

PARTIT LABURISTA

**Annual Report
and
Financial Statements**

31 December 2020



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PARTIT LABURISTA
Annual Report and Financial Statements - 31 December 2020

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GENERAL INFORMATION

Governance of the Party

These financial statements are prepared in accordance with the provisions of the Financing of Political Parties Act, 2015 (Cap. 544) enacted in Malta, the guidelines issued by the Electoral Commission and in accordance with the Accountancy Profession (General Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) as amended by the notes in these financial statements.

Members of the Administrative Committee

Dr Robert Abela (from 12 January 2020)
Dr Joseph Muscat (up to 12 January 2020)
Dr Chris Fearne
Perit Daniel Micallef (President up to 25 July 2020 and Deputy Leader from 25 July 2020)
Dr Chris Cardona (up to 17 June 2020)
Dr Ramona Attard (from 25 July 2020)
Dr Randolph Debattista (up to 27 February 2020 and from 05 April 2022)
Mr George Azzopardi (from 01 March 2020 and up to 05 April 2022)
Dr Lydia Abela (up to 31 January 2020)
Ms Catherine Fenech (from 31 January 2020)
Mr Louis Gatt
Dr Byron Camilleri (up to 15 January 2020)
Mr Glenn Bedingfield (from 16 January 2020 and up to 26 March 2022)
Perit William Lewis
Mr Marc Vella Bonnici
Mr Mario Fava
Mr Dominic Grech (up to 16 September 2020)
Dr Elaine Degiorgio (from 16 September 2020)
Mr Andy Ellul (from 14 April 2022)

Registered Treasurer

Ms Marisa Ciappara

Registered office

Centru Nazzjonali Laburista
Triq Milend
Hamrun HMR 1717
Malta

Auditors

RSM Malta
Mdina Road
Zebbug ZBG 9015
Malta

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GENERAL INFORMATION - continued

Structure of the Party

The General Conference is the highest body in the party's structure. Its delegates are vested by the statute to elect the Party leadership after each general election; the party administration officials every two years, and their representatives to the Executive Committee yearly.

Approval of changes in policies, amendments in statute and other important decisions always need the endorsement of the General Conference. The leadership and administration are responsible for the daily running of the Party on a national, international and local basis.

The Executive Committee is appointed in representation of the Party General Conference, the Party sections and the delegates representing each electoral district. Local committees are set up in each and every locality in Malta and Gozo to represent the Party's interest in the same locality. They operate under the direct responsibility of the Party administration.

Scope of the financial statements

The financial statements are prepared to provide information regarding the financial performance and position of the Party during the year. The financial statements include the results, cash flows and financial position of the Party's core administrative function. The Party also has a number of controlled entities including limited liability companies, clubs and branches. These are accounted for in these financial statements under the equity method.



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ADMINISTRATIVE COMMITTEE'S REPORT

The Administrative Committee submits the annual report and the audited financial statements of the Partit Laburista ("the Party") for the year ended 31 December 2020.

Principal activity

The principal activity, which is unchanged since last year, is the conduct of operations within the political sphere.

Review of the business

The Party recorded a surplus of €297,603 for the year ended 31 December 2020 (2019: deficit of €774,061).

Events after the end of reporting period

No significant events have occurred after the end of the reporting period which require mention in this report.

Future developments

The Party is not envisaging any changes in operating activities for the forthcoming year.

Administrative Committee

During the year ended 31 December 2020, the Administrative Committee members were as listed on page 2.

This report was approved by the Administrative Committee and signed on its behalf by:



Dr Ramona Attard
President

18 November 2022



Ms Marisa Ciappara
Treasurer



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STATEMENT OF RESPONSIBILITIES OF THE ADMINISTRATIVE COMMITTEE

The Administrative Committee is required by the Financing of the Political Parties Act, 2015 (Cap. 544) to prepare financial statements which give a true and fair view of the state of affairs of the Party as at the end of each reporting period and of the surplus or deficit for that period.

In preparing the financial statements, the Administrative Committee is required to:

- ensure that the financial statements have been drawn up in accordance with the Accountancy Profession (General Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME) as amended by the notes in these financial statements and have been properly prepared in accordance with the requirements of the Financing of the Political Parties Act (Cap. 544) and the guidelines issued by the Electoral Commission;
- select and apply appropriate accounting policies;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period;
- make accounting estimates and judgements that are reasonable in the circumstances; and
- ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Party will continue in business as a going concern.

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

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INDEPENDENT AUDITORS' REPORT

To the Members of the Partit Laburista

Report on the Audit of the Financial Statements

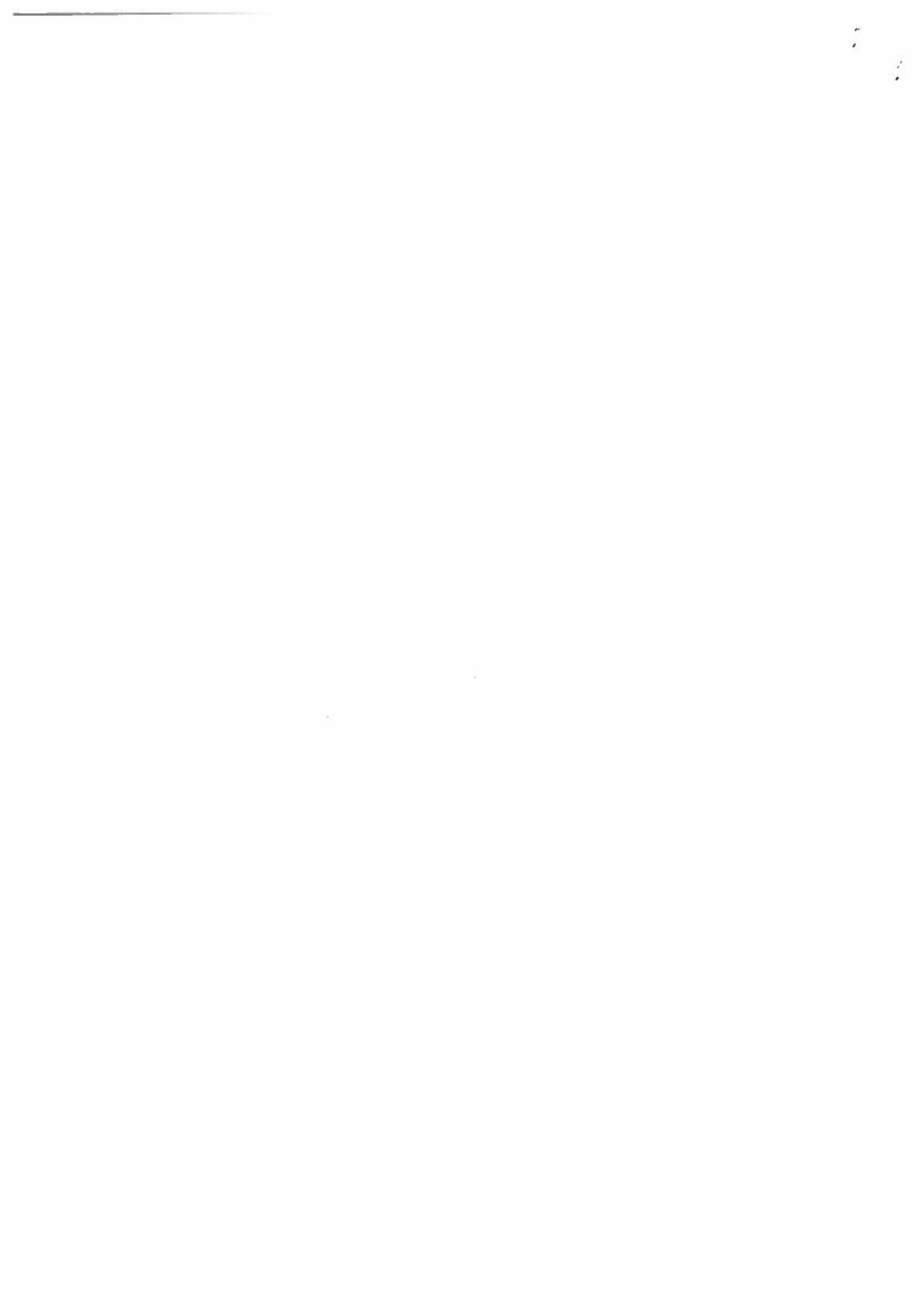
Opinion

We have audited the accompanying financial statements of the Partit Laburista ("the Party"), set out on pages 10 - 32, which comprise the balance sheet as at 31 December 2020, the statement of income and expenditure account, the statement of changes in equity and the cash flow statement 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 Party as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME), as amended by the notes in the financial statements and have been properly prepared in accordance with the requirements of the Financing of the Political Parties Act (Cap. 544) and the guidelines issued by the Electoral Commission.

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 Party 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.



INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Emphasis of Matter

We draw attention to Note 2 in the financial statements which describes the inherent uncertainties underlying the significant estimates used to arrive at the fair value of the property. Our opinion is not qualified in respect of this matter.

Other information

The Administrative Committee is responsible for the other information. The other information comprises the general information, the Administrative Committee's report and the statement of responsibilities of the Administrative Committee. Our opinion on the financial statements does not cover the other information.

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.

Responsibilities of the Administrative Committee for the Financial Statements

The Administrative Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME as amended by the notes in these financial statements and the requirements of the Financing of the Political Parties Act (Cap. 544), and for such internal control as the Administrative Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Administrative Committee is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administrative Committee intends to cease operations, or has no realistic alternative but to do so.

The Administrative Committee is responsible for overseeing the Party's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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



INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

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

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.
- 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 Party's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Administrative Committee.
- Conclude on the appropriateness of the Administrative Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party'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 Party to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT - continued

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Financing of the Political Parties Act (Cap. 544).



This copy of the audit report has been signed by

Conrad Borg (Principal)

for and on behalf of

RSM Malta

Registered Auditors

18 November 2022



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STATEMENT OF INCOME AND EXPENDITURE ACCOUNT

		2020	2019
		€	€
	Note		
Income			
Membership and subscriptions	4	108,649	219,428
Monetary donations	5	1,284,013	1,108,723
Income from fundraising activities	6	-	208
Net income from commercial activities	7	17,616	-
Finance income	8	-	12
Other income	9	191,440	252,967
Total income before notional income		1,601,718	1,581,338
Notional income		-	-
Total income		1,601,718	1,581,338
Expenditure			
Staff costs	11	478,222	485,201
Administrative expenses	12	212,613	128,757
Net loss from commercial activities	7	-	90,793
Campaign and election costs	13	291,360	897,118
Depreciation and amortisation		64,402	70,892
Miscellaneous expenses		53,477	31,454
Finance cost	14	119,825	159,569
Share of results of controlled entities	16	65,874	456,674
Movement in impairment of receivables		18,342	34,941
Total expenditure before donations in kind and notional donations		1,304,115	2,355,399
Donations in kind and notional donations		-	-
Total expenditure		1,304,115	2,355,399



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STATEMENT OF INCOME AND EXPENDITURE ACCOUNT

		2020	2019
		€	€
	Note		
Surplus/(Deficit) for the financial year	10	297,603	(774,061)
Amount transferred to accumulated fund		297,603	(774,061)

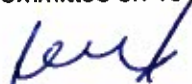
The notes on pages 15 to 32 are an integral part of these financial statements.

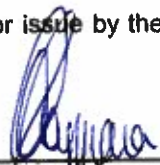
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BALANCE SHEET
As at 31 December

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Property, plant and equipment	15	12,249,266	9,739,914
Investment in controlled entities	16	26,242,357	12,550,126
Total non-current assets		38,491,623	22,290,040
Current assets			
Inventories		-	24,430
Trade and other receivables	18	136,390	118,251
Cash and cash equivalents	19	599,198	546,613
Total current assets		735,588	689,294
TOTAL ASSETS		39,227,211	22,979,334
EQUITY AND LIABILITIES			
Capital and reserves			
Revaluation reserve		23,085,211	7,702,174
Retained earnings		11,630,622	11,333,019
TOTAL EQUITY		34,715,833	19,035,193
Non-current liabilities			
Borrowings	21	2,234,333	2,385,065
Deferred tax	22	932,800	-
Total non-current liabilities		3,167,133	2,385,065
Current liabilities			
Borrowings	21	824,655	871,405
Trade and other payables	23	519,590	687,671
Total current liabilities		1,344,245	1,559,076
TOTAL LIABILITIES		4,511,378	3,944,141
TOTAL EQUITY AND LIABILITIES		39,227,211	22,979,334

The financial statements on pages 10 - 32 have been approved and authorised for issue by the Administrative Committee on 18 November 2022 and were signed on its behalf by:


Dr Ramona Attard
 President


Ms Marisa Ciappara
 Treasurer

The notes on pages 15 to 32 are an integral part of these financial statements.



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STATEMENT OF CHANGES IN EQUITY

	Revaluation reserve €	Accumulated fund €	Total €
Financial year ended 31 December 2019			
Balance at 01 January 2019	7,137,474	12,107,080	19,244,554
Deficit for the year	-	(774,061)	(774,061)
Revaluation surplus	564,700	-	564,700
Balance at 31 December 2019	7,702,174	11,333,019	19,035,193
Financial year ended 31 December 2020			
Balance at 01 January 2020	7,702,174	11,333,019	19,035,193
Surplus for the year	-	297,603	297,603
Revaluation surplus	15,383,037	-	15,383,037
Balance at 31 December 2020	23,085,211	11,630,622	34,715,833



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CASH FLOW STATEMENT

	Note	2020 €	2019 €
Cash flows from operating activities			
Cash from/(used in) operations	24	385,914	(23,216)
Interest received	-	-	12
Interest paid		(119,825)	(159,569)
Net cash generated from/(used in) operating activities		266,089	(182,773)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(16,022)	(531,591)
Net cash used in investing activities		(16,022)	(531,591)
Cash flows from financing activities			
Movement in bank borrowings		(143,729)	245,280
Movement in related party amounts		(13,976)	(34,941)
Net cash (used in)/ generated from financing activities		(157,705)	210,339
Net movement in cash and cash equivalents		92,362	(504,025)
Cash and cash equivalents at beginning of year		(6,169)	497,856
Cash and cash equivalents at end of year	19	86,193	(6,169)

The notes on pages 15 to 32 are an integral part of these financial statements.



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NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Basis of measurement and statement of compliance

The financial statements of the Party are prepared in accordance with the provisions of the Financing of Political Parties Act, 2015 (Cap. 544) enacted in Malta, the guidelines issued by the Electoral Commission and in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulation, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME") as amended by the notes in these financial statements.

The financial statements have been prepared under the historical cost basis, except for land and buildings that are carried at their fair values.

Functional and presentation currency

The financial statements are presented in Euro (€) which is the Party's functional and presentational currency.

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Party's and controlled entities' land and buildings are carried at fair value that amounted to €37,562,520 as at 31 December 2020. The fair value of the land and buildings is determined by using various valuation techniques. The fair value is dependent on inherent assumptions made including assumptions relating to the discount rate, annual growth rate, capitalisation rate and future revenues to be derived from the properties. These assumptions are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. The existence of significant estimates used to arrive at the fair value of these properties, could result in a potential misstatement by virtue of the inherent uncertainties underlying the estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Property, plant and equipment

Recognition and measurement

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

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NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

After initial recognition, property, plant and equipment, except for land and buildings, is carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

Land and buildings are carried under the revaluation model. Revaluations are made for the entire class of land and buildings at least every five years or with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation

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

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

	%
Buildings and improvements	2-5
Electrical equipment	5
Office furniture and equipment	5-20
Motor vehicles	20

Depreciation method, useful life and residual value

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

Derecognition of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds, if any, and the carrying amount and are included in profit or loss in the period of derecognition.



NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investments in controlled entities

Investments in controlled entities are not consolidated but are accounted for using the equity method of accounting and are initially recognised at cost.

Equity accounting involves recognising in the statement of income and expenditure account, the Party's share of the controlled entity's profit or loss for the year and its share of the post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment.

The Party's investment in controlled entities is carried on the balance sheet at an amount that reflects its share of the net assets of the controlled entity (net of any accumulated impairment loss) on acquisition. Equity accounting is discontinued when the carrying amount of an investment in a controlled entity reaches zero unless the Party has incurred obligations or guaranteed obligations in respect of the associated undertaking. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income and expenditure account.

The most recent available accounting records of controlled entities are used by the investor in applying the equity method. When such accounting records are incomplete or not readily available, the investee uses a best estimate approach to draw up accounts, using estimates and judgements that are considered appropriate in the circumstances.

In addition, when the reporting dates of the investor and the investee are different, the investee prepares, for the use of the investor, accounting records at the same date of the financial statements of the investor, unless impracticable to do so.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Financial assets and financial liabilities

A financial asset or a financial liability is recognised on the Party's balance sheet when the Party becomes a party to the contractual provisions of the instrument.

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NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and financial liabilities - continued

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

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

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

Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are initially recognised and measured at fair value.

Subsequent to initial recognition, loans receivable are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process. When applying the effective interest rate method, the annual amortisation of any discount or premium is included with investment income over the term of the instrument, if any, so that the revenue recognised in each period represents a constant yield on the investment.

Trade and other receivables

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

Trade and other payables

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

Borrowings

Subsequent to initial recognition, interest bearing loans are measured at the amortised cost using the effective interest method. Bank loans are carried at their face value due to their market rate of interest.

Subsequent to initial recognition, interest bearing bank overdrafts are carried at their face value due to their short-term maturities.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.



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NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Party's cash management, are a component of cash and cash equivalents.

Impairment

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

Non-financial assets [property, plant and equipment, investments in controlled entities]

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

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

Financial assets [loans receivable and trade and other receivables]

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



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NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment - continued

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

Revenue

Revenue is recognised in the financial statements when there is reasonable certainty that a particular resource is receivable, the Party's right to it becomes legally enforceable and when its monetary value can be determined.

Membership income is accounted for when the funds are received which, in view of the nature of such income, is determined by the Party to be the point in time when there is a probability that the economic benefits associated with the revenue will flow to the entity.

When the risk and rewards pertaining to events of a fundraising nature do not attach to the Party, only the net surplus or deficit is accounted under the respective title in the financial statements.

When a third party bears the cost or refrains from charging part or all the fees connected to a commercial supply of a good or service that the Party would otherwise have been liable for, the fair value attached to the commercial transaction which does not constitute an obligation for payment to the Party, is deemed as notional income and accounted under income in the statement of income and expenditure account. Services of volunteers and Party members who provide the services free of charge is not treated as notional income, and accordingly not accounted for.

Monetary donations and interest income are recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. This income is recognised on an accrual or time proportion basis.

4. MEMBERSHIP AND SUBSCRIPTIONS

Membership and subscriptions is made up of:

	2020	2019
	€	€
Individual subscriptions	108,649	219,428



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NOTES TO THE FINANCIAL STATEMENTS - continued

5. MONETARY DONATIONS

Total donations reported comprise:

	2020	2019
	€	€
Donations not exceeding €500	569,349	782,213
Donations above €500 but below €7,000	714,664	326,510
Donations exceeding €7,000	-	-
Total	1,284,013	1,108,723

All donations, including donations in kind, are subject to further reporting requirements as described in the Financing of Political Parties Act (Cap. 544).

6. FUNDRAISING

Total main sources of fundraising income in the year were as follows:

	2020	2019
	€	€
Organisation of events	-	208

7. COMMERCIAL ACTIVITIES

Total main sources of commercial (loss)/income in the year were as follows:

	2020	2019
	€	€
Income		
Sale of merchandise	41,828	12,209
Expenditure		
Cost of merchandise	(24,212)	(103,002)
Net income/(loss) from commercial activities	17,616	(90,793)



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NOTES TO THE FINANCIAL STATEMENTS - continued

8. FINANCE INCOME

	2020	2019
	€	€
Interest received on bank deposits	-	12

9. OTHER INCOME

	2020	2019
	€	€
Rental income and ground rent receivable	78,111	81,847
Service income	103,494	103,494
Other income	9,835	67,626
	191,440	252,967

10. SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR

The surplus/(deficit) is stated after charging:

	2020	2019
	€	€
Staff costs (Note 11)	478,222	485,201
Auditors' remuneration	4,615	4,393
Depreciation charge	64,402	70,892
Impairment of receivables	18,342	34,941

11. STAFF COSTS

Staff costs incurred during the year were as follows:

	2020	2019
	€	€
Salaries and wages	456,545	459,240
Social security costs	21,677	25,961
	478,222	485,201

The average number of persons employed by the Party during the year was 28 (2019: 27).



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NOTES TO THE FINANCIAL STATEMENTS - continued

12. ADMINISTRATIVE EXPENSES

	2020	2019
	€	€
Communication expenses	22,636	24,297
Travelling and entertainment	2,291	6,463
Legal and professional expenses	12,831	35,841
Water and electricity	34,560	25,539
Auditors' remuneration	4,615	4,393
Postage, printing and stationery	38,328	9,700
Other administrative expenses	72,922	44,204
Overstatement of payables	-	(24,009)
Impairment of investment	-	2,329
Inventory write-off	24,430	-
	212,613	128,757

13. CAMPAIGN AND ELECTION COSTS

Campaign costs include election expenses and other expenses incurred in relation to elections or referendum campaigns, or party/policy promotion and comprise:

	2020	2019
	€	€
Local Council and MEP Election 2019		
Election expenses	-	717,808
General party/policy promotion		
Other campaign expenses	291,360	179,310
Total campaign and election costs	291,360	897,118

Election expenses comprise of those expenses which in the Administrative Committee's judgement, have been incurred, either directly in respect of or otherwise are attributable to the Local Council and MEP Election.

Other campaign expenses comprise of those expenses incurred for the Party's promotion as well as yearly activities, which in the Administrative Committee's judgement are not deemed to be directly incurred in respect of, or otherwise attributable to the Local Council and MEP Election.



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NOTES TO THE FINANCIAL STATEMENTS - continued

14. FINANCE COST

	2020	2019
	€	€
Bank interest	119,825	159,569

15. PROPERTY, PLANT AND EQUIPMENT

	Land, Buildings & Improvements	Electrical Equipment	Fixtures & Fittings	Motor Vehicles	Total
	€	€	€	€	€
At 31 December 2020					
Opening net book	9,645,430	13,368	80,916	200	9,739,914
Revaluation	2,557,732 -	-	-	-	2,557,732
Additions	16,022 -	-	-	-	16,022
Depreciation	(46,800)	(804)	(16,598)	(200)	(64,402)
Closing net book	12,172,384	12,564	64,318 -	-	12,249,266
At 31 December 2020					
Cost or valuation	12,212,442	1,161,641	1,039,433	10,000	14,423,516
Accumulated	(21,476)	(1,149,077)	(993,697)	(10,000)	(2,174,250)
Balance at	12,190,966	12,564	45,736 -	-	12,249,266
Carrying amount					
At 31 December 2019					
Cost or valuation	10,294,615	1,161,641	1,058,015	10,000	12,524,271
Accumulated	(649,185)	(1,148,273)	(977,099)	(9,800)	(2,784,357)
Closing net book	9,645,430	13,368	80,916	200	9,739,914

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NOTES TO THE FINANCIAL STATEMENTS - continued

16. INVESTMENT IN CONTROLLED ENTITIES

As at 31 December 2019 and 2020, the Party held the following investments in controlled entities.

	Registration Number	Registered Office	Class of Shares Held	Effective Control
MLP Holdings Limited	C 21186	Centru Nazzjonali Laburista, Triq Mile End, Hamrun HMR 1717, Malta	Ordinary	100%
Consultancy & Research Limited (note i)	C 13204	Centru Nazzjonali Laburista, Triq Mile End, Hamrun HMR 1717, Malta	Ordinary	100%
One Productions Limited (note i)	C 12946	A 28B Industrial Estate Marsa, MRS 3000, Malta	Ordinary	100%
Sound Vision Print Limited (note i)	C 7386	Centru Nazzjonali Laburista, Triq Mile End, Hamrun HMR 1717, Malta	Ordinary	100%
Sunrise Travel Limited (note i)	C 14947	Centru Nazzjonali Laburista, Triq Mile End, Hamrun HMR 1717, Malta	Ordinary	100%
Orpheum Theatre Limited	C 3492	111, Cameron Street, Gzira, Malta	Ordinary	100%
Red Touch Fone Limited (note ii)	C 44463	A 28B Industrial Estate Marsa, MRS 3000, Malta	Ordinary	100%
Various clubs and other branches (note iii)	N/A	Various	N/A	100%

- i. These entities are controlled by the Partit Laburista but the majority of their shares are held through MLP Holdings Limited, with the latter being directly and fully owned by the former. Thus, all such entities are considered to be effectively controlled by the Partit Laburista.
- ii. This entity is controlled by the Partit Laburista but the majority of its shares are held through One Productions Limited, with the latter being effectively controlled by the former. Thus, Red Touch Fone Limited is considered to be effectively controlled by the Partit Laburista.
- iii. These clubs and branches do not have any issued share capital, however, they are all directly controlled by the Partit Laburista.

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NOTES TO THE FINANCIAL STATEMENTS - continued

16. INVESTMENT IN CONTROLLED ENTITIES - continued

	2020	2019
	€	€
MLP Holdings Limited		
Year ended 31 December		
At beginning of year	2	2
Share of results of controlled entity	-	-
At end of year	<u>2</u>	<u>2</u>
At 31 December		
Cost	2,327	2,327
Impairment	(2,325)	(2,325)
Share of results	-	-
Net book amount	<u>2</u>	<u>2</u>
	2020	2019
	€	€
Consultancy & Research Limited		
Year ended 31 December		
At beginning of year	2	2
Share of results of controlled entity	-	-
At end of year	<u>2</u>	<u>2</u>
At 31 December		
Cost	2,327	2,327
Share of results	(2,325)	(2,325)
Net book amount	<u>2</u>	<u>2</u>
	2020	2019
	€	€
One Productions Limited		
Year ended 31 December		
At beginning of year	2	2
Share of results of controlled entity	-	-
At end of year	<u>2</u>	<u>2</u>
At 31 December		
Cost	46,585	46,585
Share of results	(46,583)	(46,583)
Net book amount	<u>2</u>	<u>2</u>



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NOTES TO THE FINANCIAL STATEMENTS - continued

16. INVESTMENT IN CONTROLLED ENTITIES - continued

	2020	2019
Sound Vision Print	€	€
Year ended 31 December		
At beginning of year	2	2
Share of results of controlled entity	-	-
At end of year	2	2
At 31 December		
Cost	114,139	114,139
Share of results	(114,137)	(114,137)
Net book amount	2	2
	2020	2019
Sunrise Travel Limited	€	€
Year ended 31 December		
At beginning of year	2	2
Share of results of controlled entity	-	-
At end of year	2	2
At 31 December		
Cost	232	232
Share of Results	(230)	(230)
Net book amount	2	2
	2020	2019
Orpheum Theatre Limited	€	€
Year ended 31 December		
At beginning of year	2,329	2,329
Share of results and reserves	1,997,058	-
At end of year	1,999,387	2,329
At end of year		
Cost	2	2,329
Share of results	1,999,387	(2,327)
Net book amount	1,999,389	2



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NOTES TO THE FINANCIAL STATEMENTS - continued

16. INVESTMENT IN CONTROLLED ENTITIES - continued

	2020	2019
	€	€
Red Touch Fone Limited		
Year ended 31 December		
At beginning of year	-	-
Share of results of controlled entity	-	-
At end of year	<u>-</u>	<u>-</u>
At 31 December		
Cost	-	-
Impairment	-	-
Share of results	-	-
Net book amount	<u>-</u>	<u>-</u>
	2020	2019
	€	€
Various clubs and other branches		
Year ended 31 December		
At beginning of year	12,550,114	12,442,088
Share of results and reserves	11,692,844	108,026
At end of year	<u>24,242,958</u>	<u>12,550,114</u>
At 31 December		
Cost	12,550,114	11,853,036
Share of results and reserves	11,692,844	697,078
Net book amount	<u>24,242,958</u>	<u>12,550,114</u>
Total closing net book amount	<u>26,242,357</u>	<u>12,550,126</u>

The investment in controlled entities includes property carried at fair value less accumulated depreciation and impairment losses with a carrying amount of €25,902,520.

17. LONG TERM RECEIVABLES

The Party has receivables amounting to €2,558,257 (2019: €2,539,915) that are due from related parties. These amounts are unsecured and do not have a fixed repayment date, and notionally carry interest at the rates of 0 – 5% per annum. However, such amounts are fully provided for in these financial statements.



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NOTES TO THE FINANCIAL STATEMENTS - continued

18. TRADE AND OTHER RECEIVABLES

	2020	2019
	€	€
Trade receivables	123,774	29,322
Amounts owed by related parties	1,001	1,001
Accrued Income	-	87,928
Prepayments	11,615	-
	<u>136,390</u>	<u>118,251</u>

19. CASH AND CASH EQUIVALENTS

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

	2020	2019
	€	€
Cash at bank and in hand (Note i)	599,198	546,613
Bank overdraft (Note 1)	(513,005)	(552,782)
	<u>86,193</u>	<u>(6,169)</u>

20. RESERVES

The revaluation reserve comprises of revaluation gains and losses on the Party's property, net of any attributable taxation element, as well as the Party's share of the revaluation reserves of the controlled entities.



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NOTES TO THE FINANCIAL STATEMENTS - continued

21. BORROWINGS

	2020	2019
	€	€
Falling due within one year		
Bank overdraft	513,005	552,782
Bank loans (note i)	164,170	185,119
Borrowings from third parties (note ii)	147,480	133,504
	<u>824,655</u>	<u>871,405</u>
Falling due after one year		
Bank loans (note i)	1,989,232	2,125,988
Borrowings - scheme II (note iii)	43,477	43,477
Borrowings from Party clubs (note iv)	189,279	189,279
Borrowings from third parties (note ii)	12,345	26,321
	<u>2,234,333</u>	<u>2,385,065</u>

The bank overdraft facility was obtained to finance the day to day operations of the Party. It bears interest at 4.65% per annum and is secured by general and special hypothecs over the Party's property.

i. The Party's bank loans are as follows:

Loan 1: The loan bears an interest of 4.15% and is secured by general hypothec over the Party's premises. It is to be repaid in monthly installments of €8,480 inclusive of interest.

Loan 2: The loan bears an interest of 4.15% and is secured by general and special hypothecs over the Party's premises and a premises in Hamrun. It is to be repaid over a period of 15 years through monthly installments of €3,000, inclusive of interest.

Loan 3: The loan bears an interest of 3.25% and is secured by general and special hypothecs over the Party's premises. It is to be repaid in monthly installments of €4,700 inclusive of interest.

Loan 4: The loan bears an interest of 5% and is secured by general and special hypothecs over the Party's premises. It is to be repaid in monthly installments of €4,750 inclusive of interest.

ii. This balance represents an amount that is due to a third party. The loan is to be repaid by annual installments of approximately €13,998 for a period of 15 years, with the first payment being effected on 1 July 2008, and bears no interest.

iii. This balance represents borrowings from the public in respect of the Party's headquarters – 'Centru Nazzjonali Laburista'. This borrowing does not bear any interest and is to be repaid over an indefinite period.

iv. This represents borrowings from Party clubs which bear no interest. It is not the intention of the Party to repay these amounts within the next year.



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NOTES TO THE FINANCIAL STATEMENTS - continued

21. BORROWINGS - continued

	2020	2019
	€	€
<i>Maturity of bank loans falling due after one year:</i>		
Between 1 and 2 years	173,338	232,369
Later than 2 years but not later than 5 years	815,385	721,753
Later than 5 years	<u>1,245,610</u>	<u>1,430,943</u>
	<u>2,234,333</u>	<u>2,385,065</u>

22. DEFERRED TAX

	2020	2019
	€	€
Revaluation of property	<u>932,800</u>	-

23. TRADE AND OTHER PAYABLES

	2020	2019
	€	€
Trade payables	472,721	624,373
Other payables	152	152
Accruals	46,717	37,739
Deferred income	-	<u>25,407</u>
	<u>519,590</u>	<u>687,671</u>



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NOTES TO THE FINANCIAL STATEMENTS - continued

24. CASH GENERATED FROM OPERATIONS

Reconciliation of surplus to cash generated from operations:

	2020	2019
	€	€
Surplus/(Deficit) for the year	297,603	(774,061)
Adjustments for:		
Depreciation	64,402	70,892
Impairment of investment	-	2,327
Impairment of receivables	18,342	34,941
Share of net losses/(profits) from controlled entities	65,874	456,674
Interest income	-	(12)
Interest payable	119,825	159,569
Movement in:		
Inventories	24,430	-
Trade and other receivables	(36,481)	92,618
Trade and other payables	(168,081)	(66,164)
Cash generated from/(used in) operations	385,914	(23,216)

25. COMMITMENTS AND CONTINGENCIES

In addition to what is disclosed in Note 21 Borrowings, the Party provides guarantees in favour of related party companies in which it is a shareholder.

26. RELATED PARTY DISCLOSURES

The outstanding amounts arising from transactions with related entities are disclosed in Notes 17, 18 and 21.

