KOPERATTIVA RURALI MANIKATA (KRM) LTD

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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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)
Gilbert Bonnici (Vice - President) - Resigned on 24/06/2021
Mario Cardona (Secretary)
Emmanuela De Giorgio (PRO)
Sara Cardona (Member)

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

Committee's Responsibilities

for the year ended 31 December 2021

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 2021

	Note	2021	2020
		€	€
Revenue		**22,471**	10,510
Cost of sales		**(4,822)**	(3,164)
Gross profit		**17,649**	7,346
Administrative expenses		**(11,593)**	(16,172)
Finance income		**26**	31
Other operating income		**500**	-
Surplus / (deficit) on ordinary activities before taxation	3	**6,582**	(8,795)
Taxation		**(4)**	-
Surplus / (deficit) for the year		**6,578**	(8,795)
Reserve fund		**(1,316)**	-
Central co-operative fund		**(329)**	-
Net surplus / (deficit) for the year		**4,933**	(8,795)
Income and expenditure account balance for the accounting year		**4,933**	(8,795)

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Balance Sheet

as at 31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**7,706**	9,804
Current assets			
Trade and other receivables	5	**4,088**	3,427
Cash and cash equivalents		**19,997**	8,670
Total current assets		**24,085**	12,097
Total assets		**31,791**	21,901
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**3,557**	3,427
Accumulated surplus account		**10,048**	5,115
Other reserves	8	**8,884**	7,568
Total equity		**22,489**	16,110
Liabilities			
Current liabilities			
Trade and other payables	6	**8,611**	5,623
Central co-operative's fund	9	**691**	168
Total current liabilities		**9,302**	5,791
Total equity and liabilities		**31,791**	21,901

The financial statements set out on pages 3 to 12 were approved and authorised for issue by the committee on 29 April 2022 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 2021

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 since the members have confirmed their ongoing financial support should the need arise. 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 2021

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 2021

4 Property, plant and equipment

	Land improvements	Furniture and fittings	Equipment	Website development and software	Air-conditioners	Total
	€	€	€	€	€	€
Cost						
At 1 January and 31 December 2021	**30,533**	**6,577**	**3,661**	**1,779**	**932**	**43,482**
Depreciation						
At 1 January 2021	(22,906)	(4,400)	(3,661)	(1,779)	(932)	(33,678)
Depreciation for the year	(1,541)	(557)	-	-	-	(2,098)
At 31 December 2021	**(24,447)**	**(4,957)**	**(3,661)**	**(1,779)**	**(932)**	**(35,776)**
Net Book Value						
At 31 December 2020	7,627	2,177	-	-	-	9,804
Net Book Value						
At 31 December 2021	**6,086**	**1,620**	**-**	**-**	**-**	**7,706**

KOPERATTIVA RURALI MANIKATA (KRM) LTD

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

5 Trade and other receivables

	2021	2020
	€	€
Trade receivables	**1,656**	746
Prepayments	**2,432**	2,211
Indirect taxation	**-**	470
	4,088	3,427

6 Trade and other payables

	2021	2020
	€	€
Trade payables	**1,979**	1,257
Accruals	**4,782**	4,366
Amounts received in advance	**50**	-
Indirect taxation	**1,800**	-
	8,611	5,623

7 Share capital

	2021	2020
	€	€
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**	-
	3,557	3,427

8 Reserve fund

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-operations Societies Act, 2001 and represents 5% of the surplus for the year.

TRI·MER AUDIT LTD.
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Company registration no.: C 77467

Independent Auditors' Report

To the Shareholders 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 to 12 which comprise the balance sheet as at 31 December 2021, 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 2021, 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 Matter

The financial statements of the co-operative for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 7 April 2021.

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.

D. C. Dimech

Desirée Camilleri Dimech (Director) for and on behalf of

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

Mriehel, Malta

29 April 2022

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 2021

	2021	2020
	€	€
Administrative expenses		
Accountancy fees	**900**	600
Audit fees	**775**	825
Bank charges	**201**	100
Depreciation	**2,098**	2,986
Electricity and water	**150**	-
Equipment hire	**-**	24
General expenses	**395**	2,461
Insurances	**283**	298
Professional fees	**500**	300
Rent	**2,000**	2,000
COVID rent supplement	**(2,000)**	-
Repairs and maintenance	**1,734**	1,228
Wages and salaries	**15,135**	14,811
COVID wage supplement	**(10,801)**	(9,557)
Website and software maintenance	**223**	96
	11,593	16,172
Other operating income		
Donations received	**500**	-