

TSAM Limited
Annual Report and Financial Statements
31 December 2018

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Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

Prevailing currency

These financial statements are stated in Euro (€).

Principal activity

The main objective of the company is to manage the economic activities of the Scout Association of Malta (VO 0311) in line with the Agency agreement that the company has in place.

Review of business

The company's main revenue includes administrative and maintenance services provided and other ancillary support services on behalf of The Scout Association of Malta. The company took over running of the Ghajn Tuffieha camp site from 1 July 2018. Consequently this generated a profit for the year under review.

Results and dividends

The results for the year are set out in the income statement on page 5. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the period were:

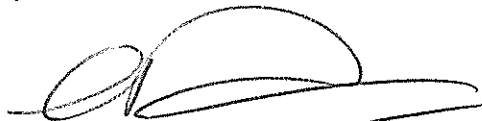
Mr. Gordon Dimech
Mr. Robert Gonzi
Mr. Anthony Rizzo
Mr. Anthony Debono
Dr. Anthony Abela Medici (resigned: 20 March 2018)

In accordance with the Articles of Association of the company, the present directors remain in office.

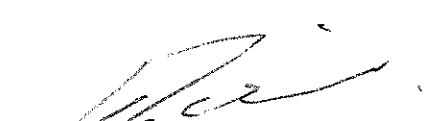
Auditors

The auditors Degiorgio, Brincat and Associates have expressed their willingness to continue in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

By Order of the Board



Mr. Anthony Rizzo
Chairman



Mr. Gordon Dimech
Secretary

The Scout Association of Malta, Island Headquarters
Congreve-Bernard Memorial Hall, Sarria Street
Floriana FRN 1480

2nd April 2019

Statement of directors' responsibilities

The directors are required by the Maltese Companies Act, (Cap 386) to prepare annual financial statements in accordance with generally accepted accounting principles and practices which give a true and fair view of the state of affairs of the company at the end of its financial period and of its profit or loss for that period.

In preparing the financial statements, directors are required to:

- > Select suitable accounting policies and then apply them consistently;
- > Make judgments and estimates that are reasonable and prudent;
- > State whether International Financial Reporting Standards, as approved by the EU, have been followed;
- > Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Maltese Companies Act, (Cap 386).

They are also responsible to ensure that an appropriate system of internal control is in operation 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 company and that the necessary precautions are being taken so that fraud and error and other irregularities will be prevented or detected.

Independent auditors' report

To the members of TSAM Limited

Opinion

We have audited the accompanying financial statements of the above company, which comprise the statement of affairs as at 31 December 2018 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2018, and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Maltese Companies Act, (Cap. 386).

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 company in accordance with the International Ethics Standards Board for Accountants' code of ethics for Professional 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 ethical responsibilities in accordance with the IESBA Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the directors' report. Our opinion on the financial statements does not cover this information, including the directors' report.

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.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Art. 177 of the Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- > The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > The directors' report has been prepared in accordance with the Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information. We have nothing to report in this regard.

Independent auditors' report - continued

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act (Cap 386) and for such internal control as the directors 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 directors are responsible for assessing the company'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 management intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatements, 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 ISA' s 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 be 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

: 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 company's internal control.

: Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

: Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 company to cease to continue as a going concern.

: Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditors' report - continued**Report on other legal and regulatory requirements**

We also have responsibilities under the Maltese Companies Act (Cap 386) to report to you, if in our

- : Adequate accounting records have not been kept, or that returns adequate for our audit have not been
- : The financial statements are not in agreement with the accounting records and returns.
- : The information given in the directors' report is not consistent with the financial statements.
- : We have not received all the information and explanations we require for our audit.
- : Certain disclosures of directors' remuneration specified by law are not made in the financial statements,

We have nothing to report in respect of these responsibilities.



Mr. Peter Degiorgio

Degiorgio, Brincat and Associates

Certified Public Accountants

'Anutruf', Level 3

Triq tal - Hriereb,

Msida

April 20

Statement of comprehensive income

	Notes	2018 €	2017 €
Revenue		<u>116,068</u>	<u>39,504</u>
Administration costs		(92,993)	(54,100)
Finance costs		(141)	(48)
		<u> </u>	<u> </u>
Profit/(loss) for the year before taxation	3	22,934	(14,644)
Taxation	4	(2,902)	-
		<u> </u>	<u> </u>
Profit/ (loss) for the year after taxation		<u>20,032</u>	<u>(14,644)</u>

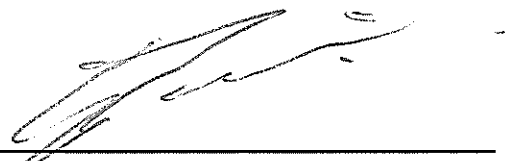
Statement of financial position

ASSETS	Notes	2018 €	2017 €
Non-current assets			
Property, plant and equipment	5	<u>905</u>	<u>1,810</u>
Current assets			
Trade and other receivables	6	-	119
Cash and cash equivalents		<u>66,630</u>	<u>33,889</u>
		<u>66,630</u>	<u>34,008</u>
Total assets		<u>67,535</u>	<u>35,818</u>
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	7	1,200	1,200
Profit and loss account		5,557	(14,475)
Total equity		<u>6,757</u>	<u>(13,275)</u>
Non - Current liabilities			
Long term borrowings	8	40,000	40,000
Currant liabilities			
Trade and other payables	9	17,894	9,093
Taxation		2,884	-
Total liabilities		<u>60,778</u>	<u>49,093</u>
Total equity and liabilities		<u>67,535</u>	<u>35,818</u>

The financial statements on pages 5 to 13 were approved by the board of directors on the 13 March 2019 and were signed on its behalf by:



Mr. Anthony Rizzo
Chairman



Mr. Gordon Dimech
Secretary

Statement of changes in equity

	Ordinary shares €	Retained earnings €	Total €
Balance at 1 January 2017	1,200	169	1,369
Loss for the year		<u>(14,644)</u>	<u>(14,644)</u>
Balance at 31 December 2017	<u>1,200</u>	<u>(14,475)</u>	<u>(13,275)</u>
Balance at 1 January 2018	1,200	(14,475)	(13,275)
Profit for the year		<u>20,032</u>	<u>20,032</u>
Balance at 31 December 2018	<u>1,200</u>	<u>5,557</u>	<u>6,757</u>

Cash flow statement

	Note	2018 €	2017 €
Cash generated from operating activities		32,900	875
Taxation paid		(18)	(91)
Finance charges		(141)	(48)
		<u>32,741</u>	<u>736</u>
Cash flow from investing activities		-	-
Cash flows from financing activities			
Loan advanced from related entity		-	700
		<u>-</u>	<u>700</u>
Increase in cash and cash equivalents		32,741	1,436
Balance at beginning of year		<u>33,889</u>	<u>32,453</u>
Balance at 31 December	10	<u>66,630</u>	<u>33,889</u>
Reconciliation of operating (loss)/profit to			
Cash generated from operating activities			
Operating profit/(loss)		23,075	(14,596)
Depreciation		905	905
Movement in working capital:			
Movement in receivables		119	12,962
Movement in other payables		8,801	1,604
		<u>8,920</u>	<u>14,566</u>
Cash generated from operating activities		<u>32,900</u>	<u>875</u>

Notes to the financial statements

1. General information

The company is a limited liability company incorporated in Malta. The address of its registered office is, The Scout Association of Malta, Island Headquarters, Congreve-Bernard Memorial Hall, Sarria Street,

2. Summary of significant accounting policies

The principal accounting policies 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.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and comply with the requirements of the Maltese Companies Act, (Cap 386). They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and presupposes the continued support of its shareholders in order to meet its commitments as and when they fall due.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, are explained in the notes to these financial statements.

Standards, interpretations and amendments to published standards

During the year, the company adopted standards, amendments and interpretations to existing standards that are mandatory for the company's accounting year. The adoption of these revisions to the requirements of IFRSs did not result in substantial changes to the company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting period. The company has not early adopted these revisions to the requirements of IFRSs and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

Revenue recognition

Revenue comprises the fair value of the consideration receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met for each of the activities described below.

Property, Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Notes to the financial statements**Property, Plant and equipment: continued**

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their estimated values over their estimated useful lives, as shown hereunder:

	%
Equipment	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments within the allowed credit terms are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

Cash and equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

Trade payables

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

Dividend distribution

Dividends on ordinary shares are recognised in the year in which they are declared.

Notes to the financial statements

3: Expenses by nature	2018	2017
	€	€
Wages and salaries	37,041	42,546
Accountancy fees	4,678	4,627
Audit fees	1,050	500
Other expenses	5,993	4,448
Depreciation	905	905
	<u>49,667</u>	<u>53,026</u>

4: Taxation	2018	2017
	€	€
Current tax expense	2,902	-
	<u>2,902</u>	<u>-</u>

Provision for Malta income tax has been provided for in these financial statements at the rate of 35% on the taxable profit for the year. The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2018	2017
	€	€
Taxable profit/(loss) for the year	22,934	(14,644)
Taxable profits after utilisation of tax losses b/f	<u>22,934</u>	<u>(14,644)</u>
Tax charge on ordinary activities at 35%	8,027	(5,125)
Tax effect on tax losses brought forward from previous years	(5,125)	5,125
	<u>2,902</u>	<u>-</u>

5: Plant, property and equipment

Cost	Equipment	Total
	€	€
Balance as at 1 January	3,620	3,620
Additions	-	-
At 31 December 2018	<u>3,620</u>	<u>3,620</u>
Depreciation		
Balance as at 1 January	1,810	1,810
Charge for the year	905	905
At 31 December 2018	<u>2,715</u>	<u>2,715</u>
Net book value		
At 31 December 2018	<u>905</u>	<u>905</u>
At 31 December 2017	<u>1,810</u>	<u>1,810</u>

6: Trade and other receivables	2018	2017
	€	€
Trade Receivables	-	119
	<u>-</u>	<u>119</u>

Notes to the financial statements

7: Ordinary share capital

	2018	2017
	€	€
Authorised:		
4,000 Ordinary Shares of €1 each	<u>4,000</u>	<u>4,000</u>
Issued and fully paid:		
1,200 Ordinary Shares of €1 each	<u>1,200</u>	<u>1,200</u>

8: Borrowings

	2018	2017
	€	€
Non-current		
Shareholder's loan account	<u>40,000</u>	<u>40,000</u>

The loans are unsecured, interest free and not repayable within the next twelve months.

9: Trade and other payables

	2018	2017
	€	€
Trade payables	1,958	1,505
Related party	2,796	-
Other payables	435	435
Accrued expenses	10,139	6,192
Indirect taxation	2,566	961
	<u>17,894</u>	<u>9,093</u>

The balance with the related party is unsecured, interest free and has no fixed repayment date.

10: Note to the cash flow statement

	2018	2017
	€	€
Analysis of cash and cash equivalents:		
Cash at bank	63,470	27,513
Cash in hand	<u>3,160</u>	<u>6,376</u>
	<u>66,630</u>	<u>33,889</u>
Analysis of changes in cash and cash equivalents:		
Balance at 1 January	33,889	-
Movement during the year	<u>32,741</u>	<u>33,889</u>
Balance at 31 December	<u>66,630</u>	<u>33,889</u>

11: Related party transactions

Related party transactions carried out during the course of the year are as stated in these financial statements. All related party balances at the end of the year have been separately reported in these financial statements.

12: Financial risk factors

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of market conditions and therefore seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the board of directors. The board evaluates, on a yearly basis, financial risk factors based on appropriate skills, experience and supervision.

Notes to the financial statements

Market risk

Market risk is the risk that the fair value of future cash flows will falcate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. The company's policy is designed to minimise such risks by implementing the necessary safeguards to counter market risks.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. Risk control assesses the credit quality of customers, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the year and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company maintains flexibility in funding by maintaining availability under committed credit lines. The company monitors its liquidity on the basis of expected cash flow. This entails projecting cash flows and considering the level of liquid assets necessary to meet the company's obligations as they fall due.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue to operate as a going concern in order to provide returns for shareholders and to maintain an optimal structure to reduce the cost of capital. The company monitors capital on the basis of its gearing ratio.

Financial assets which potentially subject the company to concentrations of credit risk consist principally of marketable securities, cash at bank and debtors. The company's cash and securities are placed with quality financial institutions. Debtors are presented net of an allowance for doubtful debts where applicable. Credit risk with respect to debts is limited due to the large number of customers comprising the company's debtor base and the company has no significant concentration of credit risk.

13: Fair values

At 31 December 2018 and 2017 the carrying amounts of cash at bank, current assets and trade receivables, trade payables, accrued expenses and borrowings approximated their fair values. The fair values of long term borrowings are taken into consideration and adjusted in these financial statements and stated

14: Statutory information

TSAM Limited is a limited liability company and is incorporated in Malta.

Detailed accounts

Pages

Profit and loss account

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Profit and loss account

	2018	2017
	€	€
Revenue	<u>116,068</u>	<u>39,504</u>
Administration costs		
Wages and Salaries	37,041	42,546
Other staff costs	5,250	-
Travelling costs	-	416
Accountancy fees	4,678	4,627
Audit fees	1,050	500
Fines and penalties	-	100
Miscellaneous expenses	2,182	997
Utility costs	3,671	2,769
Professional fees	-	542
Registration fee	140	140
Insurance costs	4,512	558
Ground rent	8,991	-
Maintenance	4,427	-
IT Expenses	556	-
Campsite upkeep	13,679	-
Campsite Utilities	5,794	-
Advertising	-	-
Cleaning	117	-
Depreciation	905	905
	<u>92,993</u>	<u>54,100</u>
Finance costs		
Bank charges	141	48
Total finance costs	<u>141</u>	<u>48</u>
Profit/(loss) for the year before taxation	<u><u>22,934</u></u>	<u><u>(14,644)</u></u>