

University of Malta

Annual Report and Consolidated  
Financial Statements

30 September 2023

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**LETTER OF TRANSMITTAL**

The Hon Clifton Grima  
Minister for Education, Sport, Youth, Research and Innovation  
Great Siege Road  
Floriana VLT 2000  
Malta

Dear Minister,

In accordance with section 73(7) of the Education Act, Cap 327, I have the honour to transmit the report and consolidated financial statements of the University of Malta for the year ended 30 September 2023.

Yours sincerely



Rector  
University of Malta  
Tal-Qroqq  
Msida MSD 2080  
Malta

17 July 2025

## Governing body of the University

### Council

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

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

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

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

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

#### MEMBERS ELECTED BY THE ACADEMIC STAFF

Professor Frank Camilleri  
Professor David Mifsud  
Professor Matthew Montebello  
Professor Liberato Camilleri

up to 23<sup>rd</sup> June 2024  
as from 24<sup>th</sup> June 2024

#### MEMBERS ELECTED BY THE NON-ACADEMIC STAFF

Mr Elton J. Baldacchino  
Mr Noel Caruana  
Mr Clive Ferrante

#### STUDENT REPRESENTATIVES

Ms Michaela Giglio  
Mr Andrea Grima  
Mr Neil Zahra  
Mr Eucharist Bajada  
Mr Michael Spiteri  
Mr Jeremy Mifsud  
Ms Bianca Pace

up to 15<sup>th</sup> December 2022  
up to 9<sup>th</sup> November 2023  
up to 9<sup>th</sup> November 2023  
as from 10<sup>th</sup> November 2023  
as from 10<sup>th</sup> November 2023  
up to 26<sup>th</sup> March 2025  
as from 27<sup>th</sup> March 2025

#### MEMBER APPOINTED BY THE MINISTER OF EDUCATION, YOUTH AND EMPLOYMENT

Mr Matthew Vella  
Judge Emeritus Joseph Filletti

up to 20<sup>th</sup> November 2024  
as from 21<sup>st</sup> November 2024

#### MEMBER APPOINTED BY THE CHAIRMAN OF THE FOUNDATION FOR THEOLOGICAL STUDIES

Rev. Professor George Grima

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

Ms Krista Caruana Falzon  
Dr Marius Caruana  
Mr Reginald Fava  
Ms Josanne Ghirxi  
Mr Mario Grech  
Dr Charles Mangion  
Dr Danica Marmara  
Mr Charles Micallef  
Mr Carlo Mifsud  
Mr David Muscat  
Mr James Pearsall  
Mr Roderick Psaila  
Mr Oliver Scicluna  
Ms Stephanie Scicluna Laviera

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

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

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

**Senate**

The Senate is responsible for the general direction of the academic matters of the University and deals with any matter of an academic nature arising in the administration of the University. The Senate regulates studies and research in the University; establishes by regulations the conditions for admission into the University; makes regulations governing all courses leading to University awards; and approves programmes of studies constituting such courses. It advises the Council on matters of an academic nature even if of such a nature only in part.

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

Animal Welfare Committee  
Board to Review Reason for Absence from Assessments  
Committee for Students' Requests

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

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

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

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

### **Faculty Board**

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

## **Financial and operating review**

The year 2022–2023 continued to see L-Università ta' Malta making progress in various goals as prospected in its Strategic Plan. During this year, we not only recruited additional academic and support staff as required according to absolute need in order to continue progressing our objectives going forward but we paid additional attention to the continuous development of our staff: thus we upgraded the Office for Professional Academic Development (OPAD) to a new directorate in order to provide it with more resources to make its work even more effective. During this year, OPAD organised two instead of one course of Foundations of University Teaching and Learning to a total of 52 lecturers thus better meeting the training needs of our most junior academic members. OPAD will also train staff to be better prepared to take on leadership roles. We will integrate the work of OPAD with that of the Human Resources Management and Development Directorate and the Doctoral School so that in liason together and without duplication of effort and resources, these entities will organise and deliver training in all the key areas that contribute to the proper functioning of a University.

The number of students following courses at the University totalled about 12,500 which number includes both students following entire programmes with us or are present for part of the academic year as visiting students; this statistic attests to the high quality of education that we are providing which attracts significant international student interest and is congruent with our impressive position in global university rankings in the top 3% of world universities.

We continued to organise two graduation ceremonies, one in November for undergraduates and the other in March for postgraduate degrees. Among the postgraduate ceremonies, the one which deserves special mention was that held for doctoral graduands which, this year, numbered a total of 54 of which 44 were new Ph.D. degrees. These doctoral degrees are awarded to students who successfully performed novel research projects spanning three or more years of investigation and in the process generated new knowledge to push forward the frontiers of understanding. This celebratory occasion, taking place at the University Jesuit Church, serves to demonstrate eloquently the importance of our Alma Mater as Malta's main hub of research and positively makes the University community, and indeed, the nation proud. The research prowess of the University was further celebrated by the organisation of the first full day University of Malta Research Expo at the Valletta Campus. Over 280 persons participated at the event where a keynote and 75 oral presentations were delivered along with 50 poster presentations. Meanwhile, the University continued to compete for and win external funds for research work which necessitated the recruitment of over one hundred additional research support officers as temporary staff to assist with the work. It is with pride that we recall that, during this year, 4923 research publications by UM academics were uploaded onto the University open access repository (OAR@UM).

During this year, the Metallurgy and Materials Science Laboratories were completed and were formally inaugurated. The other engineering research infrastructure known as the TRAKE was nearing completion. This building, largely constructed with European Union funding, is projected to be finished and launched in 2024.

Another important major building, also involving significant EU funding, the Sustainable Living Complex (SLC) is taking longer to complete than anticipated, in part due to technical difficulties but also because of insufficient progress made by the construction company tasked with the project. This building will hopefully be completed in 2024 and will house both the entities for whom it was designed and built, namely the Faculty for the Built Environment and that of Education, as well as the Institute of Earth Systems. Once occupied, the structure will serve as a live experiment in sustainable living, i.e. should demonstrate how the carbon footprint of a modern construction could be significantly reduced through intelligent architectural design and use of materials purposely employed towards this end. The several departments of the Faculty for Social Wellbeing, currently dispersed on multiple sites on campus, will move into the vacated Built Environment faculty building once this is refurbished.

These projects clearly require substantial capital funding, lacking which, other critical projects such as the Sports Complex on the main campus, the refurbishment of teaching spaces at the Junior College and

completion of the Gozo Campus have fallen behind. The situation with recurrent funding is also problematic as the substantial increase in the payroll spend following the latest Collective Agreement for academic staff has not been matched by increases in the income streams of the University, dominated, as they are, by the government subvention. This is a significant concern and has brought about a fiscal deficit for this financial year, an unwelcome development for UM.

Despite these difficulties, we will forge ahead with our mission, correcting and consolidating where necessary to overcome present and future challenges in order for L-Università ta' Malta to continue to serve the nation as the premier teaching and researching institution on the Island.

### **Key Financial Highlights**

During this year the L-Università ta' Malta and its group experienced yet again a deficit. As the figures show, the increase in expenditure was much higher than the increase in income. Whereas income increased by approximately Eur1.8 million, expenditure increased by circa Eur8.7 million. An analysis of the income shows a marked decrease in government funding, resulting from a decrease in the yearly budgetary allocation half way through the year.

On the other hand, expenditure rocketed up with salaries increasing by Eur4.4 million. Part of this increase was as a result of increased externally funded project work, but the amount of Eur2.7 million was as a result of the adoption of new collective agreements and COLA adjustments as the government agreed upon with the unions. Operating expenditure also increased substantially by Eur4.2 million. Part of this increase to the tune of around Eur0.5 million resulted from increased project activity funded through external sources, but the rest (Eur4.1 million) resulted from increased activity and increases in prices as a result of returning back to normality from COVID-19 restricted activity and the Russo-Ukraine war induced hike in prices.

### **Way Forward**

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

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

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

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

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

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

## Income and expenditure accounts and statements of comprehensive income

	Notes	Group		University	
		2023	2022	2023	2022
		€	€	€	€
<b>Income</b>	6	<b>141,882,324</b>	<b>140,081,663</b>	<b>138,931,216</b>	<b>137,199,930</b>
<b>Expenditure</b>					
Staff costs and pension costs	7	108,554,500	104,155,571	107,341,656	102,371,665
Other operating expenses	8	41,326,862	37,067,046	40,082,323	37,154,416
		<b>149,881,362</b>	<b>141,222,617</b>	<b>147,423,978</b>	<b>139,526,081</b>
<b>Deficit before allocation to funds</b>		<b>(7,999,038)</b>	<b>(1,140,954)</b>	<b>(8,492,762)</b>	<b>(2,326,151)</b>
Net allocation to funds		(2,682,384)	(2,794,935)	(2,682,384)	(2,794,934)
<b>Deficit before tax</b>		<b>(10,681,422)</b>	<b>(3,935,889)</b>	<b>(11,175,146)</b>	<b>(5,121,085)</b>
Tax expense	9	(159,701)	(428,521)	-	-
<b>Deficit for the year</b>		<b>(10,841,123)</b>	<b>(4,364,410)</b>	<b>(11,175,146)</b>	<b>(5,121,085)</b>
<b>Other comprehensive income</b>					
<i>Item that will not be subsequently reclassified to profit or loss:</i>					
(Decrease)/increase in fair value of financial assets at FVOCI	14	11,807	(42,509)	-	-
<b>Total other comprehensive (loss)/profit for the year</b>		<b>11,807</b>	<b>(42,509)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(10,829,316)</b>	<b>(4,406,919)</b>	<b>(11,175,146)</b>	<b>(5,121,085)</b>

## Statements of financial position

	Notes	Group		University	
		2023	2022	2023	2022
		€	€	€	€
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	118,215,755	110,398,047	116,719,489	108,953,065
Right of use assets	11	3,829,672	4,363,383	3,815,561	4,363,383
Investment in subsidiaries	12	-	-	948,313	948,313
Deferred tax assets	13	47,622	40,703	-	-
Investments	14	1,531,128	1,281,398	130,100	130,100
Trade and other receivables	15	4,276,169	5,754,656	4,276,169	5,754,656
Capital projects funding	17	4,336,969	5,011,969	4,336,969	5,011,969
		<b>132,237,315</b>	<b>126,850,156</b>	<b>130,226,601</b>	<b>125,161,486</b>
<b>Current assets</b>					
Inventories	16	37,389	52,763	-	-
Capital projects funding	17	6,238,493	5,709,222	6,238,493	5,709,222
Trade and other receivables	15	55,895,919	47,055,561	55,816,814	46,971,220
Investments	14	495,590	-	-	-
Current tax assets		10,749	52,513	-	-
Cash at bank and in hand	18	38,805,982	21,166,316	36,897,979	18,502,364
		<b>101,484,122</b>	<b>74,036,375</b>	<b>98,953,286</b>	<b>71,182,806</b>
<b>Total assets</b>		<b>233,721,437</b>	<b>200,886,531</b>	<b>229,179,886</b>	<b>196,344,292</b>

## Statements of financial position – continued

	Notes	Group		University	
		2023	2022	2023	2022
		€	€	€	€
<b>Funds and Liabilities</b>					
<b>Funds and equity</b>					
Specific endowment funds	19	292,304	292,304	292,304	292,304
<b>Other funds</b>					
Capital fund	20	138,597	138,597	138,597	138,597
Special reserve	21	4,800,000	4,800,000	4,800,000	4,800,000
Other reserves		3,225,274	2,789,018	3,225,274	2,789,018
Investment revaluation reserve		(26,177)	(37,984)	-	-
Accumulated net surplus		(10,329,416)	511,707	(14,005,034)	(2,829,888)
		<b>(2,191,722)</b>	<b>8,201,338</b>	<b>(5,841,163)</b>	<b>4,897,727</b>
Deferred grants	22	<b>109,082,523</b>	<b>99,443,090</b>	<b>109,082,523</b>	<b>99,443,090</b>
<b>Total funds</b>		<b>106,890,801</b>	<b>107,644,428</b>	<b>103,241,359</b>	<b>104,340,817</b>
<b>Total funds and equity</b>		<b>107,183,105</b>	<b>107,936,732</b>	<b>103,533,663</b>	<b>104,633,121</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	23	3,514,163	3,970,737	3,513,007	3,970,737
Deferred tax liability	13	37,600	30,280	-	-
Provision for liabilities and charges	24	4,276,169	5,754,656	4,276,169	5,754,656
		<b>7,827,932</b>	<b>9,755,673</b>	<b>7,789,176</b>	<b>9,725,393</b>
<b>Current liabilities</b>					
Funds designated for specific purposes:					
- Academic	25	13,232,962	11,041,850	13,370,693	11,179,581
- Operational resources	25	904,475	904,475	904,475	904,475
- Other	25	4,483,088	4,406,647	4,483,088	4,406,647
Trade and other payables	26	90,649,565	58,036,105	89,723,217	56,918,710
Provision for liabilities and charges	24	8,884,220	8,052,121	8,884,220	8,052,121
Lease liabilities	23	493,064	524,244	478,303	524,244
Current tax liabilities		49,974	228,684	-	-
Borrowings	18	13,051	-	13,051	-
		<b>118,710,399</b>	<b>83,194,126</b>	<b>117,857,047</b>	<b>81,985,778</b>
<b>Total liabilities</b>		<b>126,538,331</b>	<b>92,949,799</b>	<b>125,646,223</b>	<b>91,711,171</b>
<b>Total funds and liabilities</b>		<b>233,721,437</b>	<b>200,886,531</b>	<b>229,179,887</b>	<b>196,344,292</b>

The financial statements on pages 9 to 56 were approved by the Council, authorised for issue on 17 July 2025 and signed on its behalf by:

  
Prof Alfred J. Vella  
Rector

  
Mr Mark Debono  
Director of Finance

## Statements of changes in equity

GROUP	Specific endowment funds €	Capital fund €	Special reserve €	Investment revaluation reserve €	Other reserves €	Accumulated net surplus €	Total €
At 1 October 2021	292,304	138,598	4,800,000	4,525	1,749,898	4,876,117	11,861,442
Return of funds	-	(1)	-	-	1,039,120	-	1,038,119
Increase in fair value of financial assets at FVOCI	-	-	-	(42,509)	-	-	(42,509)
Loss for the year	-	-	-	-	-	(4,364,410)	(4,364,410)
<b>At 30 September 2022</b>	<b>292,304</b>	<b>138,597</b>	<b>4,800,000</b>	<b>(37,984)</b>	<b>2,789,018</b>	<b>511,707</b>	<b>8,493,642</b>
At 1 October 2022	292,304	138,597	4,800,000	(37,984)	2,789,018	511,707	8,493,642
Return of funds	-	-	-	-	436,256	-	436,256
Increase in fair value of financial assets at FVOCI	-	-	-	11,807	-	-	11,807
Loss for the year	-	-	-	-	-	(10,841,123)	(10,841,123)
<b>At 30 September 2023</b>	<b>292,304</b>	<b>138,597</b>	<b>4,800,000</b>	<b>(26,177)</b>	<b>3,225,274</b>	<b>(10,329,416)</b>	<b>(1,899,418)</b>

## Statements of changes in equity - continued

UNIVERSITY	Specific	Capital	Special	Other	Accumulated	Total
	endowment funds	fund	reserve	reserves	net surplus	
	€	€	€	€	€	€
At 1 October 2021	292,304	138,598	4,800,000	1,749,898	2,291,197	9,271,997
Receipt of funds	-	(1)	-	1,039,120	-	1,039,119
Surplus for the year	-	-	-	-	(5,121,085)	(5,121,085)
<b>At 30 September 2022</b>	<b>292,304</b>	<b>138,597</b>	<b>4,800,000</b>	<b>2,789,018</b>	<b>(2,829,888)</b>	<b>5,190,031</b>
At 1 October 2022	292,304	138,597	4,800,000	2,789,018	(2,829,888)	5,190,031
Return of funds	-	-	-	436,256	-	436,256
Loss for the year	-	-	-	-	(11,175,146)	(11,175,146)
<b>At 30 September 2023</b>	<b>292,304</b>	<b>138,597</b>	<b>4,800,000</b>	<b>3,225,274</b>	<b>(14,005,034)</b>	<b>(5,548,859)</b>

## Statements of cash flows

	Note	Group		University	
		2023	2022	2023	2022
		€	€	€	€
<b>Cash flows from operating activities</b>					
Government recurrent vote		102,080,228	98,691,036	102,080,228	98,691,036
Receipts from all other sources of income		19,176,409	17,289,114	17,551,277	16,028,426
Receipts from externally funded projects		18,779,107	11,490,090	18,779,107	11,490,090
Payments to employees and suppliers		(120,368,363)	(129,997,756)	(118,439,828)	(128,427,678)
Receipts on behalf of related parties		53,823	6,781	53,823	6,781
Receipts from related parties		32,652	-	32,652	100,000
Payments on behalf of related parties		(569,648)	(170,867)	(569,648)	(170,867)
Income tax paid		(296,416)	(155,517)	-	-
<b>Net cash (used in)/generated from operating activities</b>		<b>18,887,792</b>	<b>(2,847,119)</b>	<b>19,487,610</b>	<b>(2,282,213)</b>
<b>Cash flows from investing activities</b>					
Government capital vote		5,896,109	5,430,929	5,896,109	5,430,929
Government ERDF/ESF vote		81,275	8,154	81,275	8,154
EU ERDF/ESF vote		-	-	-	-
Interest received from investments held-to-maturity investments		3,704	3,704	3,704	3,704
Redemption of investment		7,013	1,238,728	7,013	-
Other interest received		25,609	32,100	-	-
Payments for capital expenditure		(7,639,871)	(6,310,971)	(7,458,131)	(6,195,620)
<b>Net cash generated from/(used in) investing activities</b>		<b>(1,626,161)</b>	<b>402,644</b>	<b>(1,470,029)</b>	<b>(752,832)</b>
<b>Cash flows from fund activities</b>					
Receipts for academic funds		349,370	62,676	349,370	62,676
Receipts for other funds		15,614	27,337	15,614	27,337
<b>Net cash generated from fund activities</b>		<b>364,984</b>	<b>90,012</b>	<b>364,984</b>	<b>90,014</b>
Net change in cash and cash equivalents		17,626,615	(2,354,462)	18,382,565	(2,945,032)
Cash and cash equivalents, beginning of year		21,166,316	23,520,778	18,502,364	21,447,396
<b>Cash and cash equivalents, end of year</b>	18	<b>38,792,931</b>	<b>21,166,316</b>	<b>36,884,929</b>	<b>18,502,364</b>

## **Notes to the financial statements**

### **1 Nature of operations**

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

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

### **2 General information of the University**

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

### **3 Basis of preparation and going concern**

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

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

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

### **3.2 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the University will continue in operational existence for the foreseeable future and will be able to meet its obligations as they fall due.

During the year ended 30 September 2023, the University and the Group incurred a deficit of €11,175,146 and €10,829,316 and, as at that date, the University and the Group's accumulated net deficit amounted to €14,005,034 and €10,329,416. Furthermore, the University and the Group's current liabilities exceeded their current assets by €18,903,761 and €17,226,277 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the University and the Group's ability to continue as a going concern.

However, included within current liabilities are funds amounting to €18,758,256 and €18,620,525 for the University and the Group respectively, held in the name of various departments which funds can only be spent at the University and the Group's discretion. The University and the Group have the ability to stagger the use of these funds in line with available working capital, thereby supporting short-term liquidity management.

In addition, the Government of Malta has given a commitment in writing confirming to provide the University and the Group with necessary funding support on an ongoing basis, such that the University and the Group shall be in a position to meet its commitments as at 30 September 2023, up to the extent that this shall not be possible from within the financial resources of the University and the Group. However, this support does not extend to liabilities incurred after that date or for a period of at least 12 months from the date of approval of these financial statements.

Recognising the ongoing support of the Government of Malta and through cash flow management, the directors concluded that at the time of approving these financial statements, the University and the Group are expected to remain viable and to be able to honour liabilities as and when they fall due. On the basis of the foregoing, the directors concluded that it remains appropriate to adopt the going concern basis of preparation of the University and the Group's financial statements. The validity of this assumption depends on the continued support of the Government of Malta.

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

### **4.1 New standards adopted as at 1 October 2022**

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

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

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

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

## **5 Summary of accounting policies**

### **5.1 Overall considerations**

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

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

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

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

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

### **5.3 Basis of consolidation**

#### Subsidiary undertakings

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

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

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

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

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

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

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

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

Income and expenditure transactions are recognised as follows:

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

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

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

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

##### **Rental income**

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

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

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

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

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

##### **Consultancy fees**

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

##### **Income from broadcasting**

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

##### **Finance income**

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

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

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

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

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

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

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

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

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

#### **5.7 Foreign currencies**

##### **Functional and presentation currency**

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

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

#### **5.8 Investment in joint venture**

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

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

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

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

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

### 5.9 Property, plant and equipment

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

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

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

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

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

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

	%
Building improvements	4
Computer hardware, software and network infrastructure	5 - 25
Furniture, fixtures and fittings and office equipment	10 - 20
Plant, machinery and laboratory equipment	17 - 20
Other assets - motor vehicles	20
Other assets - books and periodicals	33 ½

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

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

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

## **5.10 Financial instruments**

### **Recognition, and derecognition**

Financial assets and financial liabilities are recognised when the University and the Group become a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Classification and initial measurement of financial assets**

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

Financial assets are classified into the following categories:

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

The classification is determined by both:

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

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

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

#### *Financial assets at amortised cost*

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

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

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

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

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

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

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

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

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

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

#### **Impairment of financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **5.11 Leases**

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

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

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

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

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

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

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

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

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

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

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

#### **5.12 Inventories**

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

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

Trade receivables comprise amounts due from customers for goods sold or services performed and rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance (note 5.10).

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

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

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

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

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

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

#### **5.16 Trade and other payables**

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **5.20 Offsetting financial instruments**

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

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

The preparation of the financial statements requires the Council members to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Council members continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. The Council members base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, the Council members believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

In the opinion of the Council members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

## 6 Income

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
Government budget allocation				
Recurrent vote:				
- University	86,758,031	90,734,389	86,758,031	90,734,389
- Junior College	10,500,000	10,400,000	10,500,000	10,400,000
Government capital grant	4,880,172	5,632,735	4,880,172	5,632,735
Other grants and subsidies	1,558,118	1,176,546	1,558,118	1,176,546
Government ERDF/ESF grant	853,340	591,468	853,340	591,468
European Union ERDF/ESF grant	4,186,940	2,886,859	4,186,940	2,886,859
<b>Total grant and subvention</b>	<b>108,736,601</b>	<b>111,421,997</b>	<b>108,736,601</b>	<b>111,421,997</b>
Externally funded projects	13,898,860	11,693,696	13,898,860	11,693,696
Registration and tuition fees	8,759,650	8,176,524	8,759,650	8,176,524
Matsec fees	1,747,255	1,101,185	1,747,255	1,101,185
Consultancy services	49,969	33,233	49,969	33,233
Playschool and summer school	348,194	313,377	348,194	313,377
Sponsorship	247,702	465,555	247,702	465,555
Donations	31,632	84,537	31,632	84,537
Courses and seminars	1,961,577	1,674,631	296,962	326,935
Accommodation and other ancillary services	806,927	390,093	-	-
Other income	5,293,957	4,726,835	4,814,391	3,582,891
	<b>33,145,723</b>	<b>28,659,666</b>	<b>30,194,615</b>	<b>25,777,933</b>
<b>Total income</b>	<b>141,882,324</b>	<b>140,081,663</b>	<b>138,931,216</b>	<b>137,199,930</b>

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

### Disposal of subsidiary

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

	2022
	€
<b>Assets:</b>	
Trade and other receivables	60,520
Cash and cash equivalents	418,292
Current tax asset	<u>95,328</u>
Carrying value of assets disposed	<u>574,140</u>
<b>Liabilities:</b>	
Trade and other payables	(141,843)
Current tax liability	<u>(51,713)</u>
Carrying value of liabilities released	<u>(193,556)</u>
Net assets disposed	380,584
Consideration attributable to the disposal of subsidiary	<u>1,388,838</u>
Net gain on disposal	<u>1,008,254</u>
Reported within:	
Income Statement - Income - Other income	1,008,254

## **7 Staff costs and pension costs**

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

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
<b>Academic:</b>				
- University	55,721,369	54,923,011	55,721,369	54,923,011
- Junior College	9,452,139	8,357,231	9,452,139	8,357,231
- Externally funded	1,808,816	916,804	1,808,816	916,804
<b>Non-academic:</b>				
- University	32,749,788	31,296,302	32,749,788	31,296,302
- Junior College	1,197,228	1,243,627	1,197,228	1,243,627
- Externally funded	6,412,316	5,634,690	6,412,316	5,634,690
- Other	1,212,844	1,783,906	-	-
<b>Total staff costs and pension costs</b>	<u>108,554,500</u>	<u>104,155,571</u>	<u>107,341,656</u>	<u>102,371,665</u>

Average number of persons employed during the year:

	Group		University	
	2023	2022	2023	2022
	No.	No.	No.	No.
Academic	1,000	1,000	1,000	1,000
Managerial, Administrative, Technical and Industrial Staff	1,325	1,273	1,267	1,231
	<b>2,325</b>	<b>2,273</b>	<b>2,267</b>	<b>2,231</b>

## 8 Other operating expenses

Other operating expenses are classified by their nature as follows:

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
Non-capitalised expenditures	1,845,621	1,817,083	1,829,477	1,803,363
Library books and periodicals	3,019,905	2,837,113	3,019,905	2,837,113
Repairs and maintenance related costs	4,075,978	3,235,377	4,052,323	3,209,924
Allocation to work resources and research projects funds	3,980,868	3,596,157	3,980,868	3,596,157
Laboratory and office supplies	2,473,616	2,979,999	2,473,616	2,979,999
Energy and communications	2,051,185	2,224,616	2,039,440	2,211,551
Depreciation of property, plant and equipment	10,002,231	10,071,136	9,899,623	9,986,882
Depreciation of right-of-use assets	561,934	737,675	547,822	737,675
Interest expense on lease liabilities	134,123	119,735	134,123	119,735
Other expenses	13,181,400	9,448,155	12,105,125	9,672,017
<b>Total other operating expenses</b>	<b>41,326,862</b>	<b>37,067,046</b>	<b>40,082,323</b>	<b>37,154,416</b>

Included above are costs amounting to € 976,888 (2022: € 820,338) relating to the Junior College.

Auditor's remuneration for the current financial year amounted to € 27,400 (2022: € 27,400) for the University and € 42,065 (2022: € 39,850) for the Group.

## 9 Tax expense

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

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

	Group	
	2023	2022
	€	€
Deficit before tax	(10,681,422)	(3,935,889)
Tax rate	35%	35%
<b>Expected tax income/(expense)</b>	<b>3,738,498</b>	<b>1,377,561</b>
<b>Adjustments for the tax effect of:</b>		
- Income subject to tax at 15%	5,122	6,420
- Expenses not deductible for tax purposes	(5,678)	(72)
- Temporary differences not recognised	-	368
- Other differences	(3,578,241)	(1,812,798)
<b>Actual tax (expense)/income</b>	<b>159,701</b>	<b>(428,521)</b>
<b>Comprising:</b>		
Current tax expense	110,758	(291,110)
Deferred tax income	48,943	(137,411)
<b>Total tax (expense)/income</b>	<b>159,701</b>	<b>(428,521)</b>

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

## 10 Property, plant and equipment

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

GROUP	Building Improvements	Plant, machinery and lab equipment	Furniture, fixtures and office equipment	Computer hardware, software and network infrastructure	Other assets	Assets in the course of construction	Total
	€	€	€	€	€	€	€
<b>Cost</b>							
At 1 October 2021	73,098,360	47,174,883	18,483,792	14,311,078	2,285,683	35,112,565	190,466,361
Additions and commissioned assets	5,847,276	2,860,179	1,218,112	842,953	50,551	2,039,993	12,869,064
At 30 September 2022	<b>78,945,636</b>	<b>50,035,062</b>	<b>19,701,904</b>	<b>15,154,031</b>	<b>2,336,234</b>	<b>37,152,558</b>	<b>203,325,425</b>
<b>Depreciation</b>							
At 1 October 2021	20,090,629	35,276,410	13,321,998	12,107,030	2,048,317	-	82,844,384
Charge for the year	3,349,542	4,249,971	1,431,104	1,008,211	44,166	-	10,082,994
At 30 September 2021	<b>23,440,171</b>	<b>39,526,381</b>	<b>14,753,102</b>	<b>13,115,241</b>	<b>2,092,483</b>	<b>-</b>	<b>92,927,378</b>
Carrying amount at 30 September 2022	<b>55,505,465</b>	<b>10,508,681</b>	<b>4,948,802</b>	<b>2,038,790</b>	<b>243,751</b>	<b>37,152,558</b>	<b>110,398,047</b>
<b>Cost</b>							
At 1 October 2022	78,945,636	50,035,062	19,701,904	15,154,031	2,336,234	37,152,558	203,325,425
Additions and commissioned assets	9,635,990	5,484,484	1,422,079	1,331,771	1,997	(20,235)	17,856,086
At 30 September 2023	<b>88,581,626</b>	<b>55,519,546</b>	<b>21,123,983</b>	<b>16,485,802</b>	<b>2,338,231</b>	<b>37,132,323</b>	<b>221,181,511</b>
<b>Depreciation</b>							
At 1 October 2022	23,440,171	39,526,381	14,753,102	13,115,241	2,092,483	-	92,927,378
Charge for the year	3,274,424	4,551,587	1,341,398	835,877	35,092	-	10,038,378
At 30 September 2023	<b>26,714,595</b>	<b>44,077,968</b>	<b>16,094,500</b>	<b>13,951,118</b>	<b>2,127,575</b>	<b>-</b>	<b>102,965,756</b>
Carrying amount at 30 September 2023	<b>61,867,031</b>	<b>11,441,578</b>	<b>5,029,483</b>	<b>2,534,684</b>	<b>210,656</b>	<b>37,132,323</b>	<b>118,215,755</b>

**10 Property, plant and equipment - continued**

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

UNIVERSITY	Building improvements	Plant, machinery and lab equipment	Furniture, fixtures and office equipment	Computer hardware, software and network infrastructure	Other assets	Assets in the course of construction	Total
	€	€	€	€	€	€	€
<b>Cost</b>							
At 1 October 2021	70,868,803	46,657,140	17,685,516	14,202,607	1,933,838	35,112,565	186,460,469
Additions and commissioned assets	5,847,276	2,799,090	1,150,300	779,510	4,093	2,039,993	12,620,263
At 30 September 2022	76,716,079	49,456,230	18,835,816	14,982,117	1,937,931	37,152,558	199,080,732
<b>Depreciation</b>							
At 1 October 2021	18,987,957	34,755,011	12,549,768	12,006,894	1,874,620	-	80,174,250
Charge for the year	3,322,057	4,223,006	1,408,869	989,842	9,642	-	9,953,417
At 30 September 2022	22,310,014	38,978,017	13,958,637	12,996,736	1,884,262	-	90,127,667
<b>Carrying amount at 30 September 2022</b>	<b>54,406,065</b>	<b>10,478,213</b>	<b>4,877,179</b>	<b>1,985,381</b>	<b>53,669</b>	<b>37,152,558</b>	<b>108,953,065</b>
<b>Cost</b>							
At 1 October 2022	76,716,079	49,456,230	18,835,816	14,982,117	1,937,931	37,152,558	199,080,731
Additions and commissioned assets	9,635,990	5,483,867	1,269,595	1,328,308	2,000	(53,709)	17,666,051
At 30 September 2023	86,352,069	54,940,097	20,105,411	16,310,425	1,939,931	37,098,849	216,746,782
<b>Depreciation</b>							
At 1 October 2022	22,310,014	38,978,017	13,958,637	12,996,736	1,884,262	-	90,127,666
Charge for the year	3,246,939	4,539,372	1,298,167	814,775	2,374	-	9,899,627
At 30 September 2023	25,556,953	43,517,389	15,254,804	13,811,511	1,886,636	-	100,027,293
<b>Carrying amount at 30 September 2023</b>	<b>60,795,116</b>	<b>11,422,708</b>	<b>4,850,607</b>	<b>2,498,914</b>	<b>53,285</b>	<b>37,098,849</b>	<b>116,719,489</b>

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

**11 Right-of-use assets**

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

	Group €	University €
<b>Gross carrying amount</b>		
At 01 October 2021	4,315,871	2,918,248
Additions	4,295,236	4,295,236
Write off during year	(1,397,623)	-
At 30 September 2022	<u>7,213,484</u>	<u>7,213,484</u>
Write off during year	28,223	-
At 30 September 2023	<u>7,241,707</u>	<u>7,213,484</u>
<b>Depreciation</b>		
At 01 October 2021	3,466,372	2,112,425
Provision for the year	737,676	737,676
Write off during year	(1,353,947)	-
At 30 September 2022	<u>2,850,101</u>	<u>2,850,101</u>
Provision for the year	561,934	547,822
At 30 September 2023	<u>3,412,035</u>	<u>3,397,923</u>
<b>Carrying amount</b>		
At 30 September 2022	<u>4,363,383</u>	<u>4,363,383</u>
At 30 September 2023	<u>3,829,672</u>	<u>3,815,561</u>

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

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

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

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

## 12 Investment in subsidiaries

	University	
	2023	2022
	€	€
At 30 September	<u>948,313</u>	<u>948,313</u>

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

	Held directly by a subsidiary		Effective holding	
	2023	2022	2023	2022
	%	%	%	%
Malta University Consulting Limited	100	100	100	100
Malta University Broadcasting Limited	100	100	100	100
Malta University Residence Limited	-	100	-	100
Malta University Holding Company Limited	-	-	100	100
Malta University Innovation Portfolio Ltd	-	-	100	100

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

The principal activities of the subsidiaries are as follows:

### Malta University Enterprises Limited (formerly Malta University Consulting Limited)

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

### Malta University Broadcasting Limited

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

### Malta University Residence Limited

To carry on the operation of an accommodation complex.

During the financial year ended 30 September 2022, MUHC disposed of 291,172 ordinary shares in Malta University Residence Ltd. for the considerations of €1,050,000 in cash and €250,000 preference shares in the company and an additional amount still receivable of €88,828. The net asset value of the company at the date of disposal was €380,000.

### Malta University Holding Company Limited

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

### Malta University Innovation Portfolio Ltd

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

### 13 Deferred tax assets (liability)

#### Group

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

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

	1 October 2022	Recognised in income and expenditure accounts	30 September 2023
	€	€	€
<b>Non-current assets</b>			
Property, plant and equipment	(11,793)	7,597	(4,196)
Investments	14,797	(5,635)	9,162
IFRS 16	-	632	632
<b>Current assets</b>			
Trade receivables	5,501	-	5,501
Inventories	(1,077)	-	(1,077)
<b>Unutilised capital allowances</b>	2,995	(2,995)	-
<b>Total</b>	<b>10,423</b>	<b>(401)</b>	<b>10,022</b>
<b>Recognised as:</b>			
- Deferred tax assets	40,703		47,622
- Deferred tax liability	(30,280)		(37,600)

Deferred taxes for comparative period 2021 is as follows:

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

#### 14 Investments

As at the year end, the Group held total investments amounting to € 2,026,718 (2022: € 1,281,398). These are classified into investments held to maturity of € 130,100 (2021: € 130,100), debt securities at FVOCI of € 986,807 (2022: € 973,750), debt securities at amortised cost of € 495,590 (2022: € 0), equity securities at amortised cost of € 250,120 (2022: € 262,500) and investments in joint venture, net assets of € 164,101 (2022: net liability of € 84,952).

##### Debt securities at amortised cost

	Group and University	
	2023	2022
	€	€
2.30% Malta Government Stock 2029	40,000	40,000
2.40% Malta Government Stock 2041	56,500	56,500
3.00% Malta Government Stock 2040	13,600	13,600
5.10% Malta Government Stock 2029	20,000	20,000
	<u>130,100</u>	<u>130,100</u>

The debt securities are quoted on the Malta Stock Exchange. The market value of these debt securities at 30 September 2023 was € 117,307 (2022: € 128,694).

##### Debt securities at FVOCI

	Group	
	2023	2022
	€	€
At 1 October	973,750	818,250
Additions	255,000	300,009
Disposals	(253,750)	(102,000)
Fair value adjustment	11,807	(42,509)
At 30 September	<u>986,807</u>	<u>973,750</u>

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

##### Debt securities at amortised cost

	Group	
	2023	2022
	€	€
At 1 October	-	-
Additions	495,590	-
At 30 September	<u>495,590</u>	<u>-</u>

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

**Equity securities at amortised cost**

	Group	
	2023	2022
	€	€
At 1 October	262,500	18,750
Additions	-	250,000
Impairment loss	(12,380)	(6,250)
At 30 September	<u>250,120</u>	<u>262,500</u>

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

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

**Investment in joint ventures**

	Group	
	2023	2022
	€	€
At 1 October	(84,952)	(84,960)
Additions	249,653	-
Share of loss from joint ventures	(600)	8
At 30 September	<u>164,101</u>	<u>(84,952)</u>

**P.E.I. Limited**

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

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

	2023	2022
	€	€
Total assets	576,436	490,267
Total liabilities	(490,483)	(490,483)
Net liabilities	<u>85,953</u>	<u>(216)</u>
<b>Group's share of net assets/(liabilities) of the joint venture</b>	<u><b>42,977</b></u>	<u><b>(108)</b></u>

	2023	2022
	€	€
Revenues	21,748	32,773
Loss for the year	<u>(379)</u>	<u>(32,989)</u>
<b>Group's share of loss in joint venture</b>	<b><u>(189)</u></b>	<b><u>(16,495)</u></b>

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

The carrying amount of investment in joint venture as at 30 September 2023 and 2022 is recognised under 'Trade and other payables' in the statements of financial position. The Group recognises its share of losses in relation to its interest in joint venture because the Group has an obligation in respect of these losses.

*Flasc B.V.*

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

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

	2023	2022
	€	€
Total assets	289,989	274,770
Total liabilities	<u>(339,223)</u>	<u>(211,866)</u>
Net liabilities	<u>(49,234)</u>	<u>62,904</u>
<b>Group's share of net (liabilities)/assets of the joint venture</b>	<b><u>(24,617)</u></b>	<b><u>31,452</u></b>
(Loss)/Profit for the year	<u>(100,501)</u>	<u>204,439</u>
<b>Group's share of (loss)/profit in joint venture</b>	<b><u>(50,250)</u></b>	<b><u>102,220</u></b>

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

The carrying amount of investment in joint venture as at 30 September 2023 and 2022 is recognised under 'Trade and other payables' in the statements of financial position. The Group recognises its share of losses in relation to its interest in joint venture because the Group has an obligation in respect of these losses.

*De Novo Cell Ltd.*

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

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

	2023	2022
	€	€
Total assets	75,482	130,276
Total liabilities	(351,434)	(295,267)
Net liabilities	<u>(275,952)</u>	<u>(164,991)</u>
<b>Group's share of net liabilities of the joint venture</b>	<u><b>(137,976)</b></u>	<u><b>(82,496)</b></u>
Loss for the year	<u>(100,961)</u>	<u>(117,807)</u>
<b>Group's share of loss in joint venture</b>	<u><b>(50,481)</b></u>	<u><b>(58,904)</b></u>

The Group's interests in this joint venture is unquoted, hence fair value cannot be determined. The carrying amount of investment in joint venture as at 30 September 2023 and 2022 is recognised under 'Trade and other payables' in the consolidated statements of financial position. The Group recognises its share of losses in relation to its interest in joint venture because the Group has an obligation in respect of these losses.

## 15 Trade and other receivables

Trade and other receivables consist of the following:

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
<b>Current</b>				
Trade receivables, gross	4,951,111	3,370,119	4,629,451	3,238,750
Allowance for credit losses	(371,022)	(326,116)	(355,305)	(310,398)
Trade receivables, net	4,580,089	3,044,003	4,274,146	2,928,352
Amounts owed by subsidiaries	-	-	660,477	391,904
Amounts owed by related parties	1,137,817	770,171	951,844	729,006
Accrued grant receivable on pension costs	8,884,220	8,262,356	8,884,220	8,262,356
Accrued income on externally funded projects	30,166,267	21,543,136	30,166,267	21,543,136
Other receivables	5,590,284	4,344,409	5,590,283	4,344,409
Other accrued income	1,904,745	6,632,028	1,650,293	6,390,139
<b>Financial assets measured at amortised cost</b>	<b>52,263,422</b>	<b>44,596,103</b>	<b>52,177,530</b>	<b>44,589,302</b>
Prepayments and deferred expenditure	3,153,582	2,279,661	3,203,531	2,256,842
Advance payment to creditors	410,048	-	410,048	-
VAT refundable	36,745	40,771	-	-
Other receivables	32,122	139,026	25,703	125,076
<b>Total trade and other receivables</b>	<b>55,895,919</b>	<b>47,055,561</b>	<b>55,816,812</b>	<b>46,971,220</b>
<b>Non-current</b>				
Accrued grant receivables on pension costs	4,276,169	5,754,656	4,276,169	5,754,656

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

The carrying value of trade and other receivables is considered a reasonable approximation of fair value. The University has provided an undertaking to one of its subsidiaries not to demand repayment of € 236,427 (2022: € 339,231) unless the subsidiary has sufficient funds to repay all other liabilities.

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

Included in trade receivables are debtors with a carrying amount of € 4,171,692 (2022: € 3,038,430) which are past due at the reporting date for which the University and the Group have not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	Group and University	
	2023	2022
	€	€
Between 1 and 2 months overdue	271,331	230,781
Between 2 and 3 months overdue	75,868	169,788
Over 3 months overdue	3,824,493	2,637,861
	<u>4,171,692</u>	<u>3,038,430</u>

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

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
At 1 October	326,116	243,916	310,398	228,198
Decrease in provision	44,907	82,200	44,907	82,200
At 30 September	<u>371,023</u>	<u>326,116</u>	<u>355,305</u>	<u>310,398</u>

## 16 Inventories

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
Finished goods and goods for resale	<u>37,389</u>	<u>52,763</u>	-	-

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

## 17 Capital projects funding

	Group and University	
	2023	2022
	€	€
At beginning of year	10,721,191	13,102,615
Capital projects payments effected by the University during the year	5,673,784	4,744,710
	<u>16,394,975</u>	<u>17,847,325</u>
Remittances received from Government	(5,819,513)	(5,431,965)
Reclassifications during the year	-	(1,694,169)
At end of year	<u>10,575,462</u>	<u>10,721,191</u>
<u>Disclosed as:</u>		
Non-current	4,336,969	5,011,969
Current	<u>6,238,493</u>	<u>5,709,222</u>
	<u>10,575,462</u>	<u>10,721,191</u>

## 18 Cash and cash equivalents

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

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
Cash at bank and in hand	38,805,982	21,166,316	36,897,979	18,502,364
Overdrawn bank balance	(13,051)	-	(13,051)	-
	<b>38,792,931</b>	<b>21,166,316</b>	<b>36,884,929</b>	<b>18,502,364</b>

## 19 Specific endowment funds

	Group and University	
	2023	2022
	€	€
A. Cachia Zammit Prize	1,337	1,337
Prof. J.J. Mangion Prize	932	932
Colombos Scholarships	1,928	1,928
Prof. Griffiths Prize	233	233
University Students' Bursaries	2,329	2,329
Corinthia Paediatric Fund	4,659	4,659
Anna Muscat Azzopardi Prize	2,165	2,165
Hugh Muscat Azzopardi Prize	1,571	1,571
BMA-UM Travelling Fellowship	3,704	3,704
Fund Karmen Micallef Buhagiar	3,436	3,436
Paul and Elvira Saliba Attard Fund	1,073	1,073
Prof. John Borg Fund	9,317	9,317
Prof. Craig Memorial Fund	26,087	26,087
Prof. Keith Richardson Fund	232,937	232,937
Prof. G. Chamberlain Prize	596	596
<b>Total</b>	<b>292,304</b>	<b>292,304</b>

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

## 20 Capital fund

This represents the equivalent of the total cost of investments made by the University in subsidiary and associated companies as at 31 December 1993 amounting to € 80,364, which were previously expensed,

together with a loan to Malta University Broadcasting Limited amounting to € 58,234 which was also previously expensed.

## 21 Special reserve

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

## 22 Deferred grants

	Group and University		
	Government funding €	ERDF funding €	Total €
Opening balance as at 1 October 2021	50,553,027	50,263,683	100,816,710
Increase due to asset additions	662,604	6,701,142	7,363,746
Released to income and expenditure account	(1,683,668)	(3,421,270)	(5,104,938)
Reclassifications during the year	(4,263,910)	631,482	(3,632,428)
Closing balance as at 30 September 2022	<u>45,268,053</u>	<u>54,175,036</u>	<u>99,443,090</u>
Opening balance as at 1 October 2022	45,268,053	54,175,036	99,443,090
Increase due to asset additions	4,171,549	12,139,750	16,311,298
Released to income and expenditure account	(2,235,790)	(4,436,076)	(6,671,865)
Closing balance as at 30 September 2023	<u>47,203,812</u>	<u>61,878,711</u>	<u>109,082,523</u>

Deferred grants are credited to the income and expenditure account over the remaining useful lives of the assets. It is expected that € 9,224,363 (2022: € 8,044,251) will be released to income in the next twelve months.

## 23 Lease liabilities

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

	Group		University	
	2023 €	2022 €	2023 €	2022 €
<b>Current:</b>				
Lease Liabilities	493,064	524,244	478,303	524,244
<b>Non-Current:</b>				
Lease Liabilities	3,514,163	3,970,737	3,513,007	3,970,737
<b>Total Lease Liabilities</b>	<u>4,007,227</u>	<u>4,494,981</u>	<u>3,991,310</u>	<u>4,494,981</u>

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

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

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

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

Group	Minimum lease payments			Total €
	Not later than one year €	Later than one year but not later than five years €	Later than five years €	
<b>30 September 2023</b>				
Lease payments	612,541	1,953,825	2,042,162	4,608,528
Finance charges	(119,477)	(342,055)	(139,769)	(601,301)
<b>Net present values</b>	<b>493,064</b>	<b>1,611,770</b>	<b>1,902,393</b>	<b>4,007,227</b>
<b>30 September 2022</b>				
Lease payments	637,794	2,072,960	2,800,328	5,511,082
Finance charges	(134,123)	(393,629)	(488,349)	(1,016,101)
<b>Net present values</b>	<b>503,671</b>	<b>1,679,331</b>	<b>2,311,979</b>	<b>4,494,981</b>



The pension provision mainly reflects past service costs. Included in the provision of € 7,825,154 (2022: €8,653,421) is an amount of € 810,816 (2022: € 828,267) which is expected to crystallise in the next 12 months.

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

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

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

#### **Discount rates**

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields for Malta Government Stocks that have terms to maturity approximating to the terms of the related pension liability. As at 30 September 2023, the weighted average discount rate used was 4.02% (2022: 3.21%).

#### **Mortality assumptions**

Assumptions regarding future mortality experience are set based on published mortality tables in the United Kingdom and in Malta, which translate into an average life expectancy ranging between 79 and 102 years (2022: 79 and 102 years) depending on the age and gender of the beneficiaries.

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

	<b>Group and University</b>	
	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
At beginning of year	13,806,777	15,242,420
Actuarial losses	212,565	219,397
Interest costs	(210,325)	(1,100,419)
Past and current service costs	(628,627)	(554,621)
At end of year	<u>13,180,390</u>	<u>13,806,777</u>

## 25 Funds designated for specific purposes

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

	University				Group	
	Balance at 1 October 2022	Reclassifications and transfers	Receipts/ (payments)	Deferred income on fixed assets	Balance at 30 September 2023	Balance at 30 September 2023
<b>Academic</b>						
Research	1,917,089	2,971	297,844	(20,587)	2,197,316	2,197,316
Departmental funds	9,262,492	2,225,338	49,476	(363,928)	11,173,378	11,035,647
	<b>11,179,581</b>	<b>2,228,309</b>	<b>347,320</b>	<b>(384,516)</b>	<b>13,370,694</b>	<b>13,232,962</b>
<b>Operational resources</b>						
Purchase of equipment	(119,105)	-	-	-	(119,104)	(119,104)
Campus network development	1,023,580	-	-	-	1,023,579	1,023,579
	<b>904,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>904,475</b>	<b>904,475</b>
<b>Other</b>						
Prizes, scholarships and bursaries	3,108,889	3,907	-	-	3,112,796	3,112,796
Bench fees	1,237,111	13,677	(7,030)	43,244	1,287,002	1,287,002
Other	60,647	-	22,643	-	83,289	83,289
	<b>4,406,647</b>	<b>17,584</b>	<b>15,614</b>	<b>43,244</b>	<b>4,483,088</b>	<b>4,483,088</b>
<b>Total funds</b>	<b>16,490,703</b>	<b>2,245,893</b>	<b>362,934</b>	<b>(341,272)</b>	<b>18,758,257</b>	<b>18,620,525</b>

Movement in funds designated for specific purposes for the comparative period 2022 was as follows:

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

## 26 Trade and other payables

Trade and other payables consist of the following:

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
<b>Current</b>				
Trade payables	3,590,008	2,284,057	3,413,278	2,110,259
Amounts owed to subsidiaries	-	-	224,359	177,513
Accruals	8,655,475	12,266,601	8,484,588	11,874,259
Deferred income on externally funded projects	49,709,021	36,218,496	49,709,021	36,218,496
Other payables	4,012,914	3,280,444	3,880,938	3,126,039
<b>Financial liabilities measured at amortised cost</b>	<b>65,967,418</b>	<b>54,049,598</b>	<b>65,712,184</b>	<b>53,506,566</b>
Indirect taxes and social security contributions	21,171,962	2,608,094	21,082,461	2,556,700
Deferred income and advance payments from customers	1,612,051	276,354	1,231,586	-
Other payables	1,898,134	1,102,059	1,696,986	855,444
<b>Total trade and other payables</b>	<b>90,649,565</b>	<b>58,036,105</b>	<b>89,723,217</b>	<b>56,918,710</b>

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

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

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

## 27 Related party transactions

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

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

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

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

### 27.1 Transactions with subsidiary companies

	University	
	2023	2022
	€	€
<b>Income</b>		
Subcontracting income recharged to subsidiaries	-	-
Other income recharged to subsidiaries	136,317	79,173
<b>Expenses</b>		
University radio running costs recharged by subsidiary	400,000	400,000
Accommodation expenses recharged by subsidiary	63,312	7,885
Salaries recharged from a subsidiary	-	2,473
Other expenses recharged by subsidiaries	205,170	225,814

## 28 Financial risk management

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

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

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

### 28.1 Credit risk

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

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

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
Classes of financial assets - carrying amounts:				
Debt securities at FVOCI	986,807	973,750	-	-
Debt securities at amortised cost	625,690	130,100	130,100	130,100
Equity securities at amortised cost	250,120	262,500	-	-
Financial assets at amortised cost:				
- Capital projects funding	10,575,462	10,721,191	10,575,462	10,721,191
- Trade and other receivables	11,340,313	8,297,609	11,502,454	8,518,747
- Cash and cash equivalents	38,805,982	21,166,316	36,897,979	18,502,364
	<b>62,584,374</b>	<b>41,551,466</b>	<b>59,105,995</b>	<b>37,872,402</b>

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

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

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

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

#### **Trade receivables**

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

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

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 September 2023 and 2022, respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The University and the Group adjust the historical loss rates based on expected changes in these factors.

On the above basis the expected credit loss for trade receivables as at 30 September 2023 and 2022 were determined as follows:

**Group**

<b>30-Sep-23</b>	<b>Current</b>	<b>More than 30 days</b>	<b>More than 90 days</b>	<b>More than 180 days</b>	<b>Total</b>
Expected credit loss rate (%)	1%	1%	1%	9%	
Gross carrying amount (€)	20,780	651,361	271,331	4,007,639	4,951,111
Lifetime expected credit loss	106	7,417	3,925	359,575	371,022

<b>30-Sep-22</b>	<b>Current</b>	<b>More than 30 days</b>	<b>More than 90 days</b>	<b>More than 180 days</b>	<b>Total</b>
Expected credit loss rate (%)	4%	6%	10%	10%	
Gross carrying amount (€)	111,348	204,211	205,607	2,848,953	3,370,119
Lifetime expected credit loss	3,963	13,022	20,857	288,274	326,116

**University**

<b>30-Sep-23</b>	<b>Current</b>	<b>More than 30 days</b>	<b>More than 90 days</b>	<b>More than 180 days</b>	<b>Total</b>
Expected credit loss rate (%)	1%	1%	1%	9%	
Gross carrying amount (€)	20,780	651,361	271,331	3,685,979	4,629,451
Lifetime expected credit loss	106	7,417	3,925	343,858	355,305

<b>30-Sep-22</b>	<b>Current</b>	<b>More than 30 days</b>	<b>More than 90 days</b>	<b>More than 180 days</b>	<b>Total</b>
Expected credit loss rate (%)	4%	6%	10%	10%	
Gross carrying amount (€)	111,348	204,211	205,607	2,717,584	3,238,750
Lifetime expected credit loss	3,963	13,022	20,857	272,556	310,398

**Other financial assets at amortised cost**

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

With respect to balances with related parties (as disclosed in note 15), the University assesses the credit quality of these related parties by taking into account financial position, performance and other factors. In measuring the expected credit losses on these balances, management determined the impairment provision independently from third party receivables and as at 30 September 2022, there was no impairment in relation to third party

balances. Management take cognisance of the related party relationship with these entities and settlement arrangements in place and does not expect any losses from non-performance or default.

The University and the Group bank with local institutions. At 30 September 2023, cash and cash equivalents of the University and the Group amounting to € 36,897,984 and € 38,805,997 (2022: € 18,502,364 and € 21,166,316), respectively are held with local counterparties with credit ratings of BBB- and are callable on demand. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be insignificant to the University and the Group.

## **28.2 Liquidity risk**

The University and the Group are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally funds designated for specific purposes and trade and other payables (refer to notes 25 and 26). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the University's and the Group's obligations.

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

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

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

<b>Group</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>Between 2 - 5 years</b>	<b>More than 5 years</b>
	€	€	€	€	€
<b>At 30 September 2023</b>					
Lease liabilities	4,007,227	4,566,408	570,664	1,476,212	2,519,532
Borrowings	13,050	13,050	13,050	-	-
Funds designated for specific purpose	18,620,525	18,620,525	18,620,525	-	-
Provision for charges and liabilities	13,180,390	13,180,390	8,884,220	2,236,847	2,059,323
Trade and other payables	9,500,856	9,500,856	9,500,856	-	-
	<b>45,322,048</b>	<b>45,881,229</b>	<b>37,589,315</b>	<b>3,713,059</b>	<b>4,578,855</b>
<b>At 30 September 2022</b>					
Lease liabilities	4,494,981	5,673,710	637,794	2,072,960	2,962,956
Funds designated for specific purpose	16,352,972	16,352,972	16,352,972	-	-
Provision for charges and liabilities	13,806,777	13,806,777	8,052,121	2,334,440	3,420,216
Trade and other payables	6,666,560	6,666,560	6,666,560	-	-
	<b>41,321,290</b>	<b>42,500,019</b>	<b>31,709,447</b>	<b>4,407,400</b>	<b>6,383,172</b>

University	Carrying amount €	Contractual cash flows €	Within 1 year €	Between 2 - 5 years €	More than 5 years €
<b>At 30 September 2023</b>					
Lease liabilities	3,991,310	4,550,491	555,903	1,475,056	2,519,531
Borrowings	13,050	13,050	13,050	-	-
Funds designated for specific purpose	18,758,256	18,758,256	18,758,256	-	-
Provision for charges and liabilities	13,180,390	13,180,390	8,884,220	2,236,847	2,059,323
Trade and other payables	9,215,571	9,215,571	9,215,571	-	-
	<b>45,158,577</b>	<b>45,717,758</b>	<b>37,427,000</b>	<b>3,711,903</b>	<b>4,578,854</b>
<b>At 30 September 2022</b>					
Lease liabilities	4,494,981	5,673,710	637,794	2,072,960	2,962,956
Funds designated for specific purpose	16,490,703	16,490,703	16,490,703	-	-
Provision for charges and liabilities	13,806,777	13,806,777	8,052,121	2,334,440	3,420,216
Trade and other payables	6,269,255	6,269,255	6,269,255	-	-
	<b>41,061,716</b>	<b>42,240,445</b>	<b>31,449,873</b>	<b>4,407,400</b>	<b>6,383,172</b>

### 28.3 Foreign currency risk

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

### 28.4 Price risk

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

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

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

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

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

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

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

	Group		University	
	2023	2022	2023	2022
	€	€	€	€
<b>Non-current assets</b>				
Debt securities at FVOCI	986,807	973,750	-	-
Debt securities at amortised cost	625,690	130,100	130,100	130,100
Equity securities at amortised cost	250,120	262,500	-	-
Accrued grant receivable on pension cost	4,276,169	5,754,656	4,276,169	5,754,656
Capital projects funding	4,336,969	5,011,969	4,336,969	5,011,969
	<b>10,475,755</b>	<b>12,132,975</b>	<b>8,743,238</b>	<b>10,896,725</b>
<b>Current assets</b>				
Capital projects funding	6,238,493	5,709,222	6,238,493	5,709,222
Trade and other receivables	52,263,422	44,596,103	52,177,530	44,589,302
Cash and cash equivalents	38,805,982	21,166,316	36,897,979	18,502,364
	<b>97,307,897</b>	<b>71,471,641</b>	<b>95,314,002</b>	<b>68,800,888</b>
<b>Non-current liabilities</b>				
Lease liabilities	3,514,163	3,970,737	3,513,007	3,970,737
Provision for liabilities and charges	4,276,169	5,754,656	4,276,169	5,754,656
	<b>7,790,332</b>	<b>9,725,393</b>	<b>7,789,176</b>	<b>9,725,393</b>
<b>Current liabilities</b>				
Funds designated for specific purposes	18,620,526	16,352,972	18,758,257	16,490,703
Trade and other payables	16,258,398	17,831,102	16,003,164	17,288,070
Lease liabilities	493,064	524,244	478,303	524,244
Borrowings	13,051	-	13,051	-
Provision for liabilities and charges	8,884,220	8,052,121	8,884,220	8,052,121
	<b>44,269,258</b>	<b>42,760,439</b>	<b>44,136,994</b>	<b>42,355,138</b>

## **29 Capital management policies and procedures**

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

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

## **30 Pensions**

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

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

## **31 Commitments**

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

	<b>Group</b>		<b>University</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Capital commitments authorised and contracted	28,936,273	39,440,341	28,936,273	39,440,341
Capital commitments authorised but not contracted	9,739,140	16,118,468	9,739,140	16,118,468
	<b>38,675,413</b>	<b>55,558,809</b>	<b>38,675,413</b>	<b>55,558,809</b>

Capital commitments amount to €1,711,278 (2022: €5,424,822) were co-financed under ERDF 2014-2020 Operational Programme 1.

### **32 Contingent liabilities**

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

One of the subsidiaries has filed objections with the Commissioner of Inland Revenue concerning disputed tax amounting to € 39,853 (2022: € 39,853) relating to year of assessment 1995, 1996 and 1997 in respect of which no provision has been made in the consolidated financial statements.

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

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

# Independent auditor's report

Issued under Section 73 (6) of the  
Education Act, Cap. 327

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To the Council of the University of Malta

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of the University of Malta (“the University”) and the consolidated financial statements of the University and its subsidiaries (together, “the Group”), set out on pages 9 - 57, which comprise the statements of financial position as at 30 September 2023 and the income and expenditure accounts and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the University and the Group as at 30 September 2023, and of their financial performance and of their cash flows for the year then ended prepared broadly in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) except for certain departures as disclosed in the accounting policies and notes described on pages 15 to 57.

### Basis for Opinion

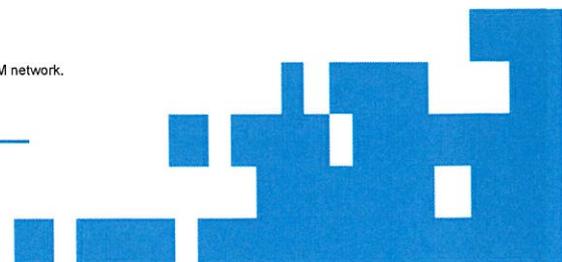
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the University and the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 3.2 in the financial statements which indicates that the University and the Group incurred a deficit of €11,175,146 and €10,829,316 respectively during the year ended 31 December 2023 (2022: University €5,121,085 and the Group €4,364,410) and as of that date, the University and the Group's accumulated net deficit amounted to €14,005,034 and €10,329,416. Furthermore, the University and the Group's current liabilities exceeded their current assets by €18,903,761 and €17,226,277 respectively.

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# Independent auditor's report

Issued under Section 73 (6) of the Education Act, Cap. 327

## Report on the Audit of the Financial Statements - continued

### Material Uncertainty Related to Going Concern - continued

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the University and the Group's ability to continue to operate as a going concern and on their ability to realise their assets and discharge their liabilities in the normal course of operations. Our opinion is not modified in respect of this matter.

### Other Information

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

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

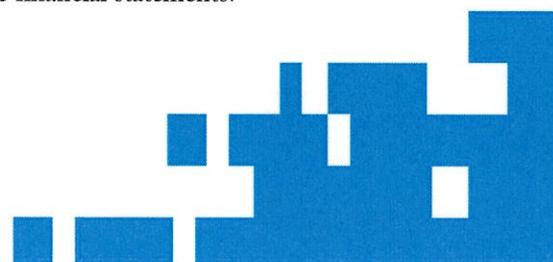
### Council's Responsibilities for the Financial Statements

The Council of the University through the Finance Office is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies and notes described on pages 15 to 57. As described in the statement of responsibilities of the Council on page 8, this responsibility includes designing, implementing and maintaining internal control to enable the preparation and the fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances, stating which comprehensive basis of accounting has been followed, subject to any material departures disclosed and explained in the accounts; and ensuring that the consolidated financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University and the Group will continue their activities as a going concern. These financial statements have been prepared broadly taking into account International Financial Reporting Standards (IFRSs) as adopted by the EU except for certain departures as disclosed in accounting policy 3.1 – "Basis of accounting".

The Council is responsible for overseeing the University and the Group's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

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



# Independent auditor's report

Issued under Section 73 (6) of the Education Act, Cap. 327

## Report on the Audit of the Financial Statements - continued

### Auditors' Responsibilities for the Audit of the Financial Statements – continued

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the University and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

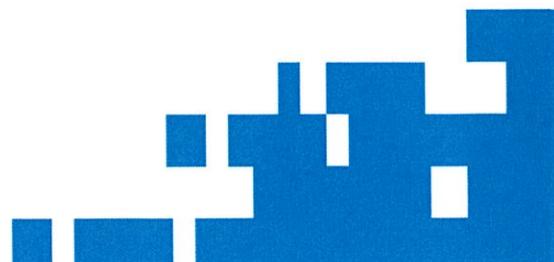
We have nothing to report in this regard.



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

RSM Malta  
Registered Auditors

17 July 2025





## Detailed analysis of other operating expenses

	University	
	2023	2022
	€	€
<b>Other operating expenses</b>		
Computer, equipment and furniture	1,793,573	1,763,214
Repairs and maintenance	2,580,705	1,709,720
Sub-contracted services		
Academic	2,262,676	1,835,383
Other	1,461,678	1,483,288
Office supplies and stationery	1,094,926	990,851
Allocation to work resources funds	3,980,868	3,593,757
Allocation to research projects funds	467,821	478,315
Laboratory supplies	1,234,172	1,849,682
Library books and periodicals	3,012,703	2,827,069
University radio running costs	400,000	530,051
Communications	479,454	522,148
Water and electricity	1,159,019	1,158,705
Travelling and accommodation	272,146	179,691
Grants and subsidies	2,482,720	1,539,157
Professional fees	1,794,148	1,369,441
Conference and events expenditure	1,194,203	978,426
Security	1,022,652	1,196,220
Rent	235,515	346,455
Business Insurance	576,344	572,852
Provision for bad debts	49,157	82,200
Other expenditure	2,069,614	1,423,234
Depreciation charge	10,458,229	10,724,557
	<b>40,082,323</b>	<b>37,154,416</b>

