

VALLETTA F.C.

Annual Financial Report

&

Financial Statements

31 December 2025

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GENERAL INFORMATION

Registration

VALLETTA Football Club is registered in Malta with the Malta Football Association.

Officials & other Committee Members:

President: Claudio Grech

Secretary: Kevin Bonello

Treasurer: Jake Scerri Seychell

Other Committee Members:

Dr Pierre Farrugia (Vice President)

Kurt Farrugia [appointed 18th May 2025]

Roderick Axisa (Vice President)

Jean Pierre Baldacchino

Nicky Saliba (Vice President)

Stefan Debattista

Dr Benjamin Pule (Vice President)

James Mackay

Joe Caruana Curran Jr (Vice President) [resigned 18th May 2025]

Claudette Taliana (Assistant Secretary)

Clinton Farrugia (Assistant Secretary)

Odette Azzopardi (Assistant Treasurer)

Andrew Bezzina [appointed 18th May 2025]

Club Address: 126, Sta. Lucia Street, Valletta VLT 1183 Malta

Bankers Address: Bank of Valletta & APS Bank

Auditors:

Darmanin Cauchi & Co

DACA Accountants

Vjal Kottoner

Fgura FGR 1382

COMMITTEE MEMBERS' REPORT

The Committee Members submit their annual report and the audited financial statements for the year ended 31 December 2025.

Principal activity

VALLETTA Football Club is constituted in accordance with the rules and regulations of the Malta Football Association and observes the rules, regulations, and decisions of the Malta Football Association as well as those of the Fédération Internationale de Football Association (FIFA) and of the Union des Associations Européennes de Football (UEFA).

Results

The statement of comprehensive income is set out on page 7.

Review of the year

The Club incurred a Loss of €281,177 during the year under review.
[2024: Loss of €292,134].

Committee Members

During the year ended 31 December 2025, the Committee Members were as listed on page 1.

Statement of Committee Members' responsibilities

In terms of the licensing regulations applicable to Premier Division member clubs, the Club is to prepare financial statements for each financial period which give a true and fair view of the financial position of the Club as at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the Club is required to: -

- adopt the going concern basis unless it is inappropriate to presume that the Club will continue to function.
- select suitable accounting policies and apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- account for income and charges relating to the accounting period on the accrual basis.
- value separately the components of asset and liability items.
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

COMMITTEE MEMBERS' REPORT - continued

Statement of Committee Members' responsibilities (continued)

The Committee Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Club. This responsibility includes designing, implementing, and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Club and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

DACA Accountants have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Committee Members' report was approved by the members and was signed on its behalf by (*according to Club statute*):



Mr Claudio Grech (President)



Mr Jake Scerri Seychell (Treasurer)



Mr Kevin Bonello (Secretary)

Date: 14th April 2026

INDEPENDENT AUDITOR'S REPORT

To the members of VALLETTA Football Club

Opinion

We have audited the financial statements of VALLETTA Football Club ("the Club"), set out on pages 7 - 29, which comprise the statement of financial position as of 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Club as of 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the provisions of the MALTA FA CLUBS LICENSING REGULATIONS FOR PARTICIPATION IN UEFA CLUB COMPETITIONS APPLICABLE TO PREMIER DIVISION MEMBER CLUBS.

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

Other Information

The Committee Members are responsible for the other information. The other information comprises the general information and the Committee Members' report. 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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of VALLETTA Football Club

Responsibilities of the Committee Members

The Committee Members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee Members are responsible for assessing the Club'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 they either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

The Committee Members are responsible for overseeing the Club's financial reporting process.

Auditor's 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of VALLETTA Football Club

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Committee Members' 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 Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern; and
- 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 Members 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.

Report on Other Legal and Regulatory Requirements

Under the Voluntary Organisations Act (Cap. 492) I am required to report to you if, in my opinion:

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

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



Mrs Tanya Ebejer CPA
For and on behalf Darmanin Cauchi & Co
DACA Accountants
Vjal Kottoner
Fgura FGR 1382

Date: 14th April 2026

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025 €	2024 €
Income	3	1,158,238	828,407
Expenditure	4	<u>(1,424,609)</u>	<u>(1,116,635)</u>
Operating loss		(266,371)	(288,228)
Interest payable and similar charges	5	(14,806)	(3,906)
Loss for the year		(281,177)	(292,134)

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2025 €	2024 €
Non-current assets			
Intangible assets	7	19,828	-
Property, plant, and equipment	8	<u>31,632,032</u>	<u>31,683,640</u>
		31,651,860	31,683,640
Current assets			
Inventories		7,690	-
Receivables	9	208,296	66,761
Cash at bank and in hand	12	<u>107,185</u>	<u>49,170</u>
		323,171	115,931
TOTAL ASSETS		31,975,031	31,799,571
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated fund and surplus			
Accumulated fund		(3,731,813)	(3,450,636)
Reserves		<u>34,335,305</u>	<u>34,385,022</u>
Total equity		30,603,492	30,934,386
Non-current liabilities			
Interest bearing borrowings	13	605,178	185,000
Other liabilities	10	<u>265,444</u>	<u>286,732</u>
		870,622	471,732
Current liabilities			
Interest bearing borrowings	13	94,000	-
Trade and other liabilities	11	<u>406,917</u>	<u>393,453</u>
		500,917	393,453
Total liabilities		1,371,539	865,185
TOTAL ACCUMULATED FUND AND LIABILITIES		31,975,031	31,799,571

The financial statements on pages 7 to 29 have been authorised for issue by the Committee Members and signed on their behalf by:



Mr Claudio Grech
President



Mr Jake Scerri Seychell
Treasurer



Mr Kevin Bonello
Secretary

Date: 14th April 2026

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

STATEMENT OF CHANGES IN EQUITY

	Note	Accumul. fund €	General reserve €	Reval. reserve €	Total €
Financial year ended 31 December 2025					
Balance at 01 January 2025		(3,450,636)	2,901,534	31,483,488	30,934,386
Total comprehensive income for the period					
- loss for the financial period		(281,177)	-	-	(281,177)
- new revaluation on building- amortization				(49,717)	(49,717)
Balance at 31 December 2025		(3,731,813)	2,901,534	31,433,771	30,603,492
Financial year ended 31 December 2024					
Balance at 01 January 2024		(3,158,502)	1,423,401	31,797,492	30,062,391
Total comprehensive income for the year		-	-	-	-
- loss for the financial year		(292,134)	-	-	(292,134)
- adjustments in Salinos valuation report		-	-	(1,209,931)	(1,209,931)
- new revaluation on building				945,644	945,644
- amortisation				(49,717)	(49,717)
Waiving of amounts due to committee members/ other parties			1,478,133		1,478,133
Balance at 31 December 2024		(3,450,636)	2,901,534	31,483,488	30,934,386

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

STATEMENT OF CASH FLOWS

	2025	2024
Note	€	€
Cash flows from operating activities		
Net income/(loss) for the year	(281,177)	(292,134)
Adjustments for:		
Depreciation of tangible fixed assets	3,161	2,908
Amortisation of player registration costs	8,486	-
Profit on sale/loan of players	-	5,000
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	(269,530)	(284,226)
Decrease/(increase) in stocks	(7,690)	-
Increase in debtors	(141,535)	(56,874)
Increase in creditors	13,464	1,802
	<hr/>	<hr/>
Net cash from/(used in) operating activities	(405,291)	(339,298)
Cash flows from investing activities		
Purchase of intangible assets	(28,314)	-
Purchase of fixed tangible assets	(1,270)	-
	<hr/>	<hr/>
Net cash from/(used in) investing activities	(29,584)	-
Cash flows from financing activities		
Waived loans from committee members	-	1,478,134
Amounts granted /(repaid) in respect of loans	492,890	(1,110,107)
	<hr/>	<hr/>
Net cash from/(used in) financing activities	492,890	368,027
Net movement in cash and cash equivalents	58,015	28,729
Cash and cash equivalents at beginning of year	49,170	20,441
Cash and cash equivalents at end of year	¹² 107,185	49,170

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING CONVENTION AND BASIS OF PREPARATION

These financial statements are prepared in accordance with the provisions of the MALTA FA CLUBS LICENSING REGULATIONS FOR PARTICIPATION IN UEFA CLUB COMPETITIONS APPLICABLE TO PREMIER DIVISION MEMBER CLUBS and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

These financial statements are prepared under the historical cost convention, unless otherwise disclosed in the relevant accounting policy.

These financial statements are presented in Euro (€) which is the Club's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

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

New or revised standards, interpretations, and amendments adopted

Several new or revised standards, interpretations and amendments were in issue and endorsed by the EU but are not yet effective for the current financial year. The Club has not early adopted the new or amended standards in preparing these financial statements. The Committee members anticipate that the adoption of the new standards, interpretations, or amendments thereto, will not have a material impact on the financial statements upon initial application.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, at an amount that reflects the consideration to which the Club is expected to be entitled when performance obligation is satisfied in a manner that depicts the transfer of control over the goods or services promised to the customer. A performance obligation may be satisfied either at a point in time or over time.

The consideration relates to the transaction price [or a portion of the transaction price] allocated to each performance obligation as defined in the contract with the customer. The transaction price reflects discounts, rebates, refunds, and other allowances granted to customers and excludes sales taxes, if any.

The transaction price may include variable consideration and time value of money. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Variable consideration subject to a measurement constraint is initially recognised as a deferred revenue and is recognised only as revenue when it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

The following specific recognition criteria must also be met before revenue is recognised:

- *gate receipts are recognised over the period of the season.*
- *marketing, sponsorship, and advertising are recognised over the duration of the respective contracts.*
- *broadcasting rights are taken in proportion to the number of matches played.*
- *merchandising and catering are recognised on an earned basis.*
- *football related rental income is recognised over the duration of the contract.*
- *donations and other third-party contributions are recognised on a cost basis.*
- *interest income is recognised as the interest accrues unless collectability is in doubt.*

Foreign currencies

Transactions in foreign currencies are converted into euro at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. All resulting differences are taken to the profit and loss account.

Intangible assets

Player registration costs

Player registration costs are recognised as an asset to the extent that it is expected that such players will be utilised throughout their contract period.

Player registration costs (including agent and other directly attributable costs) are amortised on a straight-line basis over the period of their contract.

At each statement of financial position date, the club assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated, impairment is passed through the profit and loss.

Internally generated intangible assets are held at nil value. Any costs (including, but not necessarily limited to agent and other directly attributable costs) incurred in extensions to player's original contract are capitalised and amortised over the period of the extended contract.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets - continued

Gains and losses on sale of players are determined by reference to their carrying amount and are taken into account in determining the profit on ordinary activities.

Property, plant, and equipment

Recognition and measurement

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.

An item of property, plant and equipment is 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 tangible fixed assets only if it enhances the economic benefits of an asset more than the previously assessed standards of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, an item of property, plant and equipment is carried under the cost model, that is at cost 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 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 tangible fixed assets are the following:

	%
Office equipment and furnishings	10
Building equipment and services	20
Other equipment	20
Salinos ground	0
Air Conditioning	17

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant, and equipment (continued)

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

On disposal of an item of property, plant and equipment, the cost and related accumulated depreciation and impairment losses, if any are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled, or expire.

Financial assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial assets at amortised cost.
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows (“hold to collect”) and the contractual terms give rise to cash flows that are solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted where the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as a practical expedient.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Financial asset at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise of:

- equity instruments not held-for-trading, which the Club elected to classify irrevocably as equity instruments designated at fair value through OCI at initial recognition; and
- debt instruments held within the business model whose objective is to collect contractual cash flows and to sell the financial assets (“hold to collect and sell”) and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, FVOCI are measured at fair value plus transaction costs. Subsequently, these are remeasured to fair value at each reporting date with fair value changes recognised in OCI.

Interest income, foreign currency revaluations, and impairments or reversals on debt instruments at FVOCI are recognised in profit or loss. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Dividends (except return of investment) on equity instruments at FVOCI are recognised in profit or loss when the right of payment has been established. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to retained earnings, and never recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

On initial recognition, these are measured at fair value and transaction costs are charged to profit or loss. Subsequently, these are remeasured at fair value with fair value changes recognised in profit or loss. Dividends are recognised in profit or loss when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Club recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

The Club considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

For certain assets, the Club applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Club's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit or loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVPL) are financial liabilities that are held for trading and/or financial liabilities that are designated at initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities at FVPL are initially recognised at and subsequently measured at fair value with fair value changes recognised in profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method.

Stocks are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the stocks 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

The carrying amounts of the Club'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 amounts of Club'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 a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS – continued

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Events after the reporting period

Post year-end events that provide additional information about the Club's financial position at the end of reporting period (adjusting events) are recognised in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

3. INCOME

Income attributable to the football activity and ancillary items is as follows:-

	2025	2024
Commercial		
Membership Fees	129,324	30,275
Supporters Contributions/Fundraising Activities	168,127	27,465
National competitions participation & UEFA income	58,770	182,636
Sponsorships and donations income	554,301	480,708
Income from disposal of player registrations (including loan income)		
Transfer Fees	5,896	-
Profit/(loss) on disposal of intangible fixed assets (player registrations)	-	(5,000)
Other/Non-Split		
Nursery	209,070	112,323
Rental Income	32,000	-
Women's Enrolment Fee	750	-
	1,158,238	828,407

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

4. EXPENDITURE

	2025	2024
	€	€
<u>Cost of Sales/Materials</u>		
Health insurance	6,327	16,277
Training grounds and recovery expenses	44,983	22,350
Medical expenses	20,616	13,983
Merchandise expenses	25,219	-
Overseas travel and accommodation	19,186	52,030
Work permit and visas	3,790	1,050
Car rentals	28,047	27,929
Referral fees	20,600	12,550
Technical staff expenses	11,399	10,620
Training kits, wear and equipment	693	-
Laundry, uniform, training & insurance	-	692
<u>Other/Non-Split</u>		
Other operating expenses	912,180	613,406
Wages and salaries including NI	912,180	613,406
Accommodation (foreign players/staff)	101,892	72,020
Nursery (excluding salaries and wages)	60,345	93,941
U19 Champions League Expenses	-	58,562
Other football related expenditure	30,462	63,165
Fines	-	1,536
<u>Cost of acquiring player registrations (including non-capitalised agent fees and loan fees)</u>		
Transfer fees	4,000	5,000
Training compensation paid	4,336	10,400
<u>Amortisation of intangible fixed assets (player registrations)</u>		
	8,486	-

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

4. EXPENDITURE (continued)

	2025	2024
	€	€
<u>Expenses of Non-Football Operations</u>		
IT & Software Expenses	1,478	12,673
Audit fees	500	500
Professional fees	4,658	2,368
<u>Property & Facilities expenses</u>		
Ground rent	9,895	6,730
Cleaning Expenses	5,006	5,279
Water and Electricity	872	1,609
Telecommunication expenses	-	1,264
Building expenses	2,730	-
Repairs and maintenance	1,580	-
Garage rent	800	-
<u>Sponsorship and advertising expenses</u>		
Advertising	10,736	772
Membership expenses	25,452	-
<u>Commercial activities expenses</u>		
General expenses	13,451	1,500
Club meetings and celebrations expenses	34,862	-
Donations	3,000	-
<u>Finance expenses</u>		
Bank charges	3,867	5,521
<u>Depreciation of Tangible Fixed Assets</u>		
	3,161	2,908
	1,424,609	1,116,635

4.1 STAFF COSTS

The staff costs incurred during the year was as follows:

	2025	2024
	€	€
Wages and salaries – players & staff (including NI)	797,960	558,356
Wages and salaries – nursery (including NI)	99,137	45,336
Wages and salaries – women (including NI)	15,083	9,714
	912,180	613,406

The average number of persons employed by the Club during the year was 42 (2024: 33).

NOTES TO THE FINANCIAL STATEMENTS - continued

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2025	2024
	€	€
Bank interest	14,806	3,906
	<u>14,806</u>	<u>3,906</u>

6. INCOME TAX

Valletta Football Club is exempt from tax in terms of Section 12 (1) of the Income Tax Act.

7. INTANGIBLE ASSETS

	Player registration costs €	Total intangible assets €
Year ended 31 December 2025		
Opening net book amount	-	-
Additions	28,314	28,314
Amortisation for the period	(8,486)	(8,486)
Closing net book amount	<u>19,828</u>	<u>19,828</u>
At 31st December 2025		
Cost	28,314	28,314
Accumulated amortisation	(8,486)	(8,486)
Net book amount	<u>19,828</u>	<u>19,828</u>
At 31st December 2024		
Cost	-	-
Accumulated amortisation	-	-
Net book amount	<u>-</u>	<u>-</u>

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

7. INTANGIBLE ASSETS (continued) - PLAYER IDENTIFICATION TABLE

Financial year ended 31 Dec 2024	Previous Club	Start Date of Contract	End Date of Contract	Cost of Registration Including Agents' Fees	Amortisation at 01 Jan 2025	Amortisation for the year	Amortisation at 31 Dec 2025	Disposal (cost)	Disposal (amortisation)	Closing net book value
				€	€	€	€	€	€	€
				-	-	-	-	-	-	-
	Andrea Zammit	20/01/2025	2027/2028	20,000	-	(5,714)	(5,714)	-	-	14,286
	Thomas Melillo	28/06/2025	2027/2028	8,314	-	(2,772)	(2,772)	-	-	5,542
	Balance at 31 Dec 2025			28,314	-	(8,486)	(8,486)	-	-	19,828

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS - continued

8. TANGIBLE FIXED ASSETS

	€	Office equipment & furnishings	Buildings & improvements	Luqa Industrial Estate	Salinos ground	Other equipment	Air Conditioning	Total
	€	€	€	€	€	€	€	€
Year ended 31 December 2025								
Opening net book amount	1,067	1,181,624	12,570,000	17,930,069	-	880	31,683,640	
Acquisition	-	-	-	-	1,270	-	1,270	
Depreciation charge	(1,034)	(1,658)	-	-	(253)	(216)	(3,161)	
Amortisation of revaluation reserve	-	(49,717)	-	-	-	-	(49,717)	
Closing net book amount	33	1,130,249	12,570,000	17,930,069	1,017	664	31,632,032	
At 31 December 2025								
Cost	28,534	1,359,915	12,570,000	17,959,663	44,015	1,320	31,913,730	
Accumulated depreciation	(28,501)	(229,666)	-	(29,594)	(42,998)	(656)	(281,699)	
Net book amount	33	1,130,249	12,570,000	17,930,069	1,017	664	31,632,032	
At 31 December 2024								
Cost	28,534	1,359,915	12,570,000	17,959,663	42,745	1,320	31,962,177	
Accumulated depreciation	(27,467)	(178,291)	-	(29,594)	(42,745)	(440)	(278,537)	
Net book amount	1,067	1,181,624	12,570,000	17,930,069	-	880	31,683,640	

VALLETTA Football Club
Annual Financial Statements for the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. RECEIVABLES

	2025	2024
	€	€
Trade receivables	184,432	56,491
Receivables from other clubs	1,500	-
Deposits & prepayment	10,973	270
Accrued Income	11,391	10,000
	<u>208,296</u>	<u>66,761</u>

10. OTHER LIABILITIES

	2025	2024
	€	€
Falling due after one year		
Amount owed to third parties	203,250	203,250
Indirect tax and social security contributions	62,194	83,482
	<u>265,444</u>	<u>286,732</u>

11. TRADE AND OTHER LIABILITIES

	2025	2024
	€	€
Falling due within one year		
Trade payables	107,407	81,318
Other payables	-	39,200
Indirect tax and social security contributions	83,973	41,393
VAT payable	53,597	79,754
Wages and salaries outstanding	-	42,583
Accruals and deferred income	161,940	109,205
	<u>406,917</u>	<u>393,453</u>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. CASH AND CASH EQUIVALENTS

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

	2025	2024
	€	€
Cash at bank and in hand	<u>107,185</u>	<u>49,170</u>

13. INTEREST BEARING LOANS

As at year end, The Club's interest-bearing loan amounted to €699,178. The loan is repayable over 15 years, including a one-year moratorium on capital, dated 15th November 2024. It will be repaid through six-monthly instalments of €47,000 each, inclusive of interest.

Two six-monthly instalments will be repaid during the next year. The balance remaining is classified as non-current.

14. FINANCIAL RISK MANAGEMENT

At year-end, the Club's main financial assets on the statement of financial position comprised of cash at banks and trade and other receivables. The Club had no off-balance sheet financial assets.

At year-end, the Club's main financial liabilities on the statement of financial position consisted of trade and other payables and borrowings. The Club had no off-balance sheet financial liabilities.

Exposure to credit, liquidity and currency risks arise in the normal course of the Club's business. The Club is not significantly exposed to interest rate risk since it does not have borrowings which are subject to fluctuating interest rates.

Timing of cash flows

The presentation of the financial assets and liabilities listed under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Capital risk management

The Club manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Club consists of retained earnings and other reserves as disclosed in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS - continued

14. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Club to concentrations of credit risk consist principally of trade and other receivables and cash at banks.

The credit risk relating to cash at financial institutions is considered to be low in view of the committee Members' policy of placing it with reputable financial institutions. Carrying amounts for receivables are stated net of the expected credit loss allowance.

The credit quality of the Club's financial assets is viewed by the Committee Members as neither past due nor impaired considering the collectability of debts and the credit history of the counter parties.

Liquidity risk

Liquidity risk arises in the general funding of the Club's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. In this year of operation, the Club has raised funds mainly from operations. Liquidity risk is managed by maintaining significant levels of liquid funds and identifying and monitoring changes in funding required to meet operational goals driven by the Committee Members.

Foreign currency risk

The Club is not significantly exposed to foreign currency risk on payments of expenses and collection of receivables since the Club operates primarily in Euro.

Fair values

The carrying amounts of cash at banks, trade and other receivables and trade and other payables approximated their fair values due to their short-term maturities.

15. MINIMUM DISCLOSURES

These financial statements include the minimum disclosure requirements in accordance with current licence regulations. Where amounts relating to such minimum disclosures were nil, no disclosure was made in the financial statements.