

University of Malta

Annual Report and Consolidated  
Financial Statements

30 September 2022

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**LETTER OF TRANSMITTAL**

The Hon Clifton Grima  
Minister of Education and Employment  
Great Siege Road  
Floriana VLT 2000  
Malta

Dear Minister,

In accordance with section 73(7) of the Education Act, Cap 327, I have the honour to transmit the report and consolidated financial statements of the University of Malta for the year ended 30 September 2022.

Yours sincerely



Rector  
University of Malta  
Tal-Qroqq  
Msida MSD 2080  
Malta

26 April 2024

## Governing body of the University

### Council

The Council is the supreme governing body of the University. Its functions are defined in the Education Act, Section 77.

The Council consists of thirty-one members, including the President. The members of Council are listed hereunder:

PRO - CHANCELLOR – PRESIDENT (ex officio)  
Perit Karmenu Vella

RECTOR - VICE PRESIDENT (ex officio)  
Professor Alfred J. Vella

REPRESENTATIVES OF SENATE  
Professor Joseph Cacciottolo  
Professor Dominic Fenech  
Professor Emmanuel Sinagra  
Professor Noellie Brockdorff

MEMBERS ELECTED BY THE ACADEMIC STAFF  
Professor Frank Camilleri  
Professor David Mifsud  
Professor Matthew Montebello

MEMBERS ELECTED BY THE NON-ACADEMIC STAFF  
Mr Elton J. Baldacchino  
Mr Noel Caruana  
Ms Stephanie Abood up to 8<sup>th</sup> March 2022  
Mr Clive Ferrante as from 9<sup>th</sup> March 2022

STUDENT REPRESENTATIVES  
Ms Michaela Giglio up to 15<sup>th</sup> December 2022  
Mr Andrea Grima as from 11<sup>th</sup> November 2021  
Mr Neil Zahra as from 11<sup>th</sup> November 2021  
Ms Cristina Aquilina up to 10<sup>th</sup> November 2021  
Mr Daniel Vella up to 10<sup>th</sup> November 2021

MEMBER APPOINTED BY THE MINISTER OF EDUCATION, YOUTH AND EMPLOYMENT  
Mr Matthew Vella as from 15<sup>th</sup> February 2022  
Dr Francis Fabri up to 3<sup>rd</sup> February 2022

MEMBER APPOINTED BY THE CHAIRMAN OF THE FOUNDATION FOR THEOLOGICAL STUDIES  
Rev. Professor George Grima

**MEMBERS APPOINTED BY THE PRIME MINISTER TO REPRESENT THE GENERAL INTEREST OF THE COUNTRY**

Mr Carmel Cachia	up to 23 <sup>rd</sup> August 2022
Mr Reno Calleja	up to 23 <sup>rd</sup> August 2022
Ms Krista Caruana Falzon	as from 24 <sup>th</sup> August 2022
Dr Marius Caruana	as from 24 <sup>th</sup> August 2022
Mr Joseph Cauchi	up to 23 <sup>rd</sup> August 2022
Mr Reginald Fava	
Ms Josanne Ghirxi	
Mr Mario Grech	
Dr Charles Mangion	as from 24 <sup>th</sup> August 2022
Dr Danica Marmara	as from 24 <sup>th</sup> August 2022
Mr Albert Marshall	up to 23 <sup>rd</sup> August 2022
Mr Charles Micallef	
Ms Maria Micallef	up to 23 <sup>rd</sup> August 2022
Mr Carlo Mifsud	as from 24 <sup>th</sup> August 2022
Mr David Muscat	as from 24 <sup>th</sup> August 2022
Mr James Pearsall	as from 24 <sup>th</sup> August 2022
Mr Roderick Psaila	as from 24 <sup>th</sup> August 2022
Mr Philip Sammut	up to 23 <sup>rd</sup> August 2022
Mr Oliver Scicluna	as from 24 <sup>th</sup> August 2022
Ms Stephanie Scicluna Laviera	as from 24 <sup>th</sup> August 2022
Ms Marika Tonna	up to 23 <sup>rd</sup> August 2022
Ms Joanne Zammit	up to 23 <sup>rd</sup> August 2022

A statement of responsibilities of the Council in respect of the consolidated financial statements is set out on page 8.

The Council has established a number of Committees with specific responsibilities as follows:

Academic Resources Funds Committee  
Administrative, Technical and Industrial Staff Work Resources Committee  
Audit and Risk Management Committee  
Board of Discipline (Administrative, Technical and Industrial Staff)  
Committee for Council Rules of Procedure  
Committee to consider extension of appointments of Academic Staff  
Finance Committee  
Gender Equality and Sexual Diversity Committee  
IT Services Committee  
Medical Board for University Members of staff  
Safety Committee  
Staff Affairs Committee  
Staff Scholarship and Bursaries Committee  
Student Affairs Committee (including Travel Grants, Bursaries, Scholarships)  
University House Liaison Committee  
Shortlisting Committee for the appointment of Directors of Institutes/Centres/Schools

**Senate**

The Senate is responsible for the general direction of the academic matters of the University and deals with any matter of an academic nature arising in the administration of the University. The Senate regulates studies and research in the University; establishes by regulations the conditions for admission into the University; makes regulations governing all courses leading to University awards; and approves programmes of studies

constituting such courses. It advises the Council on matters of an academic nature even if of such a nature only in part.

The Senate has established a number of Committees with specific responsibilities as follows:

Animal Welfare Committee  
Board to Review Reason for Absence from Assessments  
Committee for Students' Requests  
Committee for Student Societies  
Committee for the Implementation of the Students' Charter  
Committee of Discipline (regarding Students' Misconduct)  
Committee when students/applicants present a Police Conduct  
Digital Education Committee  
Doctoral Academic Committee  
Editorial Board – Malta University Press  
Library Committee  
Ph. D. and Master (Research) Degrees Scholarship Selection Board  
Professional Development Committee for Doctoral School  
Programme Validation Committee  
Quality Assurance Committee  
Selection Committee for the Lindau Nobel Laureate Meetings  
UM Fitness to Practise Board  
University Admissions Board  
University Assessment Appellate Board  
University Assessment Disciplinary Board  
University Research Ethics Committee  
Web Editorial Board

A number of Joint Committees of Senate and Council have been established with specific responsibilities as follows:

Academic Promotions Board A (Lecturers, Senior Lecturers and Junior College Academics)  
Academic Promotions Board B (Associate Professors and Professors)  
ACCESS Disability Support Committee  
Committee for Research Engagement  
Committee for Safeguarding the Code of Professional Academic Conduct  
Committee on Race and Ethnic Affairs  
Research Fund Committee  
University Equity Committee  
University Honours Committee  
Visiting Lecturers and External Examiners Committee

The Chairman of all Joint Committees of Senate and Council is the Rector or one of the Pro-Rector or a delegate specifically nominated by the Rector.

### **Faculty Board**

The Faculty Board directs the academic tasks of the Faculty. The Board determines the studies, teaching and research and distributes tasks within the Faculty. It makes by-laws concerning its courses and presents them for the approval of the Senate. It prepares plans for the development of the Faculty and presents them to the Senate and the Council.

## Financial and operating review

The year under review saw the University resume operations without the strictures that had been imposed by the health-related issues of the previous two years although the situation quickly received another shock in February 2022 from the war in Ukraine. This had and continues to have an effect on the economic wellbeing of nations, including Malta and Europe in general, which reverberates in all sectors and affects budgets including that for education. The expected pinch in its finances was felt by the University which, having successfully concluded a Collective Agreement in February 2021 that improved salaries to its academic staff and settlement of a two-year bill for arrears, finished the year with a small deficit but a positive and healthy working balance nonetheless.

Spaces for teaching and learning have been relieved significantly with the availability of lecture rooms at Campus Hub which development is also providing convenient accommodation and other facilities to our international students. The presence on campus of these students remained strong and is continually improving; the internationalisation mission of UM received an added boost in 2022 with the continuation, as Phase 2, of the special project SEA-EU, the European University of the Seas initiative. UM was one of six coastal universities which formed part of the SEA-EU alliance when it began its journey in 2019: the alliance now comprises nine partners ranging from the University of Cadiz (coordinating the effort), through the universities of Malta, Western Brittany, Algarve, Parthenope in Naples, Split, Gdansk, Kiel, to Nord in Bodo, Norway and 150,000 students with a remit of working closely together for a further 3 years in education and research for the mutual benefit of all the partners.

Digitalisation of university operations also made a quantum leap forward during the year in review. We issued digital credentials to all students (in addition to their paper-based documentation); digital credentials improve security and reliability of qualifications as the validity and authenticity of these crucial documents is automatically verified by the Europass website upon which they are hosted. The use of WiseFlow, the online platform for assessment, continued to be expanded as more teaching spaces were upgraded to allow such use. An app for UM students and lecturers called My UM was launched and this will allow information pertaining to timetables and other facilities (e.g. UM Staff Card, information on forthcoming events etc) to be communicated effectively and accurately.

In October 2021, we launched a pilot project involving an advanced timetabling and room scheduling Software (Scientia) which will enable the production of clash-free timetabled activities including associated room allocation and any ad hoc changes thereto to be affected and relayed to students and staff rapidly and efficiently. Adopted during the previous year, blended in person and online teaching for evening programmes was retained as a standard delivery during this year as it was found particularly helpful for working adult learners.

In May 2022, we set up a students' Help Hub where advisors can meet and talk to students to help with problems related to their wellbeing on campus including advice or information on such matters as stipends, fees, admission requirements, access arrangements etc. Research initiatives continued to occupy centre stage: during the period, local government and international funding sources provided EUR 6.4 million and EUR 13 million respectively in support of a total of over 200 projects. Additionally, from our own budget, we provided Research Seed Funds (EUR 712,000) to 285 academics and Research Excellence Funds (EUR 240,000) to four research teams to help the research effort to continue to grow our publications record.

Our Knowledge Transfer Office helped academics in the commercialisation of research results: 58 new research collaborations were forged with various external entities, including industry, government bodies and non-governmental organisations.

Despite the challenges of the times, we are determined to continue with our mission to provide the best for our students and our community using the available resources as prudently and as sustainably as possible.

### **The Group Companies**

During 2021/22 the Companies registered a much better operational and financial result than originally envisaged. This was partly due to the language school's strong performance, as well as the Group's accommodation-related activities (commissions earned and operations of Hotel Kappara).

On the other hand, during the period under review, the Group had to absorb a downturn in its consultancy business from its public sector clients due to it being election year. The year also marked the end of the Government COVID benefits for local business from June 2022 onwards.

From a logistical point of view, the early days of 2022 were very hectic, with the Group's operations at the Lija Residence ceasing and offices transferring to the new Campus Hub Complex at Tal-Qroqq. At the same time, the Group implemented its planned divestment of shares in its subsidiary, Malta University Residence Limited.

The upgrade of Campus FM radio continued to progress in line with the project plan, whilst the football pitches resurfacing project was officially and satisfactorily concluded.

2021/22 was characterised by important developments in the Group's governance structure. During this period the majority of the internal audit recommendations from the year before were implemented. Other important governance milestones achieved were the setting up of the Governance Committee and the Investment Committee (both with Board representation) as well as the approval and adoption of the Group's Policies and Procedures Manual.

### **Key Financial Highlights**

The University and the group in general have yet again experienced a deficit this year with the University ending up in a deficit before tax of €5,121,085 (2021: €619,803) and the group in a deficit of €3,935,889 (2021: €684,163). This deficit was a result of the conclusion of two collective agreements with both University and Junior College academic staff without adequate additional funding and a budget cut of €1.1 million midway through the year. These results have also impacted negatively the working capital of the University and the Group and as a result from a positive working capital this has been turned into a negative one.

### **Way Forward**

Whilst the University is committed to secure external funds to augment Government subventions, it is imperative that Government continues to provide its financial support in order to ensure that the University improves the quality and range of services offered, improve its standing in the higher education market, and covers its liability for pensions. As a result, the management team is in continuous dialogue with various Government officials to ensure that adequate funding is provided both for its recurrent expenditure and its ambitious capital projects. The University Group has is also seeking new business opportunities in order to augment its financial resources. The University, moreover, will continue to tap into EU funds for research activities as well as embark on collaborative initiatives with other EU institutions.



## **Statement of responsibilities of the Council**

The Council, through the Finance Office, is responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the University and the Group as at the end of each financial period and of the surplus or deficit for that period.

In preparing these consolidated financial statements, the Council is responsible for:

- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- stating which comprehensive basis of accounting has been followed, subject to any material departures disclosed and explained in the accounts; and
- ensuring that the consolidated financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University and the Group will continue their activities as a going concern.

The Council is also responsible for designing, implementing and maintaining internal control as the Council determines is necessary to enable the preparation and the fair presentation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the relevant provisions of Statute 6.2.4 of the Education Act, Cap. 327. The Council is also responsible for safeguarding the assets of the University and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Income and expenditure accounts and statements of comprehensive income

	Notes	Group		University	
		2022	2021	2022	2021
		€	€	€	€
<b>Income</b>	6	<b>140,081,663</b>	<b>128,352,305</b>	<b>137,199,930</b>	<b>126,635,130</b>
<b>Expenditure</b>					
Staff costs and pension costs	7	104,155,571	96,648,962	102,371,665	95,096,563
Other operating expenses	8	37,067,046	30,851,585	37,154,416	30,622,449
		<b>141,222,617</b>	<b>127,500,547</b>	<b>139,526,081</b>	<b>125,719,012</b>
<b>(Deficit)/Surplus before allocation to funds</b>		<b>(1,140,954)</b>	<b>851,758</b>	<b>(2,326,151)</b>	<b>916,118</b>
Net allocation to funds		(2,794,935)	(1,535,921)	(2,794,934)	(1,535,921)
<b>Deficit before tax</b>		<b>(3,935,889)</b>	<b>(684,163)</b>	<b>(5,121,085)</b>	<b>(619,803)</b>
Tax (expense)/income	9	(428,521)	15,241	-	-
<b>Deficit for the year</b>		<b>(4,364,410)</b>	<b>(668,922)</b>	<b>(5,121,085)</b>	<b>(619,803)</b>
<b>Other comprehensive income</b>					
<i>Item that will not be subsequently reclassified to profit or loss:</i>					
(Decrease)/increase in fair value of financial assets at FVOCI	14	(42,509)	13,985	-	-
<b>Total other comprehensive (loss)/profit for the year</b>		<b>(42,509)</b>	<b>13,985</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(4,406,919)</b>	<b>(654,937)</b>	<b>(5,121,085)</b>	<b>(619,803)</b>

## Statements of financial position

	Notes	Group		University	
		2022	2021	2022	2021
		€	€	€	€
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	110,398,047	107,621,977	108,953,065	106,286,219
Right of use assets	11	4,363,383	849,499	4,363,383	805,823
Investment in subsidiaries	12	-	-	948,313	948,313
Deferred tax assets	13	40,703	158,917	-	-
Investments	14	1,281,398	967,100	130,100	130,100
Trade and other receivables	15	5,754,656	8,025,238	5,754,656	8,025,238
		<b>121,838,187</b>	<b>117,622,731</b>	<b>120,149,517</b>	<b>116,195,693</b>
<b>Current assets</b>					
Inventories	16	52,763	43,225	-	-
Capital projects funding	17	10,721,191	13,102,615	10,721,191	13,102,615
Trade and other receivables	15	47,055,561	37,618,347	46,971,220	37,744,204
Current tax assets		52,513	169,967	-	-
Cash at bank and in hand	18	21,166,316	23,520,778	18,502,364	21,447,396
		<b>79,048,344</b>	<b>74,454,932</b>	<b>76,194,775</b>	<b>72,294,215</b>
<b>Total assets</b>		<b>200,886,531</b>	<b>192,077,663</b>	<b>196,344,292</b>	<b>188,489,908</b>

## Statements of financial position – continued

	Notes	Group		University	
		2022 €	2021 €	2022 €	2021 €
<b>Funds and Liabilities</b>					
<b>Funds and equity</b>					
Specific endowment funds	19	292,304	292,304	292,304	292,304
<b>Other funds</b>					
Capital fund	20	138,597	138,598	138,597	138,598
Special reserve	21	4,800,000	4,800,000	4,800,000	4,800,000
Other reserves		2,789,018	1,749,898	2,789,018	1,749,898
Investment revaluation reserve		(37,984)	4,525	-	-
Accumulated net surplus		511,707	4,876,117	(2,829,888)	2,291,197
		<b>8,201,338</b>	<b>11,569,138</b>	<b>4,897,727</b>	<b>8,979,693</b>
Deferred grants	22	<b>99,443,090</b>	<b>100,816,710</b>	<b>99,443,090</b>	<b>100,816,710</b>
<b>Total funds</b>		<b>107,644,428</b>	<b>112,385,848</b>	<b>104,340,817</b>	<b>109,796,403</b>
<b>Total funds and equity</b>		<b>107,936,732</b>	<b>112,678,152</b>	<b>104,633,121</b>	<b>110,088,707</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	23	3,970,737	494,211	3,970,737	494,211
Deferred tax liability	13	30,280	11,083	-	-
Provision for liabilities and charges	24	5,754,656	8,025,238	5,754,656	8,025,238
		<b>9,755,673</b>	<b>8,530,532</b>	<b>9,725,393</b>	<b>8,519,449</b>
<b>Current liabilities</b>					
Funds designated for specific purposes:					
- Academic	25	11,041,850	11,787,959	11,179,581	11,925,690
- Operational resources	25	904,475	904,475	904,475	904,475
- Other	25	4,406,647	1,987,730	4,406,647	1,987,730
Trade and other payables	26	58,036,105	48,496,363	56,918,710	47,471,306
Provision for liabilities and charges	24	8,052,121	7,217,182	8,052,121	7,217,182
Lease liabilities	23	524,244	440,035	524,244	375,369
Current tax liabilities		228,684	35,235	-	-
		<b>83,194,126</b>	<b>70,868,979</b>	<b>81,985,778</b>	<b>69,881,752</b>
<b>Total liabilities</b>		<b>92,949,799</b>	<b>79,399,511</b>	<b>91,711,171</b>	<b>78,401,201</b>
<b>Total funds and liabilities</b>		<b>200,886,531</b>	<b>192,077,663</b>	<b>196,344,292</b>	<b>188,489,908</b>

The financial statements on pages 9 to 56 were approved by the Council, authorised for issue on 26 April 2024 and signed on its behalf by:

  
Prof Alfred J. Vella  
Rector

  
Mr Mark Debono  
Director of Finance

## Statements of changes in equity

GROUP	Specific endowment funds €	Capital fund €	Special reserve €	Investment revaluation reserve €	Other reserves €	Accumulated net surplus €	Total €
At 1 October 2020	328,982	138,598	4,800,000	(9,460)	1,929,624	5,545,039	12,732,783
Return of funds	(36,678)	-	-	-	(179,726)	-	(216,404)
Increase in fair value of financial assets at FVOCI	-	-	-	13,985	-	-	13,985
Loss for the year	-	-	-	-	-	(668,922)	(668,922)
<b>At 30 September 2021</b>	<b>292,304</b>	<b>138,598</b>	<b>4,800,000</b>	<b>4,525</b>	<b>1,749,898</b>	<b>4,876,117</b>	<b>11,861,442</b>
At 1 October 2021	292,304	138,598	4,800,000	4,525	1,749,898	4,876,117	11,861,442
Return of funds	-	(1)	-	-	1,039,120	-	1,039,119
Increase in fair value of financial assets at FVOCI	-	-	-	(42,509)	-	-	(42,509)
Loss for the year	-	-	-	-	-	(4,364,410)	(4,364,410)
<b>At 30 September 2022</b>	<b>292,304</b>	<b>138,597</b>	<b>4,800,000</b>	<b>(37,984)</b>	<b>2,789,018</b>	<b>511,707</b>	<b>8,493,642</b>

## Statements of changes in equity - continued

UNIVERSITY	Specific endowment funds €	Capital fund €	Special reserve €	Other reserves €	Accumulated net surplus €	Total €
At 1 October 2020	328,982	138,598	4,800,000	1,929,624	2,911,000	10,108,204
Receipt of funds	(36,678)	-	-	(179,726)	-	(216,404)
Surplus for the year	-	-	-	-	(619,803)	(619,803)
<b>At 30 September 2021</b>	<b>292,304</b>	<b>138,598</b>	<b>4,800,000</b>	<b>1,749,898</b>	<b>2,291,197</b>	<b>9,271,997</b>
At 1 October 2021	292,304	138,598	4,800,000	1,749,898	2,291,197	9,271,997
Return of funds	-	(1)	-	1,039,120	-	1,039,119
Loss for the year	-	-	-	-	(5,121,085)	(5,121,085)
<b>At 30 September 2022</b>	<b>292,304</b>	<b>138,597</b>	<b>4,800,000</b>	<b>2,789,018</b>	<b>(2,829,888)</b>	<b>5,190,031</b>

## Statements of cash flows

Note	Group		University	
	2022	2021	2022	2021
	€	€	€	€
<b>Cash flows from operating activities</b>				
Government recurrent vote	98,691,036	94,241,664	98,691,036	94,241,664
Receipts from all other sources of income	17,289,114	16,036,778	16,028,426	14,492,488
Receipts from externally funded projects	11,490,090	11,586,865	11,490,090	11,586,865
Payments to employees and suppliers	(129,997,756)	(119,441,420)	(128,427,678)	(118,200,412)
Receipts on behalf of related parties	6,781	2,476	6,781	2,476
Receipts from related parties	-	100,000	100,000	100,000
Payments on behalf of related parties	(170,867)	(1,090,346)	(170,867)	(1,090,346)
Income tax paid	(155,517)	(268,929)	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,847,119)</b>	<b>1,167,088</b>	<b>(2,282,212)</b>	<b>1,132,735</b>
<b>Cash flows from investing activities</b>				
Government capital vote	5,430,929	8,998,884	5,430,929	8,998,884
Government ERDF/ESF vote	8,154	353,613	8,154	353,613
EU ERDF/ESF vote	-	(344)	-	(344)
Interest received from investments held-to-maturity investments	3,704	-	-	-
Redemption of investment	1,238,728	11,769	3,704	11,769
Other interest received	32,100	136,469	-	136,469
Payments for capital expenditure	(6,310,971)	32,104	-	-
Payment in investing activities	-	(7,313,821)	(6,195,620)	(7,201,531)
Payment in investing activities	-	(50,000)	-	(50,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>402,644</b>	<b>2,168,674</b>	<b>(752,833)</b>	<b>2,248,860</b>
<b>Cash flows from fund activities</b>				
Receipts for academic funds	62,676	127,712	62,676	127,712
Receipts/(Payments) for other funds	27,337	(1,579)	27,337	(1,579)
<b>Net cash generated from fund activities</b>	<b>90,013</b>	<b>126,133</b>	<b>90,013</b>	<b>126,133</b>
Net change in cash and cash equivalents	(2,354,462)	3,461,895	(2,945,032)	3,507,728
Cash and cash equivalents, beginning of year	23,520,778	20,058,883	21,447,396	17,939,668
<b>Cash and cash equivalents, end of year</b>	<b>21,166,316</b>	<b>23,520,778</b>	<b>18,502,364</b>	<b>21,447,396</b>

## Notes to the financial statements

### 1 Nature of operations

The principal activities of the University of Malta (the 'University') and its subsidiaries (the 'Group') include:

- provision of higher education in the arts, sciences and humanities as required for Malta's economic, social and cultural development, via the scholarship of discovery, teaching and service to the community;
- investments in the equity of limited liability companies;
- involvement in the operation of hotel accommodation and accommodation complex;
- initiation and monitoring of technology transfer to strengthen education and industry relationships in Malta as well as between Malta and other countries by providing related consultancy, management and educational services and projects;
- operation of a radio broadcasting station, covering the Maltese Islands; and
- establishment, investment and holding shares in any other start-up or established juridical person whether in the form of a company, partnership or similar entity as well as organisations formed to undertake economic activity, and that are drivers of or participants in innovative efforts of an ethical and lawful nature.

### 2 General information of the University

The University of Malta, a government-owned entity, is the ultimate parent of the Group. The address of the University's office, which is also its principal place of operation, is University of Malta, Tal-Qroqq, Msida, MSD 2080.

### 3 Basis of preparation

#### 3.1 Basis of accounting and statement of compliance

These consolidated financial statements have been prepared under the historical cost convention and broadly take into account International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), except for the capitalisation of certain fixed assets. The Council has considered any additional requirements from the IFRSs as adopted by the EU as well as their relevance to the operating environment of the University. In 2009, the University started capitalising fixed assets (see note 5.9).

The preparation of these financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Council to exercise its judgement in the process of applying the University's accounting policies (see note 5.18).



## **4 New and revised standards or interpretations**

### **4.1 New standards adopted as at 1 October 2021**

The Group and the University adopted new amended Standards and Interpretations that are mandatory for the current reporting period. The adoption of these amendments to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group and University's accounting policies and do not have a significant impact on the Group and University's financial performance and position.

### **4.2 New or amended Standards and Interpretations not effective during the year**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the University and the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the University and the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards and interpretations which have been issued are not expected to have a material impact on the University and the Group's financial statements.

## **5 Summary of accounting policies**

### **5.1 Overall considerations**

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expenses. The measurement bases are more fully described in the accounting policies below.

The accounting policies have been consistently applied by University and the Group.

### **5.2 Presentation of consolidated financial statements**

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The University and the Group have elected to present income and expenditure accounts and other comprehensive income in a single statement.

### **5.3 Basis of consolidation**

#### Subsidiary undertakings

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Group undertakings are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income and expenditure account.

Intra-group transactions, balances and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the subsidiaries is set out in note 12 to the consolidated financial statements.

In the University's financial statements, investments in subsidiary undertakings are accounted for by the cost method of accounting i.e. cost less impairment. The dividend income from such investments is included in the income and expenditure account in the accounting year in which the University's rights to receive payment of any dividend is established. Provisions are recorded where, in the opinion of the Council, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the University's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income and expenditure account.

#### **5.4 Income and expenditure**

In the University's financial statements, income mainly comprises allocations from the Government's national budget, other grants and subsidies, registration and tuition fees, examination fees and other sundry income. All such income is taken into account as it accrues over the academic year.

In addition, the net surplus/deficit arising from the difference between certain income and the related expenditure is allocated to the funds that meet the criteria set out in note 5.15. The income referred to includes income from courses and conferences, a percentage of fees from courses to foreign students (that are allocated to individual faculties), and receipts from various other sources.

Income and expenditure transactions are recognised as follows:

- expenditure is recognised in the year to which it relates on an accrual basis; and
- income is recognised in the year to which it relates on an accrual basis, unless collectability is in doubt.

Other sources of income for the Group are recognised in the income and expenditure accounts as follows::

##### **Sales of services in the hospitality activity**

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Sales arising on hospitality activities are recognised when the service is performed and goods are supplied. Revenue is usually in cash, credit card or on credit. The recorded revenue includes credit card fees payable for the transaction.

#### **Rental income**

Rental income is charged to the income and expenditure account over the period of the lease to which it relates.

#### **Sales of goods and services**

Such revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts.

#### **Income arising on educational courses, projects and other services**

Income arising on educational courses, projects and other services is recognised on the completion of individual contracts, or earlier if in an advanced state of completion. Other revenue earned by the Group are recognised as they accrue, unless collectability is in doubt.

#### **Consultancy fees**

Consultancy fees are recognised upon performance of services, net of sales taxes and discounts.

#### **Income from broadcasting**

The income derived from advertisements, sponsorships and programmes is recognised as it accrues.

#### **Finance income**

Finance income is recognised as it accrues, unless collectability is in doubt.

### **5.5 Externally funded projects policy**

As from 1 October 2009, the University started accounting for externally funded projects through the income and expenditure accounts rather than through the statement of financial position.

For the duration of the project, income is matched to expenditure. Any unutilised pre-financing funds during the financial period are recognised as deferred income while an accrual for income is accounted for in the case of a shortfall of funds as long as it is expected that no losses will be experienced by the end of the project. Any expected losses are provided for during the execution of the project. At the end of the project, if any surplus remains due to any overhead allocation not being fully utilised, such surplus is recognised as income.

### **5.6 Government and EU grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income and expenditure account over the period necessary to match them with the costs that they are intended to compensate.

Government and EU grants relating to property, plant and equipment are included as deferred grants and treated as a component of total funds and equity. Grants are credited to the income and expenditure account on a straight-line basis over the expected useful lives of the related assets.

Government grants relating to pensions are accounted for either in equity or in surplus for the year based on treatment of movements in provisions (see note 5.19).

## **5.7 Foreign currencies**

### **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro (€), which is the University and the Group's functional and presentation currency.

### **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 the income and expenditure account.

## **5.8 Investment in joint venture**

A joint venture is an arrangement that the Group controls jointly with another investor and over which the group has rights to a share of the arrangement's net profits or losses rather than direct rights to underlying assets and obligations for underlying liabilities.

Investment in joint venture is initially recognised at cost and subsequently accounted for using the equity method in the Group's consolidated financial statements.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in joint venture is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income or loss of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

## **5.9 Property, plant and equipment**

As from financial year ended 30 September 2009, the University started recognising expenditure on property, plant and equipment as fixed assets. In order to build the fixed asset figures, the University used records dating back to 2000 depending on the useful life of the asset as per the Fixed Asset Policy issued by the University on 1 October 2008. This excludes books, the costs of which have been recognised as from April 2009. Fixed assets do not include the valuation of buildings, works of art and rare collections acquired prior to the start of recognition of expenditure on property, plant and equipment as fixed assets.

Government recurrent and capital grants and EU grants financing fixed assets are recognised in accordance with the deferred income method as per IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance', that is, the related income to acquire the asset is deferred until the depreciation on the asset is recognised (see note 5.6). The depreciation on assets used on externally funded projects is expensed against the respective project.

Property, plant and equipment is stated at historical cost less depreciation.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the income and expenditure account.

In case of assets acquired prior to the change in policy referred to above, any profits arising from disposal of assets which were not previously capitalised are treated as profit for the particular year. Any gains are subsequently transferred to a special reserve.

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

	%
Building improvements	4
Computer hardware, software and network infrastructure	5 - 25
Furniture, fixtures and fittings and office equipment	10 - 20
Plant, machinery and laboratory equipment	17 - 20
Other assets - motor vehicles	20
Other assets - books and periodicals	33 ⅓

Improvements to leasehold premises are being depreciated over the life of the lease. No depreciation is charged on assets in the course of construction.

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

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

## 5.10 Financial instruments

### Recognition, and derecognition

Financial assets and financial liabilities are recognised when the University and the Group become 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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance expense' or 'finance income', except for impairment of trade receivables which is presented in 'administrative expenses'.

### **Subsequent measurement of financial assets**

#### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The University and the Group's cash and cash equivalents, other investments, trade and most other receivables fall into this category of financial instruments.

#### *Financial assets at fair value through other comprehensive income (FVOCI)*

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held within a business model whose objective is to hold to collect the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group made the irrevocable election to account for its investment in equity securities at FVOCI.

Any gains or losses recognised in other comprehensive income will be recycled upon derecognition of the asset.

The Group holds equity securities which are not accounted for as subsidiaries, associates or jointly controlled entities. The Group made the irrevocable election to classify these equity instruments at FVOCI rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets.

They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve through other comprehensive income. Upon disposal, any balance within fair value reserve through other comprehensive income is classified directly to retained earnings and is not reclassified to profit or loss.

### **Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include debt securities at FVOCI, trade receivables and contract assets recognised and measured under IFRS 15.

The University and the Group consider a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Classification and measurement of financial liabilities**

The Group and University recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The University and Group's financial liabilities include provision for liabilities and charges, lease liabilities, bank overdraft and balance overdrawn and trade and other payables.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the University and the Group designates a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the consolidated statements of comprehensive income are included within 'other operating expenses' or 'income'.

The Group and University derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

### **5.11 Leases**

#### **The Group and the University as a lessee**

The Group and the University consider whether a contract is, or contains a lease at the inception date. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the University and the Group assess whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the University and the Group;
- the University and the Group have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering their rights within the defined scope of the contract; and
- the University and the Group have the right to direct the use of the identified asset throughout the period of use. The University and the Group assess whether they have the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group and the University. The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the University and the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, restoration costs and any lease payments made in advance of the commencement date (net of any incentives received).

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses. The University and the Group depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The University and the Group also assess the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the University and the Group measure the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the University and the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The University and the Group have elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets (see note 11) and lease liabilities (see note 23) have been disclosed separately.

#### **5.12 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### **5.13 Trade and other receivables**

Trade receivables comprise amounts due from customers for goods sold or services performed and rendered 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance (note 5.10).

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

#### **5.14 Cash and cash equivalents**

Cash and cash equivalents are carried in the statements of financial position at face value. For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, short term deposits and overdrawn bank balances.



#### **5.15 Funds designated for specific purposes**

The Council of the University exercises its discretion in the creation and utilisation of research grants, academic initiatives and projects, scholarships, fellowships, studentships, bursaries, equipment replacement, and discretionary funds. Normally such funds are in respect of projects that last twelve months or less. Any under or over-spending against such funds, after taking into account balances brought forward from the previous year, are carried forward to the following year.

The annual surplus or deficit in the income and expenditure account is stated after making transfers to meet expenditure already approved by the Council. As from financial year ended 30 September 2010, external funded projects are treated separately.

#### **5.16 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.

#### **5.17 Current and deferred taxes**

Tax expense recognised in the income and expenditure accounts comprises the sum of deferred tax and current tax not recognised directly in equity.

The Group's and the University's current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the subsidiaries' current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from surplus or deficit in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

In addition, tax losses available to be carried forward are assessed for recognition of deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **5.18 Provisions and contingent liabilities**

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the University or the Group and they can be measured reliably. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties, legal disputes or onerous contracts. Provisions are not recognised for future operating losses. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

Any reimbursement that the University or the Group are virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

#### **5.19 Provision for liabilities and charges**

With effect from the year ended 30 September 2010, the University provided for the obligation arising in terms of Article 8A of the Pensions Ordinance, Cap 93 of the laws of Malta, covering those ex-Government employees who opted to become full-time employees of the University, and who continued to be entitled to pension rights which go beyond the National Insurance Scheme.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In the University's case, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Eligibility to the scheme is also dependent on a minimum of ten years' service and employment having commenced prior to 1979. The benefit vests only if at retirement date the employee is still in employment with the University.

The liability recognised in the consolidated statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of Government and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise.

Past-service costs are recognised immediately in the surplus for the year.

#### **5.20 Offsetting financial instruments**

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.

#### **5.21 Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the financial statements requires the Council members to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Council members continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and

expenses. The Council members base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, the Council members believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

In the opinion of the Council members, 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.

## 6 Income

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Government budget allocation				
Recurrent vote:				
- University	90,734,389	85,249,544	90,734,389	85,249,544
- Junior College	10,400,000	10,097,294	10,400,000	10,097,294
Government capital grant	5,632,735	4,338,679	5,632,735	4,338,679
Other grants and subsidies	1,176,546	543,325	1,176,546	543,325
Government ERDF/ESF grant	591,468	557,081	591,468	557,081
European Union ERDF/ESF grant	2,886,859	2,692,299	2,886,859	2,692,299
<b>Total grant and subvention</b>	<b>111,421,997</b>	<b>103,478,222</b>	<b>111,421,997</b>	<b>103,478,222</b>
Externally funded projects	11,693,696	9,171,161	11,693,696	9,171,161
Registration and tuition fees	8,176,524	8,102,029	8,176,524	8,102,029
Matsec fees	1,101,185	2,873,567	1,101,185	2,873,567
Consultancy services	33,233	101,825	33,233	106,718
Playschool and summer school	313,377	245,989	313,377	245,989
Sponsorship	465,555	303,313	465,555	303,313
Donations	84,537	26,192	84,537	26,192
Courses and seminars	1,674,631	211,091	326,935	211,091
Accommodation and other ancillary services	390,093	1,585,373	-	-
Other income	4,726,835	2,253,543	3,582,891	2,116,848
	<b>28,659,666</b>	<b>24,874,083</b>	<b>25,777,933</b>	<b>23,156,908</b>
<b>Total income</b>	<b>140,081,663</b>	<b>128,352,305</b>	<b>137,199,930</b>	<b>126,635,130</b>

In 2022, other income for the group includes a gain on disposal of subsidiary amounting to €1,008,254. Refer to the following note.

### Disposal of subsidiary

During the year, the group disposed of 291,172 ordinary shares in Malta University Residence Ltd. for the consideration of €1,050,010 in cash, €250,000 preference shares in a related company and an additional amount still receivable of €88,828. The following table summarises the carrying value of the assets and liabilities disposed at the respective transaction date as well as the resulting gain on disposal.

	2022
	€
<b>Assets:</b>	
Trade and other receivables	60,520
Cash and cash equivalents	418,292
Current tax asset	95,328
Carrying value of assets disposed	<b>574,140</b>

**Liabilities:**

Trade and other payables	(141,843)
Current tax liability	(51,713)
Carrying value of liabilities released	<u>(193,556)</u>
Net assets disposed	380,584
Consideration attributable to the disposal of subsidiary	<u>1,388,838</u>
Net gain on disposal	<u>1,008,254</u>
Reported within:	
Income Statement - Income - Other income	1,008,254

**7 Staff costs and pension costs**

Staff costs comprising salaries, wages and national insurance contributions are as follows:

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Academic:				
- University	54,923,011	51,956,348	54,923,011	51,956,348
- Junior College	8,357,231	7,449,266	8,357,231	7,449,266
- Externally funded	916,804	1,206,323	916,804	1,206,323
Non-academic:				
- University	31,296,302	28,897,285	31,296,302	28,897,285
- Junior College	1,243,627	1,145,958	1,243,627	1,145,958
- Externally funded	5,634,690	4,441,383	5,634,690	4,441,383
- Other	1,783,906	1,552,399	-	-
<b>Total staff costs and pension costs</b>	<b>104,155,571</b>	<b>96,648,962</b>	<b>102,371,665</b>	<b>95,096,563</b>

Average number of persons employed during the year:

	Group		University	
	2022	2021	2022	2021
	No.	No.	No.	No.
Academic	1,000	998	1,000	998
Managerial, Administrative, Technical and Industrial Staff	1,273	1,355	1,231	1,302
	<u>2,273</u>	<u>2,353</u>	<u>2,231</u>	<u>2,300</u>

## 8 Other operating expenses

Other operating expenses are classified by their nature as follows:

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Non-capitalised expenditures	1,817,083	1,296,270	1,803,363	1,296,270
Library books and periodicals	2,837,113	2,740,511	2,837,113	2,740,511
Repairs and maintenance related costs	3,235,377	2,958,766	3,209,924	2,958,766
Allocation to work resources and research projects funds	3,596,157	3,242,291	3,596,157	3,242,291
Laboratory and office supplies	2,979,999	3,129,262	2,979,999	3,129,262
Energy and communications	2,224,616	2,002,938	2,211,551	2,002,938
Depreciation of property, plant and equipment	10,071,136	7,979,846	9,986,882	7,872,165
Depreciation of right-of-use assets	737,675	588,221	737,675	413,514
Interest expense on lease liabilities	119,735	41,540	119,735	35,277
Other expenses	9,448,155	6,871,940	9,672,017	6,931,455
<b>Total other operating expenses</b>	<b>37,067,046</b>	<b>30,851,585</b>	<b>37,154,416</b>	<b>30,622,449</b>

Included above are costs amounting to € 820,338 (2021: € 841,431) relating to the Junior College.

Auditor's remuneration for the current financial year amounted to € 27,400 (2021: € 14,500) for the University and € 39,850 (2021: € 32,540) for the Group.

## 9 Tax expense

Under the terms of section 12 (1)(a) of the Income Tax act, Cap. 123, the income of the University of Malta is exempt from tax. The tax expense in the Group's statements of comprehensive income relates to the tax charge incurred by the subsidiaries.

The relationship between the expected tax expense based on the effective tax rate of the Group at 35% (2021: 35%) and the actual tax expense recognised in the income and expenditure accounts can be reconciled as follows:

	Group	
	2022	2021
	€	€
Deficit before tax	(3,935,889)	(684,163)
Tax rate	35%	35%
<b>Expected tax income/(expense)</b>	<b>1,377,561</b>	<b>239,457</b>
<b>Adjustments for the tax effect of:</b>		
- Income subject to tax at 15%	6,420	5,612
- Expenses not deductible for tax purposes	(72)	(1,288)
- Temporary differences not recognised	368	(724)
- Other differences	(1,812,798)	(227,816)
<b>Actual tax (expense)/income</b>	<b>(428,521)</b>	<b>15,241</b>
<b>Comprising:</b>		
Current tax expense	(291,110)	(4,815)
Deferred tax income	(137,411)	20,056
<b>Total tax (expense)/income</b>	<b>(428,521)</b>	<b>15,241</b>

Refer to note 13 for information on the Group's deferred tax assets and liability.

## 10 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

GROUP	Building improvements	Plant, machinery & lab equipment	Furniture, fixtures & office equipment	Computer hardware, software & network infrastructure	Other assets	Assets in the course of construction	Total
	€	€	€	€	€	€	€
<b>Cost</b>							
At 1 October 2020	61,590,071	41,963,946	17,927,831	13,486,893	2,284,375	33,733,969	170,987,085
Additions	11,508,289	5,210,937	555,961	824,185	1,308	1,378,596	19,479,276
At 30 September 2021	<b>73,098,360</b>	<b>47,174,883</b>	<b>18,483,792</b>	<b>14,311,078</b>	<b>2,285,683</b>	<b>35,112,565</b>	<b>190,466,361</b>
<b>Depreciation</b>							
At 1 October 2020	17,586,486	31,781,380	12,075,567	11,390,035	2,031,070	-	74,864,538
Charge for the year	2,504,143	3,495,030	1,246,431	716,995	17,247	-	7,979,846
At 30 September 2021	<b>20,090,629</b>	<b>35,276,410</b>	<b>13,321,998</b>	<b>12,107,030</b>	<b>2,048,317</b>	<b>-</b>	<b>82,844,384</b>
<b>Carrying amount at 30 September 2021</b>	<b>53,007,731</b>	<b>11,898,473</b>	<b>5,161,794</b>	<b>2,204,048</b>	<b>237,366</b>	<b>35,112,565</b>	<b>107,621,977</b>
<b>Cost</b>							
At 1 October 2021	73,098,360	47,174,883	18,483,792	14,311,078	2,285,683	35,112,565	190,466,361
Additions	5,847,276	2,860,179	1,218,112	842,953	50,551	2,039,993	12,859,064
At 30 September 2022	<b>78,945,636</b>	<b>50,035,062</b>	<b>19,701,904</b>	<b>15,154,031</b>	<b>2,336,234</b>	<b>37,152,558</b>	<b>203,325,425</b>
<b>Depreciation</b>							
At 1 October 2021	20,090,629	35,276,410	13,321,998	12,107,030	2,048,317	-	82,844,384
Charge for the year	3,349,542	4,249,971	1,431,104	1,008,211	44,166	-	10,082,994
At 30 September 2022	<b>23,440,171</b>	<b>39,526,381</b>	<b>14,753,102</b>	<b>13,115,241</b>	<b>2,092,483</b>	<b>-</b>	<b>92,927,378</b>
<b>Carrying amount at 30 September 2022</b>	<b>55,505,465</b>	<b>10,508,681</b>	<b>4,948,802</b>	<b>2,038,791</b>	<b>243,751</b>	<b>37,152,558</b>	<b>110,398,047</b>



## 10 Property, plant and equipment - continued

Details of the University's property, plant and equipment and their carrying amounts are as follows:

UNIVERSITY	Building improvements	Plant, machinery & lab equipment	Furniture, fixtures & office equipment	Computer hardware, software & network infrastructure	Other assets	Assets in the course of construction	Total
	€	€	€	€	€	€	€
<b>Cost</b>							
At 1 October 2020	59,360,514	41,550,062	17,137,986	13,378,422	1,932,534	33,733,969	167,093,487
Additions	11,508,289	5,107,078	547,530	824,185	1,304	1,378,596	19,366,982
At 30 September 2021	<b>70,868,803</b>	<b>46,657,140</b>	<b>17,685,516</b>	<b>14,202,607</b>	<b>1,933,838</b>	<b>35,112,565</b>	<b>186,460,469</b>
<b>Depreciation</b>							
At 1 October 2020	16,516,894	31,316,091	11,328,926	11,289,899	1,864,759	-	72,316,569
Charge for the year	2,471,063	3,438,920	1,220,842	716,995	9,861	-	7,857,681
At 30 September 2021	<b>18,987,957</b>	<b>34,755,011</b>	<b>12,549,768</b>	<b>12,006,894</b>	<b>1,874,620</b>	<b>-</b>	<b>80,174,250</b>
<b>Carrying amount at 30 September 2021</b>	<b>51,880,846</b>	<b>11,902,129</b>	<b>5,135,748</b>	<b>2,195,713</b>	<b>59,218</b>	<b>35,112,565</b>	<b>106,286,219</b>
<b>Cost</b>							
At 1 October 2021	70,868,803	46,657,140	17,685,516	14,202,607	1,933,838	35,112,565	186,460,469
Additions	5,847,276	2,799,090	1,150,300	779,510	4,093	2,039,993	12,620,263
At 30 September 2022	<b>76,716,079</b>	<b>49,456,230</b>	<b>18,835,816</b>	<b>14,982,117</b>	<b>1,937,931</b>	<b>37,152,558</b>	<b>199,080,732</b>
<b>Depreciation</b>							
At 1 October 2021	18,987,957	34,755,011	12,549,768	12,006,894	1,874,620	-	80,174,250
Charge for the year	3,322,057	4,223,006	1,408,869	989,842	9,642	-	9,953,417
At 30 September 2022	<b>22,310,014</b>	<b>38,978,017</b>	<b>13,958,637</b>	<b>12,996,736</b>	<b>1,884,262</b>	<b>-</b>	<b>90,127,667</b>
<b>Carrying amount at 30 September 2022</b>	<b>54,406,065</b>	<b>10,478,213</b>	<b>4,877,179</b>	<b>1,985,382</b>	<b>53,669</b>	<b>37,152,558</b>	<b>108,953,065</b>

Depreciation expense for the year has been included within 'other operating expenses' in the income and expenditure accounts.

## 11 Right-of-use assets

The University and the Group's right-of-use assets are as follows:

	Group €	University €
<b>Gross carrying amount</b>		
At 01 October 2020	4,258,494	2,860,871
Additions	57,377	57,377
At 30 September 2021	<u>4,315,871</u>	<u>2,918,248</u>
Additions	4,295,236	4,295,236
Write off during year	(1,397,623)	-
At 30 September 2022	<u>7,213,484</u>	<u>7,213,484</u>
<b>Depreciation</b>		
At 01 October 2020	2,878,155	1,698,911
Provision for the year	588,217	413,514
At 30 September 2021	<u>3,466,372</u>	<u>2,112,425</u>
Provision for the year	737,676	737,676
Write off during year	(1,353,947)	-
At 30 September 2022	<u>2,850,101</u>	<u>2,850,101</u>
<b>Carrying amount</b>		
At 30 September 2021	<u>849,499</u>	<u>805,823</u>
At 30 September 2022	<u>4,363,383</u>	<u>4,363,383</u>

The depreciation charge on right-of-use assets was included in the 'other operating expenses'.

The University and the Group has elected to disclose right-of-use assets separately in these financial statements. The information pertaining to the gross carrying amount and depreciation recognised during the year is included in the above table.

Information pertaining to lease liabilities and their corresponding maturities are disclosed separately in note 23.

The University and the Group has applied a flat borrowing rate of 3.1% to lease liabilities recognised under IFRS 16 on all leases.

## 12 Investment in subsidiaries

	University	
	2022	2021
	€	€
At 30 September	948,313	948,313

The subsidiaries, all of which are unquoted at 30 September are shown below:

	Held directly by a subsidiary		Effective holding	
	2022	2021	2022	2021
	%	%	%	%
Malta University Consulting Limited	100	100	100	100
Malta University Broadcasting Limited	100	100	100	100
Malta University Residence Limited	-	100	-	100
Malta University Holding Company Limited	-	-	100	100
Malta University Innovation Portfolio Ltd	-	-	100	100

The registered office of all the mentioned subsidiaries is 'University of Malta', Tal-Qroqq, Msida MSD 2080, Malta.

The principal activities of the subsidiaries are as follows:

### Malta University Consulting Limited

To initiate and monitor technology transfer, to strengthen education and industry relationships in Malta as well as between Malta and other countries by providing related consultancy, management and educational services and projects.

### Malta University Broadcasting Limited

To carry on the operation of a radio broadcasting station, covering the Maltese Islands, on behalf of the University of Malta.

### Malta University Residence Limited

To carry on the operation of an accommodation complex.

During the year, MUHC disposed of 291,172 ordinary shares in Malta University Residence Ltd. for the considerations of €1,050,000 in cash and €250,000 preference shares in the company and an additional amount still receivable of €88,828. The net asset value of the company at the date of disposal was €380,000.

### Malta University Holding Company Limited

To act as a financial holding company and invest in the equity of limited liability companies set up by the University of Malta. It is also involved in the operation of hotel accommodation.

### Malta University Innovation Portfolio Ltd

To establish, invest in, and hold shares in other start-up or established juridical person whether in the form of a company, partnership or similar activity as well as organisations formed to undertake economic activity, and that are drivers of or participants in innovative efforts of an ethical and lawful nature.

### 13 Deferred tax assets (liability)

#### Group

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2021: 35%).

Deferred taxes arising from temporary differences and capital allowances can be summarised as follows:

	1 October 2021	Recognised in income and expenditure accounts	30 September 2022
	€	€	€
<b>Non-current assets</b>			
Property, plant and equipment	87,701	(99,494)	(11,793)
Investments	30,869	(16,072)	14,797
<b>Current assets</b>			
Trade receivables	5,501	-	5,501
Inventories	(1,077)	-	(1,077)
<b>Unutilised capital allowances</b>	24,840	(21,845)	2,995
<b>Total</b>	<u>147,834</u>	<u>(137,411)</u>	<u>10,423</u>
<b>Recognised as:</b>			
- Deferred tax assets	<u>158,917</u>		<u>40,703</u>
- Deferred tax liability	<u>(11,083)</u>		<u>(30,280)</u>

Deferred taxes for comparative period 2021 is as follows:

	1 October 2020	Recognised in income and expenditure accounts	30 September 2021
	€	€	€
<b>Non-current assets</b>			
Property, plant and equipment	99,689	(11,988)	87,701
Investments	14,797	-	14,797
<b>Current assets</b>			
Trade receivables	4,494	1,007	5,501
Inventories	(1,077)	-	(1,077)
<b>Unutilised capital allowances</b>	9,875	31,037	40,912
<b>Total</b>	<u>127,778</u>	<u>20,056</u>	<u>147,834</u>
<b>Recognised as:</b>			
- Deferred tax assets	<u>154,597</u>		<u>158,917</u>
- Deferred tax liability	<u>(26,819)</u>		<u>(11,083)</u>

## 14 Investments

As at the year end, the Group held total investments amounting to € 1,281,398 (2021: € 967,100). These are classified into investments held to maturity of € 130,100 (2021: € 130,100), debt securities at FVOCI of € 973,750 (2021: € 818,250), equity securities at amortised cost of €262,500 (2021: € 18,750) and investments in joint venture, net liability of € 84,952 (2021: net liability of € 84,960).

### Debt securities at amortised cost

	Group and University	
	2022	2021
	€	€
2.30% Malta Government Stock 2029	40,000	40,000
2.40% Malta Government Stock 2041	56,500	56,500
3.00% Malta Government Stock 2040	13,600	13,600
5.10% Malta Government Stock 2029	20,000	20,000
	<b>130,100</b>	<b>130,100</b>

The debt securities are quoted on the Malta Stock Exchange. The market value of these debt securities at 30 September 2022 was € 128,694 (2021: € 157,052).

### Debt securities at FVOCI

	Group	
	2022	2021
	€	€
At 1 October	818,250	804,265
Additions	300,009	-
Disposals	(102,000)	-
Fair value adjustment	(42,509)	13,985
At 30 September	<b>973,750</b>	<b>818,250</b>

These debt securities are listed bonds stated at fair value. Changes in fair value during the year have been recognised in other comprehensive income.

These debt securities are denominated in euro and are publicly traded on the Malta Stock Exchange. Fair values have been determined by reference to their quoted bid prices at the reporting date.

### Equity securities at amortised cost

	Group	
	2022	2021
	€	€
At 1 October	18,750	25,000
Additions	250,000	-
Impairment loss	(6,250)	(6,250)
At 30 September	<b>262,500</b>	<b>18,750</b>

These equity securities represent investments in local unquoted entities carried at cost, as their fair value cannot be reliably measured.

As at year end, the Group also held shares in another unquoted entity, for which no consideration was paid. These shares are also measured at cost as their fair value cannot be reliably measured.

#### Investment in joint ventures

	Group	
	2022	2021
	€	€
At 1 October	(84,960)	(29,321)
Additions	-	600
Share of loss from joint ventures	8	(56,239)
At 30 September	<u>(84,952)</u>	<u>(84,960)</u>

#### P.E.I. Limited

On 17 August 2015, Malta University Holding Company Limited incorporated P.E.I. Limited in which it directly holds 50% of the ordinary shares. Its principal activity is to set up a crowdfunding platform and other services related to crowdfunding. The company's registered office is at 'University of Malta', Tal-Qroqq, Msida MSD 2080, Malta.

Financial information of this joint venture can be summarised as follows:

	2022	2021
	€	€
Total assets	490,267	331,415
Total liabilities	(490,483)	(426,261)
Net liabilities	<u>(216)</u>	<u>(94,846)</u>
<b>Group's share of net liabilities of the joint venture</b>	<u>(108)</u>	<u>(47,423)</u>
Revenues	32,773	28,244
Loss for the year	(32,989)	(58,374)
<b>Group's share of loss in joint venture</b>	<u>(16,495)</u>	<u>(29,187)</u>

The Group's interests in the joint venture is unquoted, hence fair value cannot be determined.

The carrying amount of investment in joint venture as at 30 September 2022 and 2021 is recognised under 'Trade and other payables' in the statements of financial position. The Group recognises its share of losses in relation to its interest in joint venture because the Group has an obligation in respect of these losses.

*Flasc B.V.*

On 3 December 2019, Malta University Innovation Portfolio Ltd incorporated Flasc B.V. in which it directly holds 50% of the ordinary shares. Its principal activity is to perform research and development related to offshore energy storage. The company's registered office is at Paardenmarkt 1, 2611PA Delft, The Netherlands.

Financial information of this joint venture can be summarised as follows:

	2022	2021
	€	€
Total assets	274,770	30,634
Total liabilities	(211,866)	(154,871)
Net liabilities	<u>62,904</u>	<u>(124,237)</u>
<b>Group's share of net assets/(liabilities) of the joint venture</b>	<u><b>31,452</b></u>	<u><b>(62,119)</b></u>
Profit/(loss) for the year	<u>204,439</u>	<u>(54,104)</u>
<b>Group's share of profit/(loss) in joint venture</b>	<u><b>102,220</b></u>	<u><b>(27,052)</b></u>

The Group's interests in this joint venture is unquoted, hence fair value cannot be determined.

The carrying amount of investment in joint venture as at 30 September 2022 and 2021 is recognised under 'Trade and other payables' in the statements of financial position. The Group recognises its share of losses in relation to its interest in joint venture because the Group has an obligation in respect of these losses.

*De Novo Cell Ltd.*

On 20 January 2021, Malta University Innovation Portfolio Ltd incorporated De Novo Cell Ltd in which it directly holds 50% of the ordinary shares. Its principal activity is to perform research and development related to the production of induced pluripotent stem cells (iPSCs) from cord blood mononuclear cells. The company's registered office is at University of Malta, Msida, Malta.

Financial information of this joint venture can be summarised as follows:

	2022	2021
	€	€
Total assets	130,276	5,789
Total liabilities	(295,267)	(29,392)
Net liabilities	<u>(164,991)</u>	<u>(23,603)</u>
<b>Group's share of net (liabilities) of the joint venture</b>	<u><b>(82,496)</b></u>	<u><b>(11,802)</b></u>
Loss for the year	<u>(117,807)</u>	<u>(23,603)</u>
<b>Group's share of loss in joint venture</b>	<u><b>(58,904)</b></u>	<u><b>(11,802)</b></u>

The Group's interests in this joint venture is unquoted, hence fair value cannot be determined.

The carrying amount of investment in joint venture as at 30 September 2022 and 2021 is recognised under 'Trade and other payables' in the consolidated statements of financial position. The Group recognises its share of losses in relation to its interest in joint venture because the Group has an obligation in respect of these losses.

## 15 Trade and other receivables

Trade and other receivables consist of the following:

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
<b>Current</b>				
Trade receivables, gross	3,370,119	3,510,042	3,238,750	3,405,064
Allowance for credit losses	(326,116)	(243,916)	(310,398)	228,198
Trade receivables, net	3,044,003	3,266,126	2,928,352	3,176,866
Amounts owed by subsidiaries	-	-	391,904	741,893
Amounts owed by related parties	770,171	733,748	729,006	477,809
Accrued grant receivable on pension costs	8,262,356	7,427,417	8,262,356	7,427,417
Accrued income on externally funded projects	21,543,136	15,216,935	21,543,136	15,216,935
Other receivables	4,344,409	3,559,267	4,344,409	3,566,294
Other accrued income	6,632,028	4,620,851	6,390,139	4,387,951
<b>Financial assets measured at amortised cost</b>	<b>44,596,103</b>	<b>34,824,344</b>	<b>44,589,302</b>	<b>34,995,165</b>
Prepayments and deferred expenditure	2,279,661	2,236,882	2,256,842	2,220,935
Advance payment to creditors	-	400,602	-	400,602
VAT refundable	40,771	25,379	-	-
Other receivables	139,026	131,140	125,076	127,502
<b>Total trade and other receivables</b>	<b>47,055,561</b>	<b>37,618,347</b>	<b>46,971,220</b>	<b>37,744,204</b>
<b>Non-current</b>				
Accrued grant receivables on pension costs	5,754,656	8,025,238	5,754,656	8,025,238

Amounts owed by subsidiaries and related parties are unsecured, interest free and repayable on demand.

The carrying value of trade and other receivables is considered a reasonable approximation of fair value.

The University has provided an undertaking to one of its subsidiaries not to demand repayment of € 339,231 (2021: € 444,297) unless the subsidiary has sufficient funds to repay all other liabilities.

In determining the recoverability of trade receivables, the University and the Group consider any change in the credit quality of each trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in trade receivables are debtors with a carrying amount of € 3,038,430 (2021: € 3,040,348) which are past due at the reporting date for which the University and the Group have not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:



	Group and University	
	2022	2021
	€	€
Between 1 and 2 months overdue	230,781	147,950
Between 2 and 3 months overdue	169,788	168,058
Over 3 months overdue	2,637,861	2,724,340
	<u>3,038,430</u>	<u>3,040,348</u>

In addition, certain trade receivables were found to be impaired and a provision has been recorded accordingly. The movement in the allowance for credit losses is as follows:

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
At 1 October	243,916	271,744	228,198	258,904
Decrease in provision	82,200	(27,828)	82,200	(30,706)
At 30 September	<u>326,116</u>	<u>243,916</u>	<u>310,398</u>	<u>228,198</u>

## 16 Inventories

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Finished goods and goods for resale	<u>52,763</u>	<u>43,225</u>	-	-

No inventory write-downs were required in the consolidated statements of comprehensive income for both years.

## 17 Capital projects funding

	Group and University	
	2022	2021
	€	€
At beginning of year	13,102,615	17,809,237
Capital projects payments effected by the University during the year	4,744,710	4,292,262
	<u>17,847,325</u>	<u>22,101,499</u>
Remittances received from Government	(5,431,965)	(8,998,884)
Reclassifications during the year	(1,694,169)	-
At end of year	<u>10,721,191</u>	<u>13,102,615</u>

## 18 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		University	
	2022 €	2021 €	2022 €	2021 €
Cash at bank and in hand	21,166,316	23,530,613	18,502,364	21,457,231
Overdrawn bank balance	-	(9,835)	-	(9,835)
	<b>21,166,316</b>	<b>23,520,778</b>	<b>18,502,364</b>	<b>21,447,396</b>

As at the end of the reporting period, the University held bank balances in custody amounting to € 28,086 (2021: € 44,876) relating to the Confucius Institute. The University of Xiamen has transferred such funds to the University of Malta to finance the opening and the operation of the Confucius Institute.

## 19 Specific endowment funds

	Group and University	
	2022 €	2021 €
A. Cachia Zammit Prize	1,337	1,337
Prof. J.J. Mangion Prize	932	932
Colombos Scholarships	1,928	1,928
Prof. Griffiths Prize	233	233
University Students' Bursaries	2,329	2,329
Corinthia Paediatric Fund	4,659	4,659
Anna Muscat Azzopardi Prize	2,165	2,165
Hugh Muscat Azzopardi Prize	1,571	1,571
BMA-UM Travelling Fellowship	3,704	3,704
Fund Karmen Micallef Buhagiar	3,436	3,436
Paul and Elvira Saliba Attard Fund	1,073	1,073
Prof. John Borg Fund	9,317	9,317
Prof. Craig Memorial Fund	26,087	26,087
Prof. Keith Richardson Fund	232,937	232,937
Prof. G. Chamberlain Prize	596	596
<b>Total</b>	<b>292,304</b>	<b>292,304</b>

Endowment funds are derived from gifts and donations to the University and can only be used for specific purposes. The individual funds' income and expenditure is included within the University's main income and expenditure account. In most cases, the University contributes from its own funds to achieve the objectives of the funds' specific purposes, particularly with respect to funds set up many years ago.

## 20 Capital fund

This represents the equivalent of the total cost of investments made by the University in subsidiary and associated companies as at 31 December 1993 amounting to € 80,364, which were previously expensed, together with a loan to Malta University Broadcasting Limited amounting to € 58,234 which was also previously expensed.

## 21 Special reserve

In 30 September 2012, the University sold the old Medical School building for an amount of € 4,800,000 on the condition that funds are used to buy another property.

## 22 Deferred grants

	Group and University		
	Government funding €	ERDF funding €	Total €
Opening balance as at 1 October 2020	50,173,366	38,840,387	89,013,753
Increase due to asset additions	4,457,207	14,616,520	19,073,727
Released to income and expenditure account	(4,077,546)	(3,193,224)	(7,270,770)
Closing balance as at 30 September 2021	<u>50,553,027</u>	<u>50,263,683</u>	<u>100,816,710</u>
Opening balance as at 1 October 2021	50,553,027	50,263,683	100,816,710
Increase due to asset additions	662,604	6,701,142	7,363,746
Released to income and expenditure account	(1,683,668)	(3,421,270)	(5,104,938)
Reclassifications during the year	(4,263,910)	631,482	(3,632,428)
Closing balance as at 30 September 2022	<u>45,268,053</u>	<u>54,175,037</u>	<u>99,443,090</u>

Deferred grants are credited to the income and expenditure account over the remaining useful lives of the assets. It is expected that € 8,044,251 (2021: € 7,347,809) will be released to income in the next twelve months.

## 23 Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		University	
	2022 €	2021 €	2022 €	2021 €
<b>Current:</b>				
Lease Liabilities	524,244	440,035	524,244	375,369
<b>Non-Current:</b>				
Lease Liabilities	3,970,737	494,211	3,970,737	494,211
<b>Total Lease Liabilities</b>	<u>4,494,981</u>	<u>934,246</u>	<u>4,494,981</u>	<u>869,580</u>

The University and the Group lease building and office spaces from third parties. These leases are included as a right-of-use assets in the consolidated statements of financial position (see note 11), with the exception of short-term leases (leases with an effected term of 12 months or less) and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of group sales) are excluded from the initial measurement of the lease liability and asset.

Each lease contract imposes a restriction that, unless there is a contractual right for the University and the Group to sublet the asset to another party, the right-of-use assets can only be used by the University and the Group. The University and the Group is prohibited from lending or transferring the underlying leased assets. Upon termination, the right-of-use assets shall be returned to the lenders in as good a condition as when received by the University and the Group, except for reasonable wear and tear. The University and the Group shall ensure that these assets are at all times kept in a good state of repair and return the properties in their original condition at the end of the lease. Further, the University and the Group must insure the building and office spaces and incur maintenance fees on such items in accordance with the lease contract.

Right-of-use assets	No of right-of-use asset leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with termination options
Building	17	2 - 5	2 - 5	-	-
Office spaces	0	2 - 10	2 - 10	-	-

The Group's future minimum lease payments are as follows:

Group	Minimum lease payments			Total €
	Not later than one year €	Later than one year but not later than five years €	Later than five years €	
<b>30 September 2022</b>				
Lease payments	637,794	2,072,960	2,962,956	5,673,710
Finance charges	(134,123)	(393,629)	(286,168)	(813,920)
<b>Net present values</b>	<b>503,671</b>	<b>1,679,331</b>	<b>2,676,788</b>	<b>4,859,790</b>
<b>30 September 2021</b>				
Lease payments	464,198	510,060	14,600	988,858
Finance charges	(24,221)	(29,740)	(651)	(54,612)
<b>Net present values</b>	<b>439,977</b>	<b>480,320</b>	<b>13,949</b>	<b>934,246</b>

The University's future minimum lease payments are as follows:

University	Minimum lease payments			Total €
	Not later than one year €	Later than one year but not later than five years €	Later than five years €	
<b>30 September 2022</b>				
Lease payments	637,794	2,072,960	2,962,956	5,673,710
Finance charges	(134,123)	(393,629)	(286,168)	(813,920)
<b>Net present values</b>	<b>503,671</b>	<b>1,679,331</b>	<b>2,676,788</b>	<b>4,859,790</b>
<b>30 September 2021</b>				
Lease payments	399,198	510,060	14,600	923,858
Finance charges	(23,829)	(29,798)	(651)	(54,278)
<b>Net present values</b>	<b>375,369</b>	<b>480,262</b>	<b>13,949</b>	<b>869,580</b>

#### Lease payments not recognised as a liability

The University and the Group have elected not to recognise a lease liability for short-term leases (leases with an expected lease term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense related to payments for short-term leases not included in the measurement of lease liability amounted to € 346,480 for the University and the Group and is included in the 'other operating expenses' in the consolidated income and expenditure.

Total cash outflow for leases for the year ended 30 September 2022 was € 789,570 and € 789,570 for the University and the Group (2021: € 476,494 and € 731,494) respectively.

## 24 Provision for liabilities and charges

	Group and University	
	2022 €	2021 €
<b>Pension and other post-employment benefit plans</b>		
Present value of unfunded obligation	25,631,077	27,066,720
Crystallised obligation	(11,824,300)	(11,824,300)
	<b>13,806,777</b>	<b>15,242,420</b>
<b>Comprising:</b>		
Current	8,052,121	7,217,182
Non-current	5,754,656	8,025,238
	<b>13,806,777</b>	<b>15,242,420</b>
	Group and University	
	2022 €	2021 €
Past service cost	8,653,421	9,491,839
Expected to crystallise in the next 12 months	828,267	838,418
Average discount rate	3.21%	0.52%
Average life expectancy	83 and 102 years	82 and 100 years

The pension provision mainly reflects past service costs. Included in the provision of € 8,653,421 (2021: €9,491,839) is an amount of € 828,267 (2021: € 838,418) which is expected to crystallise in the next 12 months.

This pension scheme, which is set up in accordance with the Pensions Ordinance, 1937, falls under the category of 'Defined Benefit Plan' within the scope of IAS 19, Employee Benefits.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. As originally provided for in the Pensions Ordinance, 1937, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Furthermore, qualifying employees, must have worked for Government for a minimum of ten years, been employed by Government prior to 1979 and must have remained in service with the University of Malta until retirement (the vesting period), in order to be unconditionally eligible to receive a pension under the scheme.

The University provides for the obligation arising in terms of Article 8A of the Pensions Ordinance, Cap 93 of the laws of Malta, covering those ex-Government employees who opted to become full-time employees of the University, and who continued to be entitled to pension rights which go beyond the National Insurance Scheme. The scheme is a final salary defined benefit plan and is unfunded.

#### Discount rates

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields for Malta Government Stocks that have terms to maturity approximating to the terms of the related pension liability. As at 30 September 2022, the weighted average discount rate used was 3.21% (2021: 0.52%).

#### Mortality assumptions

Assumptions regarding future mortality experience are set based on published mortality tables in the United Kingdom and in Malta, which translate into an average life expectancy ranging between 83 and 102 years (2021: 82 and 100 years) depending on the age and gender of the beneficiaries.

The movement in the pension and other post-employment benefit plan over the year is as follows:

	Group and University	
	2022	2021
	€	€
At beginning of year	15,242,420	15,333,134
Actuarial losses	219,397	(333,798)
Interest costs	(1,100,419)	(28,256)
Past and current service costs	(554,621)	909,266
Crystallised obligation	-	(637,926)
At end of year	<u>13,806,777</u>	<u>15,242,420</u>

**25 Funds designated for specific purposes**

The movement in these funds during the year was as follows:

	University				Group	
	Balance at 1 October 2021	Reclassifications and transfers	Receipts/ (payments)	Deferred income on fixed assets	Balance at 30 September 2022	Balance at 30 September 2022
<b>Academic</b>						
Research	516,521	1,341,598	75,265	(16,295)	1,917,089	1,917,089
Departmental funds	11,409,169	(2,007,160)	(12,589)	(126,928)	9,262,492	9,124,761
	<b>11,925,690</b>	<b>(665,562)</b>	<b>62,676</b>	<b>(143,223)</b>	<b>11,179,581</b>	<b>11,041,850</b>
<b>Operational resources</b>						
Purchase of equipment	(119,105)	-	-	-	(119,105)	(119,105)
Campus network development	1,023,580	-	-	-	1,023,580	1,023,580
	<b>904,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>904,475</b>	<b>904,475</b>
<b>Other</b>						
Prizes, scholarships and bursaries	572,284	2,536,605	-	-	3,108,889	3,108,889
Bench fees	1,382,137	(115,843)	-	(29,183)	1,237,111	1,237,111
Other	33,309	-	27,337	1	60,647	60,647
	<b>1,987,730</b>	<b>2,420,762</b>	<b>27,337</b>	<b>(29,182)</b>	<b>4,406,647</b>	<b>4,406,647</b>
<b>Total funds</b>	<b>14,817,895</b>	<b>1,755,200</b>	<b>90,013</b>	<b>(172,405)</b>	<b>16,490,703</b>	<b>16,352,972</b>

Movement in funds designated for specific purposes for the comparative period 2021 was as follows:

	University				Group	
	Balance at 1 October 2020	Reclassific ations and transfers	Receipts/ (payments)	Deferred income on fixed assets	Balance at 30 September 2021	Balance at 30 September 2021
<b>Academic</b>						
Research	371,154	64,705	93,970	(13,308)	516,521	516,521
Departmental funds	10,016,934	1,456,825	34,390	(98,980)	11,409,169	11,271,438
	<b>10,388,088</b>	<b>1,521,530</b>	<b>128,360</b>	<b>(112,288)</b>	<b>11,925,690</b>	<b>11,787,959</b>
<b>Operational resources</b>						
Purchase of equipment	(119,105)	-	-	-	(119,105)	(119,105)
Campus network development	1,023,580	-	-	-	1,023,580	1,023,580
	<b>904,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>904,475</b>	<b>904,475</b>
<b>Other</b>						
Prizes, scholarships and bursaries	557,454	14,801	29	-	572,284	572,284
Bench fees	1,295,407	144,298	(34,918)	(22,650)	1,382,136	1,382,137
Other	-	-	33,309	-	33,309	33,309
	<b>1,852,861</b>	<b>159,099</b>	<b>(1,580)</b>	<b>(22,650)</b>	<b>1,987,730</b>	<b>1,987,730</b>
<b>Total funds</b>	<b>13,145,424</b>	<b>1,680,629</b>	<b>126,780</b>	<b>(134,938)</b>	<b>14,817,895</b>	<b>14,680,164</b>



## 26 Trade and other payables

Trade and other payables consist of the following:

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Current				
Trade payables	2,284,057	2,284,683	2,110,259	2,237,093
Amounts owed to subsidiaries	-	-	177,513	109,042
Accruals	12,266,601	7,902,984	11,874,259	7,716,147
Deferred income on externally funded projects	36,218,496	27,363,668	36,218,496	27,363,668
Other payables	3,280,444	4,851,403	3,126,039	4,560,689
<b>Financial liabilities measured at amortised cost</b>	<b>54,049,598</b>	<b>42,402,738</b>	<b>53,506,566</b>	<b>41,986,639</b>
Indirect taxes and social security contributions	2,608,094	4,274,044	2,556,700	4,263,541
Deferred income and advance payments from customers	276,354	1,600,767	-	1,099,785
Other payables	1,102,059	218,814	855,444	121,341
<b>Total trade and other payables</b>	<b>58,036,105</b>	<b>48,496,363</b>	<b>56,918,710</b>	<b>47,471,306</b>

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand.

The carrying value of trade and other payables is considered a reasonable approximation of fair value.

Other payables mainly relate to unused academic work resources fund that the academic staffs can bring forward subsequently for eventual use in accordance with the Academic Collective Agreement.

## 27 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Council considers the Government of Malta and the University companies disclosed in notes 12 and 14 to be related parties. The University and its subsidiaries conduct transactions in the normal course of business with the Government of Malta and with other state-controlled enterprises. Disclosures in relation to government grants are included in notes 17 and 22.

Outstanding balances are usually settled in cash. Year end balances with related parties are disclosed separately in notes 15 and 26.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Transactions with related parties are generally effected on a cost-plus basis. The following transactions were carried out by the University with its subsidiaries:

## 27.1 Transactions with subsidiary companies

	University 2022 €	2021 €
<b>Income</b>		
Subcontracting income recharged to subsidiaries	-	400
Other income recharged to subsidiaries	79,173	3,893
<b>Expenses</b>		
University radio running costs recharged by subsidiary	400,000	352,500
Accommodation expenses recharged by subsidiary	7,885	5,172
Salaries recharged from a subsidiary	2,473	8,025
Other expenses recharged by subsidiaries	225,814	176,084

## 28 Financial risk management

The Group and the University is exposed to credit risk, liquidity risk and market risk through its use of financial instruments, which result from its operating, investing and financing activities. The University and the Group's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the University and the Group's financial performance. The University and the Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years. Council adopts the risk management policies as are provided by Central Government and where these are deemed as insufficient further measures are taken to ensure that risks are adequately and sufficiently covered.

The University and the Group's risk management policies are established to identify and analyse the risks faced by the University and the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the University and Group's activities.

The most significant financial risks to which the University and the Group are exposed are described below. See also note 28.6 for a summary of the University and the Group's financial assets and financial liabilities by category.

### 28.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the University or the Group. The University and the Group are exposed to this risk for various financial instruments, for example by granting loans and receivables, placing deposits, etc.

The University and the Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarized below. The University and the Group do not hold any collateral as security in this respect.

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Classes of financial assets - carrying amounts:				
Debt securities at FVOCI	973,750	818,250	-	-
Debt securities at amortised cost	130,100	130,100	130,100	130,100
Equity securities at amortised cost	262,500	18,750	-	-
Financial assets at amortised cost:				
- Capital projects funding	10,721,191	13,102,615	10,721,191	13,102,615
- Trade and other receivables	47,055,561	42,849,582	46,971,220	43,020,403
- Cash and cash equivalents	21,166,316	23,530,613	18,502,364	21,457,231
	<b>80,309,418</b>	<b>80,449,910</b>	<b>76,324,875</b>	<b>77,710,349</b>

The University and the Group assess the credit quality of customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The University and the Group monitor the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the University's and the Group's receivables taking into account historical experience in collection of accounts receivable.

The University and the Group bank only with local financial institutions with high quality standing or rating.

None of the University or the Group's financial assets are secured by collateral or other credit enhancements.

Trade and other receivables include amounts relating to accrued grants and accrued income totaling € 35,560,148 (2021: € 30,669,590). Such amounts are principally receivables from related parties and accordingly credit risk is not considered significant.

The University and the Group manage credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers as at the reporting date are within controlled parameters. The University's and the Group's receivables, which are not impaired financial assets, except as referred to below are principally in respect of transactions with customers for whom there is no recent history or default. The Council does not expect any material losses from non-performance by these customers.

#### Trade receivables

The University and Group apply the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 September 2022 and 2021, respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The University and the Group adjust the historical loss rates based on expected changes in these factors.

On the above basis the expected credit loss for trade receivables as at 30 September 2022 and 2021 were determined as follows:

Group and University 30 September 2022	Current	More than 30 days	More than 90 days	More than 180 days	Total
	Expected credit loss rate (%)	0.5%	0.9%	1.2%	
Gross carrying amount (€)	34,882	204,670	230,781	2,807,649	3,277,981
Lifetime expected credit loss	167	1,810	2,688	51,851	56,516
30 September 2021	Current	More than 30 days	More than 90 days	More than 180 days	Total
	Expected credit loss rate (%)	4%	6%	10%	
Gross carrying amount (€)	111,348	204,211	205,607	2,892,398	3,413,564
Lifetime expected credit loss	3,963	13,022	20,857	358,040	395,882

#### Other financial assets at amortised cost

Other financial assets at amortised cost include related party receivables and cash and cash equivalents.

With respect to balances with related parties (as disclosed in note 15), the University assesses the credit quality of these related parties by taking into account financial position, performance and other factors. In measuring the expected credit losses on these balances, management determined the impairment provision independently from third party receivables and as at 30 September 2022, there was no impairment in relation to third party balances. Management take cognisance of the related party relationship with these entities and settlement arrangements in place and does not expect any losses from non-performance or default.

The University and the Group bank with local institutions. At 30 September 2022, cash and cash equivalents of the University and the Group amounting to € 18,502,364 and € 21,166,316 (2021: € 21,457,431 and € 23,530,614), respectively are held with local counterparties with credit ratings of BBB- and are callable on demand. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be insignificant to the University and the Group.

## 28.2 Liquidity risk

The University and the Group are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally funds designated for specific purposes and trade and other payables (refer to notes 25 and 26). 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 University's and the Group's obligations.

The Council monitors expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year. The University and the Group's liquidity risk is not deemed to be material in view of the matching of cash inflows and outflows. The carrying amounts of the University's and the Group's assets are analysed into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date in the respective notes to the consolidated financial statements.

The University's and the Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University and the Group's reputation.

The following are the University and the Group's contractual maturities of financial liabilities measured at amortised cost including estimated future interest payments:

Group	Carrying amount €	Contractual cash flows €	Within 1 year €	Between 2 - 5 years €	More than 5 years €
<b>At 30 September 2022</b>					
Lease liabilities	4,494,981	5,673,710	637,794	2,072,960	2,962,956
Funds designated for specific purpose	16,352,972	16,352,972	16,352,972	-	-
Provision for charges and liabilities	13,806,777	13,806,777	8,052,121	5,754,656	-
Trade and other payables	17,831,102	17,831,102	17,831,102	-	-
	<b>52,485,832</b>	<b>53,664,561</b>	<b>42,873,989</b>	<b>7,827,616</b>	<b>2,962,956</b>
<b>At 30 September 2021</b>					
Lease liabilities	934,246	988,858	464,198	510,060	14,600
Bank overdraft and balance overdrawn	9,835	9,835	9,835	-	-
Funds designated for specific purpose	14,680,164	14,680,164	14,680,164	-	-
Provision for charges and liabilities	15,242,420	15,242,420	7,217,182	3,390,738	4,634,500
Trade and other payables	15,039,070	15,039,070	15,039,070	-	-
	<b>45,905,735</b>	<b>45,960,347</b>	<b>37,410,449</b>	<b>3,900,798</b>	<b>4,649,100</b>

University	Carrying amount €	Contractual cash flows €	Within 1 year €	Between 2 - 5 years €	More than 5 years €
<b>At 30 September 2021</b>					
Lease liabilities	4,494,981	5,673,710	637,794	2,072,960	2,962,956
Funds designated for specific purpose	14,817,895	14,817,895	14,817,895	-	-
Provision for charges and liabilities	14,432,981	14,432,981	8,052,121	6,380,860	-
Trade and other payables	17,110,556	17,110,556	17,110,556	-	-
	<b>50,856,413</b>	<b>52,035,142</b>	<b>40,618,366</b>	<b>8,453,820</b>	<b>2,962,956</b>
<b>At 30 September 2021</b>					
Lease liabilities	869,580	923,858	399,198	510,060	14,600
Bank overdraft and balance overdrawn	9,835	9,835	9,835	-	-
Funds designated for specific purpose	14,817,895	14,817,895	14,817,895	-	-
Provision for charges and liabilities	15,242,420	15,242,420	7,217,182	3,390,738	4,634,500
Trade and other payables	14,622,971	14,622,971	14,622,971	-	-
	<b>45,562,701</b>	<b>45,616,979</b>	<b>37,067,081</b>	<b>3,900,798</b>	<b>4,649,100</b>

### 28.3 Foreign currency risk

The University and the Group have no significant exposure to foreign currency risks as most transactions are denominated in euro, its functional currency.

### 28.4 Price risk

The University and the Group's financial assets are susceptible to market price risk arising from uncertainties about future prices of these instruments. The Council manages this risk by reviewing on a regular basis market value fluctuations arising on the University and the Group's investments.

### 28.5 Fair value and cash flow interest rate risk

The University and the Group's income and operating cash flows are substantially independent of changes in market interest rates. Financial assets issued at fixed rates, consist primarily of listed debt securities which are carried at amortised cost (see note 14). Note 14 incorporates interest rate and maturity information with respect to the University and the Group's assets.

The University and the Group's interest-bearing instruments comprise cash at bank and short term deposits. Short term deposits at fixed interest rates, expose the University and the Group to fair value interest rate risk. Note 18 incorporates interest rates and maturity information with respect to these instruments. The Council considers the potential impact on income and expenditure account of a defined interest rate shift that is reasonably possible at the reporting date to be immaterial.

Cash at bank at variable interest rates expose the University and the Group to cash flow interest rate risk. The Council considers the University and the Group's exposure to risks associated with the effects of fluctuations in the prevailing interest rates on this consolidated financial position and cash flows to be immaterial.

## 28.6 Summary of financial assets and financial liabilities by category

The carrying amounts of the University and the Group's financial assets and financial liabilities at the end of the reporting period under review may also be categorised as follows. See note 5.10 for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
<b>Non-current assets</b>				
Debt securities at FVOCI	973,750	818,250	-	-
Debt securities at amortised cost	130,100	130,100	130,100	130,100
Equity securities at amortised cost	262,500	18,750	-	-
Accrued grant receivable on pension cost	5,754,656	8,025,238	5,754,656	8,025,238
	<b>7,121,006</b>	<b>8,992,338</b>	<b>5,884,756</b>	<b>8,155,338</b>
<b>Current assets</b>				
Capital projects funding	10,721,191	13,102,615	10,721,191	13,102,615
Trade and other receivables	44,596,103	34,824,344	44,589,302	34,995,165
Cash and cash equivalents	21,166,316	23,520,778	18,502,364	21,447,396
	<b>76,483,610</b>	<b>71,447,737</b>	<b>73,812,857</b>	<b>69,545,176</b>
<b>Non-current liabilities</b>				
Lease liabilities	3,970,737	494,211	3,970,737	494,211
Provision for liabilities and charges	5,784,936	8,025,238	5,754,656	8,025,238
	<b>9,755,673</b>	<b>8,519,449</b>	<b>9,725,393</b>	<b>8,519,449</b>
<b>Current liabilities</b>				
Funds designated for specific purposes	16,352,972	14,680,164	16,490,703	14,817,895
Trade and other payables	17,831,102	15,039,070	17,288,070	14,622,971
Lease liabilities	524,244	440,035	524,244	375,369
Overdrawn bank balance	-	9,835	-	9,835
Provision for liabilities and charges	8,052,121	7,217,182	8,052,121	7,217,182
	<b>42,760,439</b>	<b>37,386,286</b>	<b>42,355,138</b>	<b>37,043,252</b>

## 29 Capital management policies and procedures

The University, by its constitution and nature, does not have a capital base or shareholders' equity and as a result there is no risk of capital loss. However, the University is cognisant that, given its nature of financing, all debts or over spending will result in a burden on the Government and the taxpayers. In view of this, the University keeps in check its spending within the boundaries of the Government's allocations and the revenues generated from external sources and tries to accumulate small amounts of surplus each year to counteract any possible future losses.

With regards to the Group companies, the objectives of the companies in managing capital are to safeguard their ability to continue as a going concern in order to provide returns for the ultimate shareholder, the University, and to maintain an optimal capital structure to reduce the cost of capital. In view of the nature of the Group companies' activities and the extent of borrowings or debts, the capital level as at the end of the reporting period is deemed adequate by the Council.

## 30 Pensions

The University has received claims from the Government of Malta amounting to € 10.1 million in respect of the cost of pensions and gratuities paid to employees who had accepted permanent employment with the University. These claims arising in terms of article 8A of the Pensions Ordinance Cap. 93 of the Laws of Malta, relate to the cost of the pensions and gratuities accruing from the date of acceptance of employment until 30 June 2014. In addition, pension costs will continue to accrue until such time that the retirees are receiving their service pension.

As from 2010, the University and the Group have recognised in the consolidated statement of financial position a provision representing the present value of the obligation (note 24), based on assumptions on life expectancy of the retirees. The University has obtained a written undertaking from the Government that it will be fully compensated for any outlay made in settling the amount due in respect of pensions. Accordingly, accounting for this obligation has no impact on the University's and the Group's income and expenditure account.

## 31 Commitments

At 30 September, the Group and the University had commitments not provided for in these consolidated financial statements as follows:

	Group		University	
	2022	2021	2022	2021
	€	€	€	€
Capital commitments authorised and contracted	39,440,341	36,824,220	39,440,341	36,824,220
Capital commitments authorised but not contracted	16,118,468	17,338,287	16,118,468	17,338,287
	<b>55,558,809</b>	<b>54,162,507</b>	<b>55,558,809</b>	<b>54,162,507</b>

## 32 Contingent liabilities

As at the year-end, the University had pending claims filed by third parties in the ordinary course of activities. The University is defending these claims and at this stage it is premature to determine the financial impact, if any, on the consolidated financial position of the University and the Group. These include the lawsuit of Buttigieg Franco *pro et nos* Attorney General *et*, where the University is co-defendant. Should an eventual judgement be unfavourable, the contingent liability can be significant. It is still unclear however whether an eventual unfavourable judgement would entail the payment of adequate compensation for the expropriation of land either by the Government of Malta which expropriated the land in question or by the University which has benefitted from such expropriation.



One of the subsidiaries has filed objections with the Commissioner of Inland Revenue concerning disputed tax amounting to € 39,853 (2021: € 39,853) relating to year of assessment 1995, 1996 and 1997 in respect of which no provision has been made in the consolidated financial statements.

### **33 Post-reporting date events**

There were no adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of the Council.



**INDEPENDENT AUDITORS' REPORT**  
**Issued under section 73(6) of the Education Act, Cap.327**

To the Council of the University of Malta

**Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of the University of Malta ("the University") and the consolidated financial statements of the University and its subsidiaries (together, "the Group"), set out on pages 9 to 56, which comprise the statements of financial position as at 30 September 2022 and the income and expenditure accounts and statements of comprehensive income, statements of changes in equity and statements 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 University and the Group as at 30 September 2022, and of their financial performance and of their cash flows for the year then ended prepared broadly in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) except for certain departures as disclosed in the accounting policies and notes described on pages 15 to 56.

**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 University and the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional 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 matter**

The financial statements of the University and the Group for the year ended 30 September 2021 were audited by another auditor who expressed an unqualified opinion on those financial statements on 21 April 2022.

**Other Information**

The Council is responsible for the other information. The other information comprises the Letter of transmittal, Governing body of the University, Financial and operating review and the Statement of responsibilities of the Council, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.





**INDEPENDENT AUDITORS' REPORT – continued**  
**Issued under section 73(6) of the Education Act, Cap.327**

**Report on the Audit of the Financial Statements – continued**

**Other Information - continued**

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 on the other information that we have obtained prior to the date of this auditors' report, 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.

**Council's Responsibilities for the Financial Statements**

The Council of the University through the Finance Office is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies and notes described on pages 15 to 56. As described in the statement of responsibilities of the Council on page 8, this responsibility includes designing, implementing and maintaining internal control to enable the preparation and the fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances, stating which comprehensive basis of accounting has been followed, subject to any material departures disclosed and explained in the accounts; and ensuring that the consolidated financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University and the Group will continue their activities as a going concern. These financial statements have been prepared broadly taking into account International Financial Reporting Standards (IFRSs) as adopted by the EU except for certain departures as disclosed in accounting policy 3.1 – "Basis of accounting".

The Council is responsible for overseeing the University and the Group'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.

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 AUDITORS' REPORT – continued**  
**Issued under section 73(6) of the Education Act, Cap.327**

**Report on the Audit of the Financial Statements – continued**

**Auditors' Responsibilities for the Audit of the Financial Statements - continued**

- 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 University and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council'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 University and the Group'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 auditors' report. However, future events or conditions may cause the University and the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council 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 in this regard.

A handwritten signature in blue ink, appearing to read 'Roberta West Falzon'.

*This copy of the audit report has been signed by  
Roberta West Falzon (Principal)  
for and on behalf of*

RSM Malta  
Registered Auditors

26 April 2024





## Detailed analysis of other operating expenses

	University	
	2022	2021
	€	€
<b>Other operating expenses</b>		
Computer, equipment and furniture	1,763,214	1,275,840
Repairs and maintenance	1,709,720	1,609,018
Sub-contracted services	-	-
Academic	1,835,383	461,671
Other	1,483,288	1,337,214
Office supplies and stationery	990,851	769,813
Allocation to work resources funds	3,593,757	3,248,535
Allocation to research projects funds	478,315	257,608
Laboratory supplies	1,849,682	2,259,679
Library books and periodicals	2,827,069	2,735,945
University radio running costs	530,051	431,186
Communications	522,148	443,274
Water and electricity	1,158,705	1,559,292
Travelling and accomodation	179,691	61,167
Grants and subsidies	1,539,157	900,784
Professional fees	1,369,441	1,552,962
Conference and events expenditure	978,426	519,148
Security	1,196,220	901,657
Rent	346,455	187,656
Business Insurance	572,852	728,929
Provision for bad debts	82,200	(30,706)
Other expenditure	1,423,234	1,126,098
Depreciation charge	10,724,557	8,285,679
	<b>37,154,416</b>	<b>30,622,449</b>

