KOPERATTIVA RURALI MANIKATA (KRM) LTD

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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KOPERATTIVA RURALI MANIKATA (KRM) LTD

General Information

Registration

Koperattiva Rurali Manikata (KRM) Ltd is registered in Malta as a co-operative under the Co-operative Societies Act, 2001.

Management committee

Joseph Galea (President)
Nicholas Zahra (Treasurer)
Veronica Farrugia (Manager)
Mario Cardona (Secretary) - (Resigned on 21 June 2022)
Emmanuela De Giorgio (PRO)
Sara Cardona (Member)
Sebastian De La Fuente (Member) - (Appointed on 21 June 2022)

Registered office

Qronfla, 13,
Triq Ir-Radad,
Manikata, MLH 5031

Auditors

Tri-Mer Audit Limited
International House
Mdina Road
Mriehel BKR 3000
Malta

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Committees' Responsibilities

for the year ended 31 December 2022

The committee is required by the Co-operative Societies Act, 2001 to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the co-operative and of the profit or loss of the co-operative for that year. In preparing these financial statements, the committee required to:

- adopt the going concern basis unless it is inappropriate to presume that the co-operative will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The committee is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the co-operative and to enable them to ensure that the financial statements comply with the Co-operative Societies Act, 2001 enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The committee members are also responsible for safeguarding the assets of the co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Income and expenditure account

for the year ended 31 December 2022

	Note	2022	2021
		€	€
Revenue		**49,996**	22,471
Cost of sales		**(4,374)**	(4,822)
Gross profit		**45,622**	17,649
Administrative expenses		**(48,523)**	(11,593)
Finance income		**26**	26
Other operating income		**150**	500
(Deficit) / surplus on ordinary activities before taxation	3	**(2,725)**	6,582
Taxation		**(4)**	(4)
(Deficit) / surplus for the year		**(2,729)**	6,578
Reserve fund		**-**	(1,316)
Central co-operative fund		**-**	(329)
Net (deficit) / surplus for the year		**(2,729)**	4,933
Income and expenditure account balance for the accounting year		**(2,729)**	4,933

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Balance Sheet

as at 31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**9,136**	7,706
Current assets			
Trade and other receivables	5	**3,121**	4,088
Cash and cash equivalents		**18,276**	19,997
Total current assets		**21,397**	24,085
Total assets		**30,533**	31,791
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**3,557**	3,557
Accumulated surplus account		**7,319**	10,048
Other reserves	8	**8,884**	8,884
Total equity		**19,760**	22,489
Liabilities			
Current liabilities			
Trade and other payables	6	**10,082**	8,611
Central co-operative's fund	9	**691**	691
Total current liabilities		**10,773**	9,302
Total equity and liabilities		**30,533**	31,791

The financial statements set out on pages 3 to 12 were approved and authorised for issue by the committee on 18 April 2023 and signed on its behalf by:

Joseph Galea
President

Nicholas Zahra
Treasurer

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements

for the year ended 31 December 2022

1 Basis of preparation

Basis of measurement and statement of compliance

The financial statements of Koperattiva Rurali Manikata (KRM) Ltd ("the co-operative") have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME). The financial statements have been prepared on the historical cost basis. These financial statements present information about the co-operative as an individual undertaking.

Functional and presentation currency

The financial statements are presented in euro (€), which is the co-operative's functional currency and presentation currency.

2 Significant accounting policies

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 costs of dismantling and removing the item and restoring the site to 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 standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

Depreciation

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

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2 Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation (continued)

The rates of depreciation used are the following:

Improvements to land	10%
Furniture and fittings	10%
Equipment	25%
Website development and software	25%
Air-conditioners	16.67%

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 is estimate being accounted for prospectively.

Derecognition of plant and equipment

Property, plant and equipment is derecognised and removed from the balance sheet on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss.

Financial assets, financial liabilities and equity

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

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.

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.

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2 Significant accounting policies (continued)

Financial assets, financial liabilities and equity (continued)

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.

Share capital

Ordinary shares issued by the co-operative are classified as equity.

Impairment

The co-operative's property, plant and equipment and financial assets are tested for impairment.

Property, plant and equipment

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

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

The carrying amounts of co-operative'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

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.

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2 Significant accounting policies (continued)

Impairment (continued)

Financial assets (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.

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.

Revenue recognition

Rendering of services

Revenue from the provision of trail tours and other organised activities is recognised when the services are rendered.

Interest income

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis.

Taxation

No current tax is payable on the surplus for the year. Article 12 of the income tax is applied. Taxation charged is final withholding tax at the rate of 15% on bank interest receivable.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2 Significant accounting policies (continued)

Leases (continued)

Operating leases

An asset held for use in operating leases is recorded, accounted for and presented in the balance sheet in accordance with the applicable Section in GAPSME and is hence tested for impairment in accordance with the co-operative's accounting policy on impairment and depreciated in accordance with the co-operative's accounting policy on investment property. Rental income from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term.

Government grants

Government grants are assistance by government, inter-governmental agencies and similar bodies whether local, national or international, in the form of cash or transfers of assets to the co-operative in return for past or future compliance with certain conditions relating to operating activities of the co-operative. Government grants are recognised when there is reasonable assurance that the co-operative will comply with the conditions attaching to them and the grants will be received.

Government assistance includes COVID Wage and Rent Supplements which are recognised in the income statement so as to match with the expenditure towards which it is intended to contribute. Any grants relating to future periods are recognised as deferred income.

Government grants related to assets are presented in the statement of financial position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset

Employee benefits

The co-operative contributes towards the state pension in accordance with local legislation. The only obligation of the co-operative is to make the required contributions. Costs are expensed in the period in which they are incurred.

3 (Deficit) / surplus on ordinary activities

Total remuneration paid to the co-operative's auditors during the year amounted to:

	2022	2021
	€	€
Auditors' remuneration	**900**	775

Number of employees

The average number of persons employed by the co-operative during the year was 2 (2021: 2).

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

4 Property, plant and equipment

	Land improvements	Furniture and fittings	Equipment	Website development and software	Air-conditioners	Total
	€	€	€	€	€	€
Cost						
At 1 January 2022	**30,533**	**6,577**	**3,661**	**1,779**	**932**	**43,482**
Additions	3,541	-	-	-	-	3,541
Balance at 31 December 2022	**34,074**	**6,577**	**3,661**	**1,779**	**932**	**47,023**
Depreciation						
At 1 January 2022	(24,447)	(4,957)	(3,661)	(1,779)	(932)	(35,776)
Depreciation for the year	(1,702)	(409)	-	-	-	(2,111)
At 31 December 2022	**(26,149)**	**(5,366)**	**(3,661)**	**(1,779)**	**(932)**	**(37,887)**
Net Book Value						
At 31 December 2021	6,086	1,620	-	-	-	7,706
Net Book Value						
At 31 December 2022	**7,925**	**1,211**	**-**	**-**	**-**	**9,136**

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

5 Trade and other receivables

	2022	2021
	€	€
Trade receivables	**689**	1,656
Prepayments	**2,432**	2,432
	3,121	4,088

6 Trade and other payables

	2022	2021
	€	€
Trade payables	**3,699**	1,979
Accruals	**4,488**	4,782
Amounts received in advance	**-**	50
Indirect taxation	**1,895**	1,800
	10,082	8,611

7 Share capital

	2022	2021
	€	€
Subscribed		
15 shares of €116.47 each	**1,747**	1,747
14 shares of €120 each	**1,680**	1,680
1 share of €130 each	**130**	130
	3,557	3,557

8 Other reserves

The contribution to the reserve fund complies with the Co-operatives Societies Act, 2001 and represents 20% of the surplus for the year.

9 Central Co-operatives fund

The contribution to the central co-operatives fund complies with Co-operative Societies Act, 2001 and represents 5% of the surplus for the year.

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

10 Contingent liability

The Co-operative's bankers have issued a bank guarantee in favour of third parties amounting to €7,000 (2021: €7,000).

TRI·MER AUDIT LTD.
Independent Member of BKR International

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Independent Auditors' Report

To the Members of Koperattiva Rurali Manikata (KRM) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Koperattiva Rurali Manikata (KRM) Ltd set out on pages 3 - 12 which comprise the balance sheet as at 31 December 2022, the income and expenditure account and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the co-operative as at 31 December 2022, and of its financial performance 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) and have been properly prepared in accordance with the requirements of the Co-operatives Act, 2001.

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 co-operative in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The management committee is responsible for the other information. The other information comprises the general information and the committee's responsibilities.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditors' Report (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Committee

The committee responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the 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 committee is responsible for assessing the co-operative'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 committee either intends to liquidate the co-operative or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the co-operative's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.

- Conclude on the appropriateness of the 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 co-operative'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 co-operative to cease to continue as a going concern.

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Independent Auditors' Report (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

We communicate with the committee 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Under the Co-operatives Act, 2001, we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

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

Desirée Camilleri Dimech (Director) for and on behalf of

Tri-Mer Audit Limited
an independent member of BKR International
Registered Auditors

Mriehel, Malta

18 April 2023

The Schedules and Appendices on the pages that follow do not form part of the financial statements

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Schedules

for the year ended 31 December 2022

	2022	2021
	€	€
Administrative expenses		
Accountancy fees	**1,384**	900
Advertising	**280**	-
Audit fees	**900**	775
Bank charges	**210**	201
Depreciation	**2,111**	2,098
Electricity and water	**-**	150
General expenses	**1,505**	395
Insurances	**472**	283
Fees and licences	**281**	-
Professional fees	**1,364**	500
Rent	**2,000**	2,000
COVID rent supplement	**-**	(2,000)
Repairs and maintenance	**16,139**	1,734
Wages and salaries	**25,849**	15,135
COVID wage supplement	**(4,570)**	(10,801)
Website and software maintenance	**598**	223
	48,523	11,593
Other operating income		
Donations received	**150**	500