(129)	(129)
Depreciation charge	(771,593)	(258,803)	(427,296)	(1,457,692)
Closing net book amount	6,072,789	660,018	906,517	7,639,324
At 31 December 2022				
Cost or valuation	8,253,588	1,344,610	2,189,520	11,787,718
Accumulated depreciation	(2,180,799)	(684,592)	(1,283,003)	(4,148,394)
Net book amount	6,072,789	660,018	906,517	7,639,324
Year ended 31 December 2023				
Opening net book amount	6,072,789	660,018	906,517	7,639,324
Additions	171,212	85,945	162,908	420,065
Disposals	-	-	(3,584)	(3,584)
Depreciation charge	(835,498)	(282,086)	(461,693)	(1,579,277)
Depreciation released on disposal	-	-	2,510	2,510
Closing net book amount	5,408,503	463,877	606,658	6,479,038
At 31 December 2023				
Cost or valuation	8,424,800	1,430,555	2,348,845	12,204,200
Accumulated depreciation	(3,016,297)	(966,678)	(1,742,187)	(5,725,162)
Net book amount	5,408,503	463,877	606,658	6,479,038

5. Trade and other receivables

	2023 €	2022 €
Current		
Trade and other receivables - gross	2,184,424	1,568,830
Less: Loss allowance on trade and other receivables	(424,436)	(424,619)
Trade and other receivables - net	1,759,988	1,144,211
Prepayments	1,793,720	1,743,498
	3,553,708	2,887,709

Other receivables were unsecured, interest free and repayable on demand.

6. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2023 €	2022 €
Cash in hand and in bank	8,359,879	12,409,571
Cash equivalents	3,963,432	-
Cash held on behalf of third parties	4,255,314	326,522
	16,578,625	12,736,093

Cash equivalents is composed of a treasury bill with a maturity of 3 months earning an interest rate of 3.69% as at end of 2023.

Cash balances held on behalf of third parties consists of balances with:

	2023	2022
Central Bank of Malta	328,610	324,091
Bank of Valletta	3,926,704	2,431
	4,255,314	326,522

The balances held on behalf of third parties are reflected in Note 7 within "Other payables". Cash held at the Central Bank of Malta include amounts pertaining to defunct companies. The amounts held in Bank of Valletta include amounts held on behalf of companies in liquidation, whereby the court has appointed the Official Receiver to administer such companies.

7. Trade and other payables

	2023 €	2022 €
Current		
Trade creditors	519,910	387,089
Other payables	4,569,796	646,411
Accruals	396,550	343,138
	5,486,256	1,376,638

Other payables include amounts held on behalf of third parties (Note 6).

8. Right-of-use assets and lease liabilities

This note provides information for leases where the company is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023 €	2022 €
Right-of-use assets		
Vehicles	39	14,429
Offices	13,781,119	15,162,194
	13,781,158	15,176,623
Lease liabilities		
Non-current	15,030,282	16,152,732
Current	1,122,450	1,024,160
	16,152,732	17,176,892

(ii) Amounts recognised in the income statement.

The statement of profit or loss shows the following amounts relating to leases:

	2023 €	2022 €
Depreciation charge of right of-use of assets		
Vehicles	14,390	14,390
Offices (gross of sub-lease contribution)	1,381,075	1,381,075
	1,395,465	1,395,465
Interest expense (included in finance cost)	655,481	694,759

During 2023, the Registry subleased parts of its property to other Government agencies for a contribution of €753,751 (2022: €730,625) which is netted against the lease depreciation in accordance with IFRS.

9. Staff support reserve

The staff support reserve has been created to set aside reserves to support employees in need at the opportune time.

10. Income

Income represents fees and penalties in line with charges prescribed by legislation. Fluctuations from one year to another may represent income claimed in previous years given that revenue is accounted for upon receipt of payment.

11. Expenses by nature

	2023 €	2022 €
Depreciation of property, plant and equipment (Note 4)	1,579,277	1,457,692
Depreciation of right-of-use assets (Note 8)	1,395,465	1,395,465
Employee benefit expense	3,858,744	3,567,534
Professional and consultancy fees	124,881	163,601
(Decrease)/increase in loss allowance on trade and other receivables	(183)	2,230
Repairs & maintenance	228,707	155,680
Security services	93,896	91,193
Cleaning services	140,912	144,138
IT expenses	521,107	356,833
Other administrative expenses	702,309	534,943
Total operating expenses	<u>8,645,115</u>	<u>7,869,309</u>

Auditor's fees

Fees charged by the auditor for the statutory audit amount to €9,850 (2022: €9,750).

12. Employee benefit expense

	2023 €	2022 €
Wages and salaries	4,982,501	4,550,567
Social security costs	230,428	221,983
Other staff costs	234,748	206,743
Recharged to other government entities	(1,588,933)	(1,411,759)
	<u>3,858,744</u>	<u>3,567,534</u>

12. Employee benefit expense - continued

Average number of persons employed by the Registry during the year:

	2023	2022
Managerial	102	104
Administration	39	42
	141	146

13. Other income

	2023 €	2022 €
Rental income from sublease agreements	753,751	730,625

The entire rental income is derived from sublease agreements with Government related entities (Note 18).

14. Finance expenses

	2023 €	2022 €
Interest charges for lease liabilities (Note 8)	655,481	693,726

15. Tax expense

Legal Notice 144 of 2018 (para 14) exempts the Malta Business Registry from any liability to pay income taxes.

16. Cash generated from operations

Reconciliation of operating surplus generated from operations:

	2023 €	2022 €
Operating surplus	8,743,177	10,948,400
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	1,579,277	1,457,692
Depreciation of right-of-use of assets (Note 8)	1,395,465	1,395,465
Increase in loss allowance on trade receivables (Note 5)	(183)	2,230
Loss on disposal of assets (Note 4)	1,075	129

16. Cash generated from operations - continued

Changes in working capital:		
Trade and other receivables	(665,817)	(230,305)
Trade and other payables	4,109,616	(262,725)
Cash generated from operations	<u>15,162,612</u>	<u>13,310,886</u>

17. Commitments

Commitments for expenditure not provided for in these financial statements as at the statement of financial position date were as follows:

	2023 €	2022 €
Contracted but not provided for	<u>641,727</u>	<u>997,156</u>

18. Related party transactions

Except for transactions disclosed or referred to previously, the following significant transactions, which were carried out principally with related entities, have a material effect on the operating results and financial position of the Registry:

	2023 €	2022 €
Surplus allocated to Government	10,000,000	9,000,000
Rental income from sublease agreements	<u>753,751</u>	<u>730,625</u>

19. Events after the reporting period

There were no material events after the reporting period that would impact the fair presentation of the financial statements.

20. Statutory information

The Malta Business Registry is the single companies' registrar in Malta established under Subsidiary Legislation 595.27 and reports to the Maltese Parliament.