

# Annual Report **2022**





## The Challenging Journey

Getting off the grey list was the number one priority both for the Malta Business Registry and the nation.

To convey this challenging journey, the theme chosen for the 2022 Annual Report is Malta's iconic alleys.

The alleys and narrow roads which characterize Maltese towns and villages symbolize the challenging road ahead throughout the grey listing experience whilst ensuring to never lose heart as demonstrated in the vibrant colors of the Maltese Balconies and other features. The same as there's light at the end of the tunnel, all alleys and narrow roads eventually lead to beautiful destinations.

The grey listing journey brought about hurdles, challenges, and most of all important lessons learned to which as an entity we retain our commitment in pursuing to keep on safeguarding the Maltese jurisdiction.



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**“A smooth sea never  
made a skilled sailor”**

- Franklin D. Roosevelt



# Foreword

## Minister for the Economy, EU Funds and Lands

Time and again, the Malta Business Registry (MBR) has demonstrated its perseverance, resilience, and ability to adapt to changing scenarios. In 2022, MBR experienced significant growth and development. Its outstanding work was acknowledged by the highest financial watchdog when, in June of 2022, Malta was officially taken off the grey list, subsequently restoring trust in the Maltese jurisdiction. The implementation of the FATF action plan, which introduced new ways of doing business and a change in culture among practitioners and CSPs, was key to this achievement.

It's important to note that this success is not the end of MBR's journey, but rather recognition of its hard work and the beginning of a new path. MBR has made great strides, such as enhancing compliance requirements, introducing new due diligence procedures, maintaining an up-to-date Beneficial Ownership Registry, and ultimately emerge as a key player in the fight against money laundering and financing of terrorism. The government has pledged to provide the resources required for MBR to continue its work efficiently and professionally.

It was in 2022, during the peak of the implementation of the FATF action plan, that Malta was one of the first countries to join the Beneficial Ownership Registers Interconnection System. This decentralised system connects national central BO registers and the European e-Justice portal through the European Central Platform, allowing for the sharing of data between all EU Member States. Malta's connection to BORIS demonstrates its willingness and comprehensive planning to fully comply with other legislative requirements and share the necessary data from its fully populated Beneficial Ownership Register.



Despite challenges, MBR kept its finger on the pulse of the industry, especially during adverse situations. This was evident in the implementation of the new insolvency framework, which aims to foster entrepreneurship by providing a dependable framework which gives business owners who didn't make it the first time round a second chance. The insolvency framework establishes an early warning mechanism to prevent businesses from going into liquidation, fostering a business community which can take risks with a sense of confidence.

Malta's success story garnered worldwide attention. Just a few weeks after Malta was officially accepted as a member of the Corporate Registers Forum, it was selected as the host country for the CRF Annual General Conference. The CRF's choice of Malta as the host country, from among its more than 60 members worldwide, reflects the trust in the Maltese jurisdiction, as Malta had only recently become a full member of the forum. This decision followed a rigorous selection process, as other countries had also submitted their bids.

In conclusion, the next step for the Malta Business Registry is to actively promote itself and ensure that practitioners and CSPs have the necessary information and resources. This will solidify MBR's goal of being at the forefront of the industry. 2023 will be the year when this thriving entity will elevate Malta's integrity to new heights.

A handwritten signature in black ink, appearing to read 'S. Schembri', written in a cursive style.

**Hon Silvio Schembri**

Minister for the Economy, EU Funds and Lands



It is said that smooth seas never made a skilled sailor, a quote which was perfectly appropriate for the Malta Business Registry (MBR) in 2022. Our dedicated employees played a key role in getting Malta off the greylist, and therefore, ever since MBR became a standalone entity, this year's Annual Report represents a significantly unique achievement. As noted by the highest financial watchdog, the Financial Action Task Force (FATF), Malta's success story has placed the country in a better position to fight against money laundering and terrorism financing.

The FATF's final statement emphasised the fact that Malta was effectively identifying companies that were concealing their true owners and had considerably improved its company registry. An accurate and up-to-date registry which provides the much sought-after peace of mind to the business community, will always remain a top priority. The FATF experience has brought about a noticeable change in the culture and mindset of practitioners and CSPs, who are constantly striving to comply with the new requirements in place. This has resulted in a significant overhaul of the company law as we know it today.

While MBR was working tirelessly to remove Malta from the greylist, our efforts were garnering international attention. In fact, Malta became one of the first EU member states to successfully join the BORIS (Beneficial Ownership Register Information System). This recognition highlights the continuous efforts to maintain an accurate BO (Beneficial Ownership) Register, which, over time, has become an essential tool for local and international practitioners alike.

While we have prioritised the safeguarding of the interests of the Maltese jurisdiction, we have also been mindful of enhancing Malta's competitiveness in a post-pandemic world. The new-

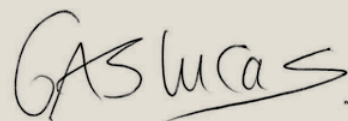
# Foreword

## Malta Business Registry - CEO and Registrar

Insolvency Framework, which came into effect at the end of 2022, aims to provide a second chance, a breathing space for businesses, reduce the burden on our courts, create new job opportunities, and provide peace of mind for entrepreneurs.

The MBR was also accepted as a member of the Corporate Registries Forum (CRF), further showcasing the entity's work on an international level. The CRF choosing of Malta as the host for its annual General Conference, will bring 70 registries to Malta and clearly demonstrates the respect Malta enjoys within the international community. This further encourages our efforts in building bridges with other jurisdictions, efforts which prompted Malta's achievement to become a reference point across the globe, resulting in MBR hosting both EU and international delegates to share knowledge and experience.

MBR is committed to embracing a more digital future and the improvement of our current digital services. This will be achieved through a specialised restructuring process and training seminars for CSPs and practitioners, which will ultimately provide the necessary tools and knowledge. We look forward to strengthening the bridges we have built, continue learning from our experiences, and persevere with pursuing the path we have successfully mapped out over the past year.



**Dr Geraldine Spiteri Lucas**  
Malta Business Registry - CEO and Registrar

# Registrar/Chief Executive Officer

Advisory  
Committee

Insolvency and  
Receivership  
Service

Registry of  
Companies Unit

Legal and  
Enforcement Unit

Compliance Unit

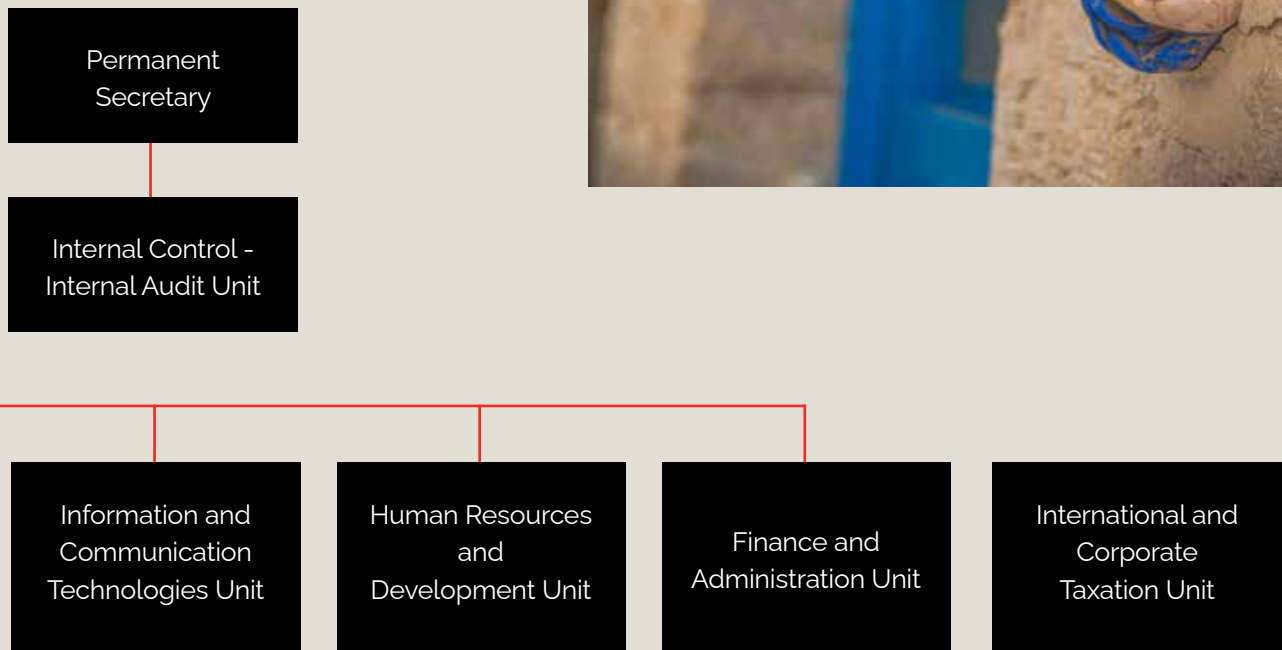
International  
Affairs, Research  
& Communications  
Unit

Support Staff

Foundations and  
Associations

Archiving

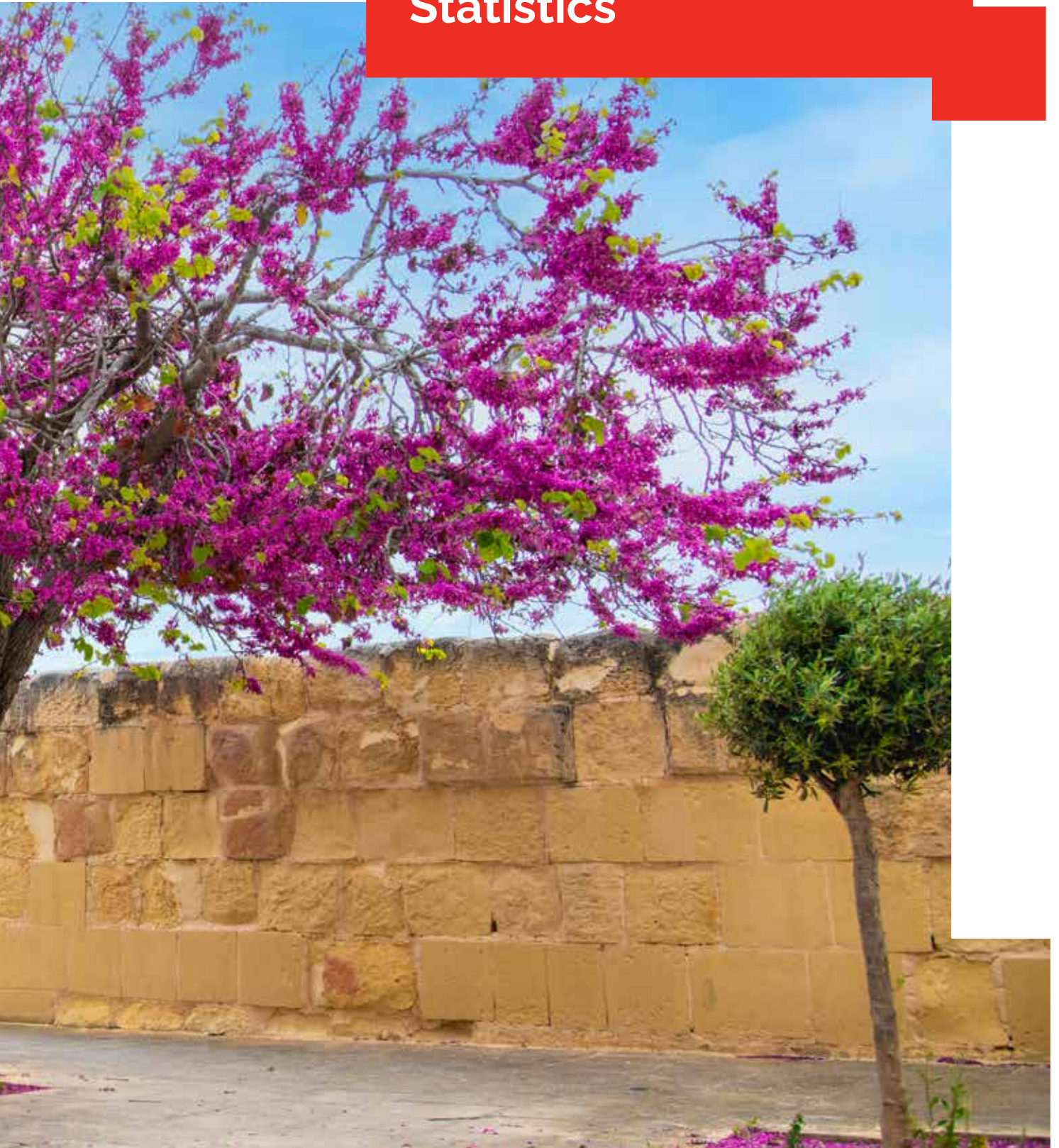
Reception



## Organisational structure of the Malta Business Registry.



# Statistics



## Total Annual Registrations

	Total Registered (2022)
C	2,740
OC	30
P	55
P COMM	13
SV	16

## Companies placed into voluntary liquidation

	(2022)
	1,740

## Re-domiciliation of companies

	(2022)
Inside	39
Outside	70

## Foundations and Associations

	(2022)
Registered Private Foundations (PFLP)	13
Registered Public Foundations (LPF)	33
Registered Associations (LPA)	20

## Rejection of Proposed Legal Entities (including administrative purposes)

	(2022)
Number of Proposed New Organisations rejected by the Registry Unit	468
Number of Proposed New Organisations rejected by the Compliance Unit	526
Number of Proposed New Organisations rejected by the Foundations & Associations Unit	16



# Orders

<b>DOCUMENTS REGISTERED</b>	<b>187,380</b>
<b>GOOD STANDING</b>	<b>15,000</b>
<b>NAME RESERVATIONS</b>	<b>11,652</b>
<b>CERTIFIED COPIES</b>	<b>5,498</b>
<b>DISSOLUTIONS</b>	<b>1,630</b>
<b>LOCAL MERGERS</b>	<b>116</b>
<b>REDUCTION IN ISSUED SHARE CAPITAL</b>	<b>82</b>

<b>CONTINUATION OUTSIDE MALTA</b>	<b>70</b>
<b>DISSOLUTIONS OF PARTNERSHIPS</b>	<b>44</b>
<b>CROSS BORDER MERGERS</b>	<b>28</b>
<b>CESSATION OF PARTNERS</b>	<b>20</b>
<b>CONVERSIONS</b>	<b>19</b>
<b>DIVISIONS</b>	<b>6</b>

# Registry Unit

**DOCUMENTS REGISTERED**

**187,380**

**GOOD STANDING CERTIFICATES**

**15,000**

**NAME RESERVATIONS**

**11,652**

**CERTIFIED TRUE COPIES  
OF REGISTERED DOCUMENTS**

**5,498**

**OTHER CERTIFICATES**

**2,015**

# Publications

<b>STRIKING OFF OF COMPANIES</b>	<b>2,819</b>
<b>DISSOLUTION OF COMPANIES</b>	<b>1,630</b>
<b>LOCAL MERGERS</b>	<b>116</b>
<b>REDUCTION IN SHARE CAPITAL</b>	<b>82</b>
<b>CONTINUATION OUTSIDE MALTA</b>	<b>70</b>
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<b>CONVERSIONS</b>	<b>19</b>
<b>DIVISIONS</b>	<b>6</b>

# Compliance Unit

**NUMBER OF ONSITE INSPECTIONS  
TO VERIFY BO CONDUCTED IN 2022**

**PROJECTED INSPECTIONS  
FOR 2023**

**NOTIFICATIONS REVIEWED  
BY COMPLIANCE UNIT**



**1,693**

**1,700**

**23,236**

# Screening of involvements

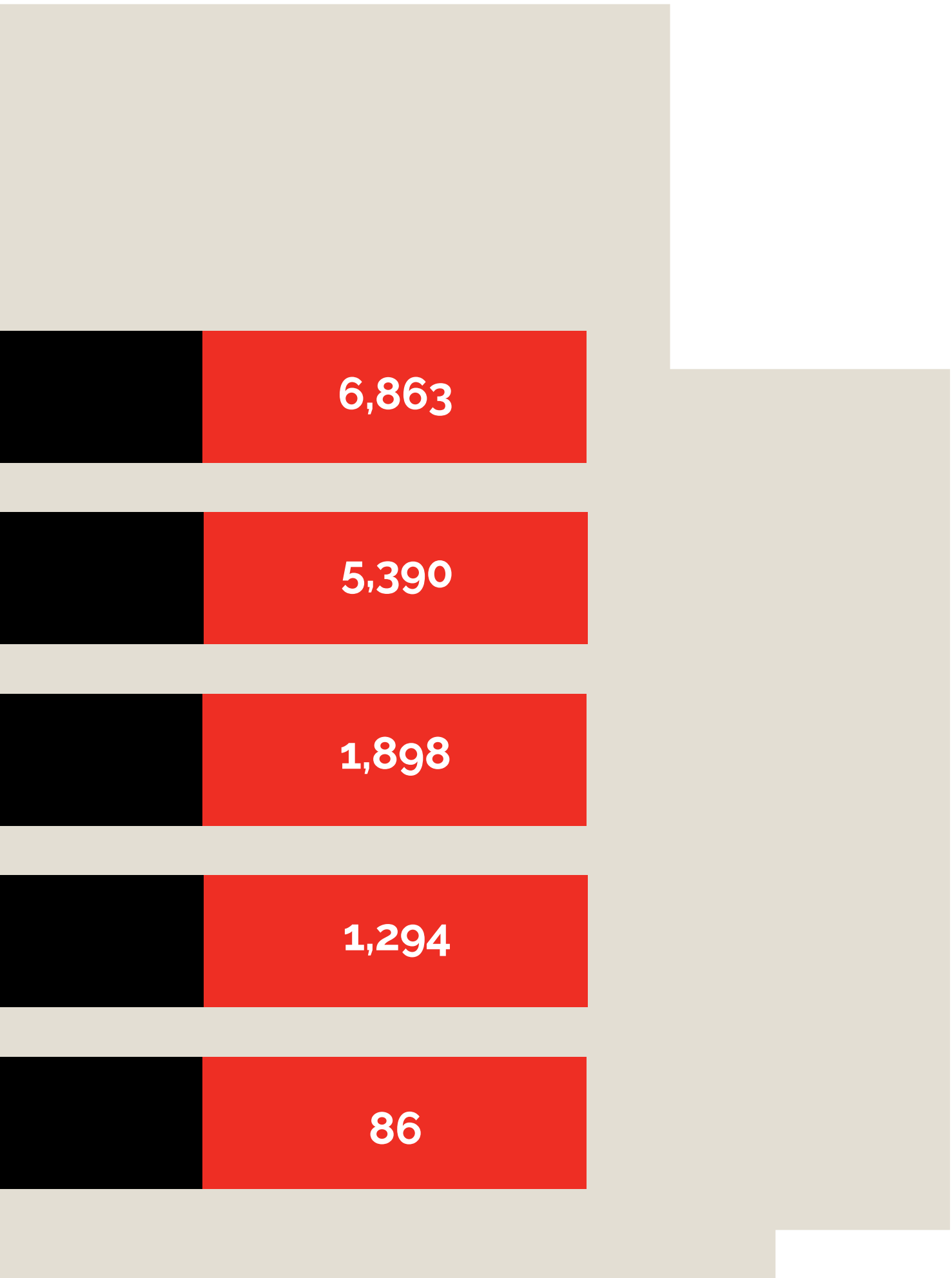
**BENEFICIAL OWNERS OF PROPOSED NEW COMPANIES**

**DIRECTORS OF PROPOSED NEW COMPANIES**

**ADMINISTRATORS AND OTHER LOCAL REPRESENTATIVES  
OF OTHER LEGAL ORGANISATIONS**

**SCREENING OF INDIVIDUALS OF COMPANIES STRUCK  
OFF WITH THE DEFUNCT PROCEDURE**

**FOUNDERS OF OTHER LEGAL ORGANISATIONS**



# Screening of involvements (cont'd.)

**DIRECTORS AND BENEFICIAL OWNERS  
OF EXISTING COMPANIES**

**SCREENING OF DIRECTORS**

**SCREENING OF BENEFICIAL OWNERS**



**39,439**

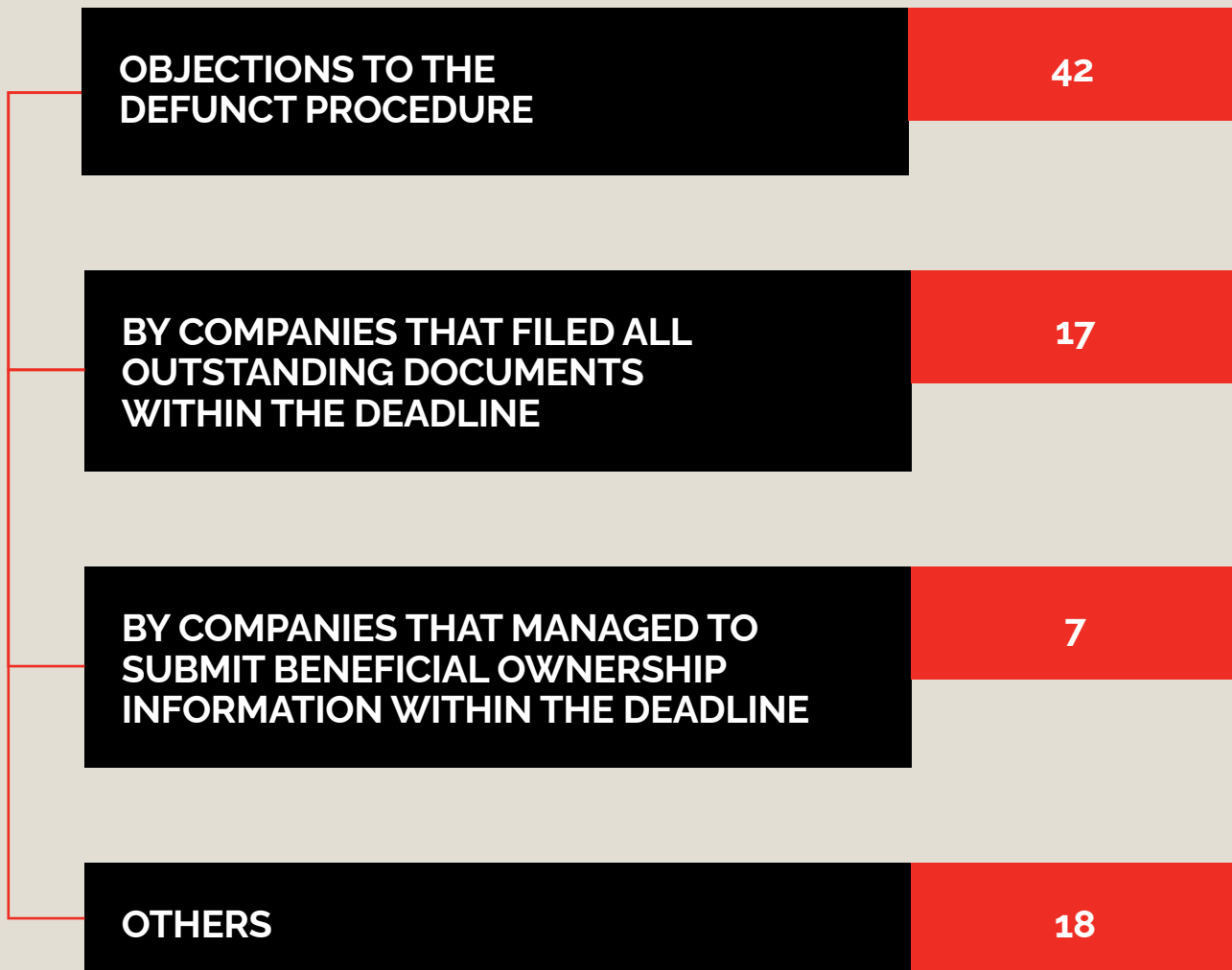
**21,891**

**17,548**

# Memoranda of Understanding (MOUs) & the use of BO feedback online tool

MOUs	1
BENEFICIAL OWNERS DISCREPANCIES REPORTED BY SUBJECT PERSONS AND GENERAL PUBLIC USING THE BO FEEDBACK TOOL	135

## Objections to the striking off following defunct procedures





## Registry Unit



“Despite adversity, the Registry Unit incorporated **2,854** new registrations registered **187,000** documents and issued **17,015** certificates during a particularly **challenging year**”.

In 2022, the Registry Unit continued to pursue its mission of ensuring an up-to-date and accurate portal to provide peace of mind when doing business with the business community from company incorporation to the vetting of documents and registering notifications pertaining to companies and enterprises.

Despite adversity, the Registry Unit incorporated 2,854 new registrations, registered 187,000 documents and issued 17,015 certificates during a particularly challenging year. All of this while uploading all relevant documents to the portal, issuing penalties in the event of a default procedure, and interacting with clients daily.

As a result, the registry unit's work is an essential part of MBR's client services, and also through this work Malta consistently retains its fingers on the pulse of the business algorithm. And, as they say, hard work pays off. The registry unit's efforts did not go unnoticed. The work conducted was critical in getting Malta off the greylist in such a short span of time.

Nevertheless, now is the time to look ahead and continue to strengthen the groundwork. To this end, the MBR conducted an analytical review of the registry unit functionalities while gaining an understanding of clients' requirements. In 2023, the registry unit will embark upon a restructuring process aimed at bolstering specialisation in order to improve MBR's ability to provide a more efficient and homogeneous service. This is intended to strengthen the supervisory functions of MBR.

# Compliance Unit

## 2022 was an intensive and challenging year for MBR's Compliance Unit

The placing of Malta by the FATF on its grey list, in June 2021, was a severe blow to the entire country. This unfortunate event unquestionably created a significant amount of work for the MBR, particularly its Compliance Unit. As one of the main supervisory authorities in Malta, the MBR's role was to restore order and focus its energy on implementing the FATF's action plan. It was highly and strongly committed to joining forces with other national supervisory bodies, including the Financial Intelligence Analysis Unit (FIAU), the Malta Financial Services Authority (MFSA), the Office of the Commissioner for Revenue (OCfR) and the National Coordinating Committee on Combatting Money Laundering and the Funding of Terrorism (NCC), to remove Malta rapidly and determinedly from the grey list in the shortest time span possible.

The first quarter of the year was totally focused on the implementation of the action plan presented by Malta, and concurrently strengthening its supervisory role. MBR had to present an update on the work executed during the onsite inspection by the FATF. Moreover, the Compliance Unit ensured that the results achieved from the Risk assessment presented to FATF, were being addressed.

And indeed, hard work paid off. In June 2022, Malta was voted off the FATF's greylist after only twelve months. For the MBR, and especially for the Compliance Unit, this remarkable news was the satisfactory culmination of months of hard work, and an achievement to be certainly proud of.

Notwithstanding all the above, during 2022, the Compliance Unit carried out

1693 inspections as per Article 12 of the Companies Act (Register of Beneficial Owners). Compared to 2021, this garnered an increase of 10.73%. Onsite inspections are set to increase during the forthcoming year. The Compliance Unit also continued to screen beneficial owners and directors of new companies. During 2022, the Unit screened 6863 beneficial owners and 5390 directors of new companies. Furthermore, the Unit also performed KYC screening of new involvements in existing companies. A total number of 39,436 checks were carried out.

As in previous years, the Compliance Unit also handled objections arising from the procedure of striking companies off the Register which were designated as defunct. In accordance with Article 325 of the Companies Act, in 2022, the Unit handled a total amount of 42 companies that objected and appealed the Registry's decision. It was also a hectic year for the Money Laundering Reporting Officer (MLRO). During his investigations, a total number of 78 STRS were submitted to the FIAU for further investigation. This marks an increase of almost 10% when compared to the previous year's figure of 71. This also shows that MBR is maintaining momentum in monitoring the risks of money laundering and/or funding of terrorism.

In addition, also during 2022, staff from the Compliance Unit attended various training programs, seminars, and webinars, to remain abreast of the ongoing developments within the AML/CFT and Compliance sphere. They also provided training to the industry on the subject. During last year as well, the Compliance Unit strengthened its workforce to ensure that due diligence is ongoing and that regulations are completely adhered to. As outlined in last year's Annual Report,

MBR conducted a risk assessment on all commercial partnerships. During 2022, the Compliance Unit ensured that such an assessment is updated, and to this end is currently working on a risk assessment model which will assess all the registered companies in Malta. Results from this model will underpin the supervisory plan of the MBR for 2023. The projections for onsite inspections are estimated to be around the same as those of 2022.

One could argue that the FATF's greylisting was in a way, a blessing in disguise for the country as the experience has taught us to be ever more diligent. As for MBR's Compliance Unit, this event has surely paved the way for more challenges and more in-depth and exhaustive checks during the forthcoming year and beyond.

“And indeed, hard work paid off. In June 2022, Malta was voted off the FATF's greylist after only **twelve months**. For the MBR, and especially for the Compliance Unit, this remarkable news was the satisfactory culmination of months of hard work, and an achievement to be certainly proud of”.

# Legal & Enforcement Unit



## Legislative Initiatives

A significant amount of work has been carried out on the following proposed amendments:

### Repeal of Regulations

- Companies Act (Public Companies Annual General Meetings) (Repeal) Regulations 2023
- Cross-border Mergers of Limited Liability Companies Regulations (S.L. 386.12).

### Mobility Regulations:

- Companies Act (Cross-border Conversions of Limited Liability Companies) Regulations
- Companies Act (Cross-border Mergers of Limited Liability Companies) Regulations
- Companies Act (Cross-border Divisions of Limited Liability Companies) Regulations

### Amendments to Companies Act

- Companies Act (Cap. 386 of the Laws of Malta)

## Update on filing procedure applicable to Annual Financial Reports under the European Single Electronic Format (ESEF)

An important update which was developed this year was on filing procedure applicable to Annual Financial Reports. Currently, there is no reliable technology which facilitates the digital signing of Annual Financial Reports in XHTML/iXBRL format using a qualified electronic signature, without causing validation or technical errors. For this reason, and to implement the respective ESEF Regulation, the Registrar accepted the Directors' Declaration (the

“Declaration”) on ESEF Annual Financial Reports (the ESEF AFRs). This Declaration is to accompany the copies of the same AFRs which are to be submitted to the Registrar as required by Article 183(1) of the Companies Act.

In this case, the Declaration, together with the recommended use of a Document ID on the ESEF AFRs should serve as an adequate measure which ensures transparency and integrity for the implementation of the ESEF Regulation. The issuer is further required to submit to the Registrar, the Auditor's Report held by the same Issuer for records' purposes. The Auditor's Report is to be duly authenticated, serving to satisfy the requirements under Article 179A of the Companies Act.

### **MBR's connection to the Beneficial Ownership Registers Interconnection System (BORIS)**

During 2022, Malta has, through the Malta Business Registry (MBR), together with only two other jurisdictions (as at 8 June 2022), became one of the very first EU Member States which have successfully connected to BORIS. The latter is a decentralised system interconnecting the central national BO registers and the European e-Justice Portal through the European Central Platform, enabling the sharing of data between all EU Member States. This system serves as the main data search service between all EU Member States. It is the main search service that is available on beneficial ownership information and where such information is as required by European Directive 2015/849.

### **Enforcement of Penalties**

During this year 2,074 Final Warnings and 362 Judicial Letters were sent.

### **Defunct Procedure**

This year, the total number of companies that were struck off as defunct amounts to 844 and the number of cases in which the Registrar was summoned to Court as a witness is 381.

### **Court Cases**

Throughout the year, there were 107 new court cases against the Registrar of Companies, 13 of which have been decided, while the rest are still ongoing.

### **Digital transition**

Act LX of 2021 introduced the requirement for companies to indicate their electronic mail address in the memorandum, in terms of article 69(1)(d) of the Companies Act. The scope behind this amendment is two-fold. Firstly, electronic communication serves to increase efficiency through timely communication by reducing the reliance on paper format communication to a company's registered office. Certain correspondence may well be served to a company electronically and is many times more effective in reaching the concerned company officers. Secondly, the MBR continuously strives in its role as a central national registry and supervisory authority, to implement sustainable governance measures which correspond to corporate sustainability goals, reflecting national and European Union initiatives in the sector. Limiting the amount of physical paper format correspondence and shifting the emphasis to electronic means, will undoubtedly serve to reduce the use of paper and associated materials. Such measure is one in a series of initiatives which will be undertaken as part of the responsibility in implementing measures synced with the European Green Deal.

# Foundations & Associations Unit



The main tasks of the Unit's officials were to review documents, forms, register new foundations and associations as legal persons, key in details of beneficial owners on the MBR website, followed by uploading the documents or forms on the MBR system. Documents, forms, and details of the beneficial owners of registered and unregistered organisations were made available on the MBR website to competent authorities, departments, and other agencies.

During 2022 there were 13 new PFLPs, 33 LPFs and 20 LPAs.

The Unit further played an important role in determining those organisations that were not in operation or in good standing. The officials of the Unit informed the administrators of these organisations to comply and place the organisation in good standing to avoid being struck off as defunct. It resulted that 31 organisations were struck off as defunct.

Last year, the Unit participated in meetings and discussions with local and international organisations, including the NCC and FATF. The Unit was further invited to deliver webinars on the register for legal persons and the register of beneficial owners of foundations and associations. The aim was to guide and support administrators and service providers who assist these organisations, taking into consideration that many administrators of non-profit organisations carry out their duties voluntarily. Additionally, seminars were delivered to government entities.

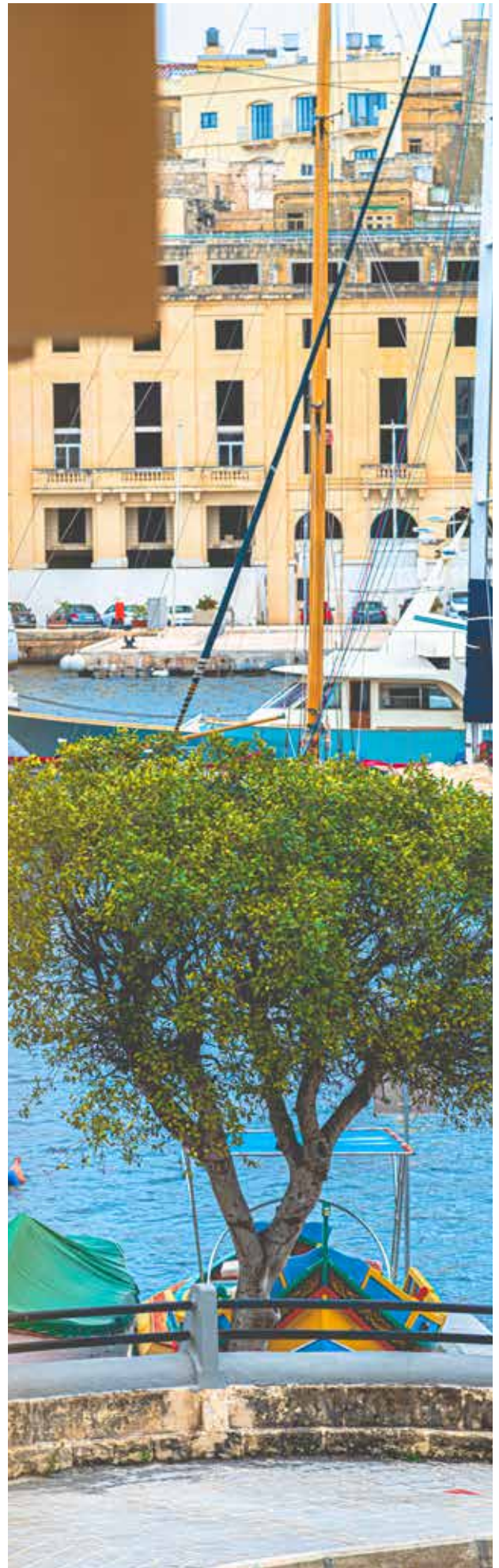
The Unit was responsible for issuing on request certificates of good standing, certificates of incumbency, certificates confirming the legal representation and notes of confirmation of beneficial owners. Notes of cancellation of registered and unregistered organisations were issued, and last year, the Unit issued 32 notes of cancellation.

In addition, the Unit reviewed the beneficial owner forms of foundations and associations and imposed penalties for late submission. During 2022, the officials within this Unit imposed penalties on over 160 BO forms. Penalties were further imposed on failure to submit the registration documents of foundations within three months from the date of establishment.

They further compiled statistics on forms and documents to meet requests by various authorities, including the FATF.

The Unit collaborated with administrators, notaries and committee members and offered their assistance and service when requested, especially to voluntary organisations, keeping in mind Elizabeth Andrew's saying: *"Volunteers do not necessarily have the time; they have the heart."*

"Another task entrusted to the Unit was to conduct **anti-money laundering searches**, known as KYC searches, on the beneficial owners of new foundations and associations".



# Insolvency & Receivership Service



## Reform of the pre-insolvency and insolvency frameworks

The Maltese economy, like most other economies around the world, has faced significant challenges in the past months. It has proven to be resilient and its key players have continued to demonstrate their worth. Local enterprises require all the support that our legal system has to offer in order to thrive once more. In this regard, the Insolvency and Receivership Service, headed by the Official Receiver, has played a crucial role throughout the reform of the insolvency framework. The Insolvency and Receivership Service worked tirelessly to draft three Acts, which were enacted in Parliament on 23rd December, 2022, transposing European Union Directive 2019/1023 into local legislation.

The first Act, the Pre-Insolvency Act, focuses on prevention. It is aimed at advising businesses how best to identify the early signs of insolvency as soon as risk emerges. When this occurs, a path of necessary guidance has been paved to steer businesses away from failure as much as possible.

The second Act, the Insolvency Practitioners Act, introduces the new concept of having a pool of practitioners specialising in the field of insolvency and who are duly accredited to provide the best possible services to help businesses at risk of insolvency. In this regard, the Directive heavily focuses on the adequate training of these insolvency practitioners and the Insolvency and Receivership Service has been given the pivotal role of ensuring a transparent process for the appointment, removal, and resignation of insolvency practitioners. It is also creating a public register so as to make all related information in this field available to the public, while keeping the authorities concerned well informed and up to date.

Prior to and during the legislative process,

ten accredited training sessions were held for prospective insolvency practitioners and related parties to ensure that they possess the necessary expertise to offer the best service to entrepreneurs, and, in this manner, we will be able to keep a finger on the pulse of our country's business progress.

The third Act focuses on amending and updating the Commercial Code, primarily to cater for a framework which eases enforcement actions and lessens the challenges related to the sale of a bankrupt person's assets.

### **Responsibilities in terms of the Companies Act**

The duties of the Official Receiver as outlined in the Companies Act relating to insolvency and the winding up of companies following dissolution by the Court remain the core competence of the Official Receiver, as head of the Insolvency and Receivership Service. These are augmented from time to time by supplementary duties imposed by the courts, which frequently appoint the Official Receiver as provisional administrator or liquidator of troubled companies or partnerships. The Insolvency and Receivership Service strives to provide a high level of service to all affected parties, creditors and the debtor company itself, as well as its officers and shareholders.

This Office is constantly striving to curb abuse, providing entrepreneurs with much needed protection. In view of this, the role of the Official Receiver frequently leads to legal action against company officials in a bid to obtain just remedy for the affected parties and to be a deterrent for malpractice in the industry.

During 2022, the Official Receiver was dealing with 46 court winding up cases, 14 of which were assigned in 2021. During the year, it concluded four winding up cases. It is also

involved in approximately 50 other related court cases.

### **The Insolvency Register**

The Insolvency and Receivership Service continues to provide data on insolvent companies through its free and easily accessible Insolvency Register. Users gain access to crucial information on all insolvent companies in Malta after completing a one-time free registration. Following a data streamlining exercise, the work on linking the insolvency register to the e-justice portal to feed in information to users conducting global searches in relation to insolvent companies is nearing completion.

### **Maltese Policy Development on insolvency related matters**

The Insolvency and Receivership Service plays an active role in the development of Maltese insolvency policy, which has seen a radical revamp during the last few months. It actively participates in European legislative proposals and initiatives and is involved in European working groups in the field of insolvency which are at the forefront of change. This Office also participates in international meetings, largely due to its membership in the International Association of Insolvency Regulators (IAIR) and participation in the United Nations Commission on International Trade Law (UNCITRAL) Working Group IV.

“The Office of the Official Receiver **was dealing** 46 court winding up cases, 14 of which were assigned in 2021”.



## Finance & Administration Unit

The Finance and Administration team is responsible for several support functions which ensure the smooth running of the Agency. The Finance team is primarily responsible for the preparation of financial budgets and forecasts, financial planning and control, book-keeping, and payroll. It is also responsible for the submission of financial information on a monthly basis, as required by the respective Ministry. The Finance team also liaises with the Statutory Auditors with regard to the annual audit, drawn up in line with International Financial Reporting Standards (IFRS).

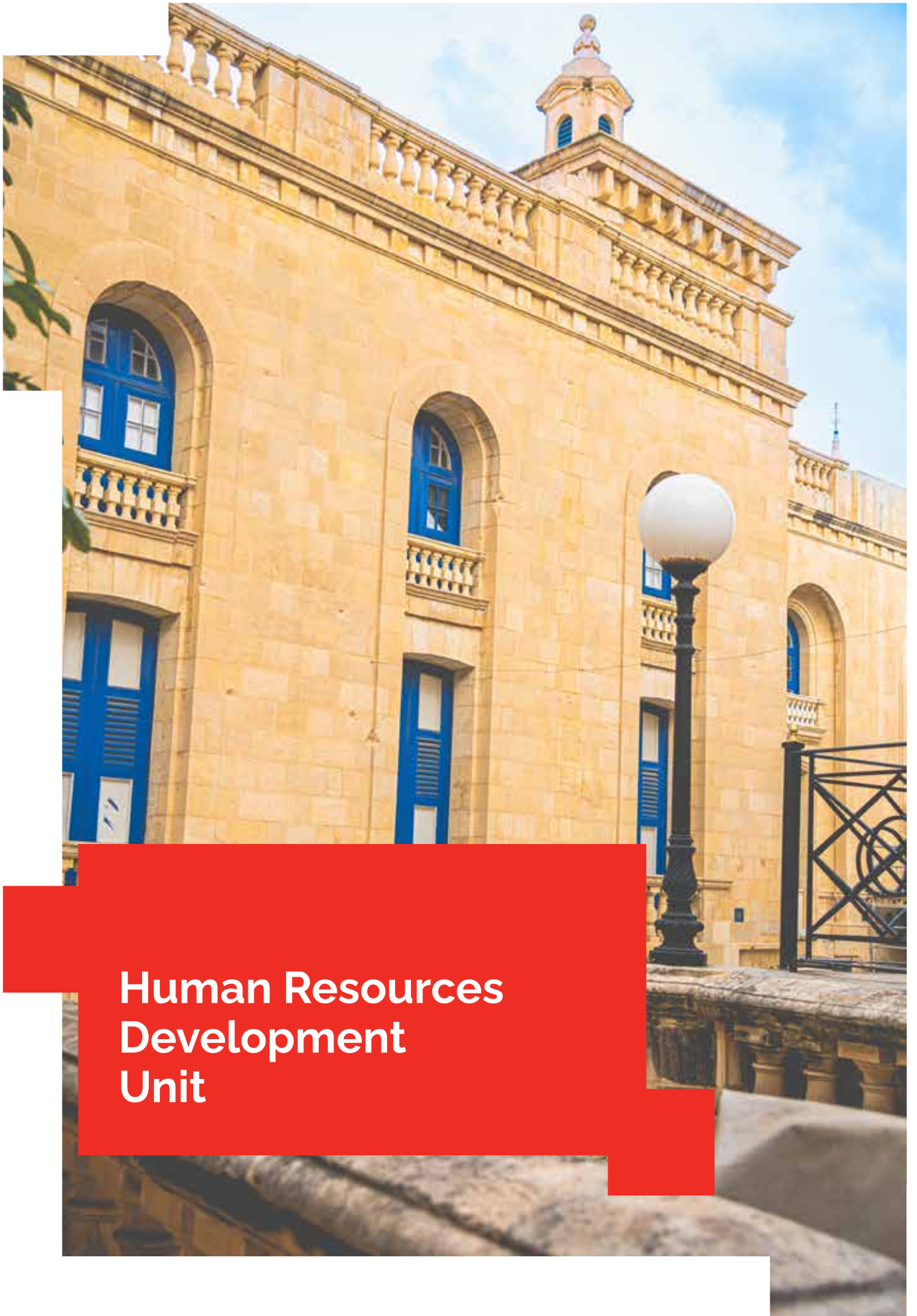
During 2022, the MBR delivered its payroll through new infrastructure. The decision to change the payroll software in 2021 was to have one standard software to be utilised by both Human Resources and Finance (Payroll, Time and Attendance, and Absence Module).

Throughout 2022, the Finance team processed several payments and transactions of a capital and expenditure nature. Moreover, circa **€19.1 million** of income was generated from the registration of new commercial partnerships, foundations, and associations, the registration of documents related to commercial partnerships, the issuing of certified documentation, the publication of notices, and the imposition and collection of penalties and other services offered by MBR. Furthermore, the Administration team is a support function for all the functions within MBR. The procurement team within the function is tasked with procuring suppliers/ services, ensuring best practices and compliance with the Agency's policies and standards as well as with the Public Procurement Regulations. Responsible for managing the Agency's facilities, including upkeep and maintenance of the premises, transport, etc.

Procurement issued a total of 255 purchase orders in 2022, in addition to the publication of tenders through the government's eTenders platform. In 2022, work was carried out on the internal procurement policy aimed at formalising all the processes and procedures adopted by MBR in conducting procurement. Going forward, this live document will be updated to address any emergent changes. The new procurement system also went live towards the end of the fourth quarter, following extensive testing by the administration team in close collaboration with Finance. Training was furthermore delivered to all internal users and designated administrators prior to launch, to ensure a smooth transition. Going into 2023, the new system will allow a better capture and processing of internal requisitions and the issuing of purchase orders by MBR. As a sidenote, the adoption of qualified electronic signatures by all MBR authorised signatories will further help reduce paper usage when it comes to processing purchase requisitions and the issuing of purchase orders.

2022 was another year of new challenges and achievements for MBR's Finance and Administration Unit. The Finance and Administration Unit will continue working to improve and strengthen its procedures and tighten integration of all related systems.

“... the Finance team processed several payments and transactions of a capital and expenditure nature. Moreover, **circa €19.1 million** of income was generated”.



# Human Resources Development Unit

It is of great pleasure to present an overview of the main tasks conducted by the Human Resources and Development Unit during 2022, starting with the main statistics:

### **Employees**

As at end 2021 there were 136 employees and as at end 2022, the number of employees increased to 147, being 88 females and 59 males. 9% of employees are in the Senior Management Category, 62% in management and middle-management, 28% in administrative and clerical roles and 1% of employees are non-clericals.

### **Internal Appointments**

During 2022, 24 internal staff members were appointed to a higher grade as a result of various Filling of Vacancies exercises.

### **Training**

144 different employees attended at least one training event. Total training hours in 2022 was 1,570 hours.

### **Self-Development Scheme**

During 2022, there were 13 new applications under the Self-Development Scheme, through which staff members receive financial support to further their studies in areas related to their respective roles. During the period under review, 14 employees concluded studies leading to the MSc in Management, Higher Diploma in Business Management, Advanced Diploma in Taxation, Diploma in Human Resources Development and Management, Postgraduate Laws Diploma, Diploma in Business Management, Award Diploma in Internal Audit and Certificate in Management. As at end of 2022, there were 21 different employees undergoing studies under the scheme. Studies varied

in accordance with roles, including ACCA, MSc in Management, Master's in Business Administration, Master's in Law, Higher Diploma in Business, Diploma in Anti-Money Laundering and Compliance and Certificate in Management.

### **Teleworking**

During 2022, 17 staff members worked for up to 10 hours per week under the MBR Teleworking Policy.

### **Working from Home**

During 2022, 131 employees benefitted from the 'Work from Home' policy, wherein each employee may work from home for one day per week. In this respect, employees worked for more than 30,424 hours from home, equivalent to more than 3,800 working days.

### **Reduced-Hours Working Schedule**

In 2022, 21 different staff members worked on a reduced weekly working schedule either to care for children or to care for elderly dependent relatives living in the same household.

### **Staff Handbook**

During 2021, the HR Unit made proposals to the Board of Management to consider amending the MBR Staff Handbook, which outlines working conditions. During the year, the Board approved a number of amendments to the Staff Handbook, including Compensation for Duties Abroad on Public Holidays; 10 days as Paternity Leave with Pay; Two Months as Parental Leave with Pay; 5 days as Carers' Unpaid Leave and the appointment of Two Employees' Representatives.

“**131** employees benefitted from the ‘**Work from Home**’ policy, wherein each employee may work from home for one day per week”.



### **Equality Mark Re-Certification**

In the beginning of June 2022, during the National Commission for the Promotion of Equality (NCPE) Annual Conference, the MBR was awarded and re-certified with the Equality Mark. The Equality Mark is a certification awarded to companies/organisations which make gender equality one of their values and whose management is based on the recognition and promotion of the potential of all employees, irrespective of their gender and responsibilities. The re-certification was based on evidence that the MBR kept its commitment to implement relevant policies and practices which concern gender equality and family-friendly measures at the workplace.

## KSU Freshers Week

In October 2022, the MBR participated in the KSU Freshers Week at the University of Malta for the first time, wherein HR personnel and other staff members hailing from different academic backgrounds provided details on careers within the MBR, and on the MBR's Internship Programme intended for students. Students' Internship Programme:

During 2022, the MBR continued supporting students undergoing Accounting, Legal, Compliance and ICT studies at the University of Malta and MCAST, by engaging them on a definite basis for a number of hours per week, under its Internship Programme.

Students have the opportunity to understand the real world of legal and finance by having hands-on practice on specific tasks within different sections. At the end of their course of studies, such students also have the opportunity to apply for indefinite jobs opportunities within the MBR.

## Team-Building Events

The MBR Corporate Teambuilding event was held on the 27th of May 2022. Employees were divided into 14 competitive teams, with each team made up of a mix of employees hailing from different grades and units. During 2022, the MBR also continued to financially support teambuilding events at Unit or Cluster level.

The MBR supports and promotes a healthy working environment for its staff and believes that a team is an important dynamic unit, which works together to achieve success in accomplishing its organisational goals. Team leaders used this tool during 2022 to consolidate the team and in recognition of a particular accomplishment by the team.

## HRIS

During 2022, the HR Unit introduced more Units under the Personnel Module, through which employees have online access to their respective Employment Contracts, Career History, Salary History, Qualifications and Self Development.

## Health and Safety

During the year, the HR continued training newly recruited staff on health and safety matters during the induction programme. Training was also provided to the 'Emergency Response Team' wherein preparation and implementation were carried out on the fire drill/evacuation exercise.

## Performance Management

The performance of all employees is formally assessed at mid-year and at end-of-year, against targets (KPIs) set for each employee at the beginning of the calendar year, or when an employee is initially recruited or promoted to a higher role. These assessments were conducted on the Performance Management module on the HRIS. These assessments complement an informal appraisal process that is undertaken throughout the year in respect of each and every member of staff. The performance management process features a mechanism for rewarding employees through an annual salary review.

“As at end 2021 there were 136 employees and as at end **2022**, the number of employees increased to **147**”.



# Information & Communication Technologies Unit

The ICT Unit's focus for 2022 was to continue working on the digitalisation of business processes and assisting internal units with modernising their daily operations. These modernisations include carrying out research on different marketing tools to assist the International Affairs, Research and Communications departments, with the delivering of the MBR Newsletter and other important notices and notifications to MBR clientele, as well as assisting the Compliance Unit with facilitating data entry and reporting.

The work over the last year has primarily included the replacement of the current legacy online system with a new platform. This involved the gathering of requirements and numerous testing sessions with focus groups, comprised of both internal staff and external users of the systems, such as corporate service providers and practitioners. The new system will offer new features such as the incorporation of all companies and commercial partnerships, more electronic statutory forms, issuing of digital company certificates and corporate group accounts and will provide users with their own qualified digital signatures which enables them to sign and submit documentation.

An important milestone achieved over the past year was Malta's connection to the Beneficial Owner Register Interconnection System (BORIS), one of the first authorised EU member states to do so. This platform enables registries to share beneficial ownership information between all EU Member States. Further work is ongoing to enhance the platform which includes access to competent authorities and subject persons through a member's state national E-ID Login.

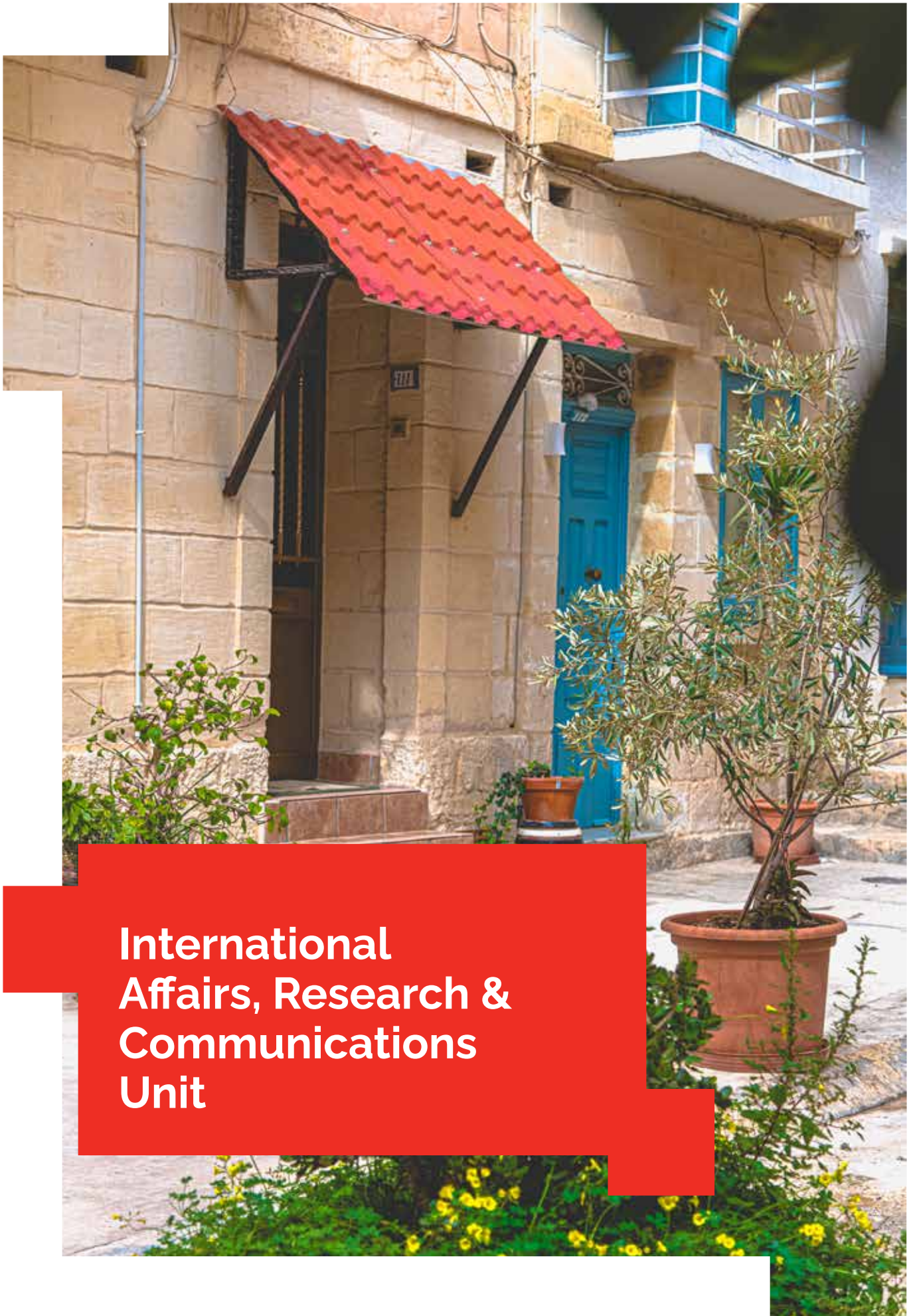
The MBR also continued enhancing its Application Programme Interface (APIs) to offer more data sets and information to other public entities. Research has also been conducted to enable the migration of the current APIs to Azure Cloud, therefore facilitating the sharing of different API Packages, depending on the data sets required.

"The MBR's ICT unit proactivity proved its quick adaptability in view of the unprecedented EU Court of Justice ruling which resulted in the closing of the BO Register limiting it to subject persons and authorities and not to the general public. Immediately, on MBR's website a notice was uploaded which notified subject persons to re-apply for access. In view of this, the ICT department promptly engaged its team and ensured a smooth transition as possible in a way that it did not affect work operations".

The ICT Support section has continued to be an important asset to the MBR, as it assisted both internal staff and other entities within the premises on any technical issues which have arisen, as well as assisting the general public with queries related to the online system. 2,958 calls were serviced and 26,671 e-mails were answered through the MBR Support Mailbox.







**International  
Affairs, Research &  
Communications  
Unit**

Despite the adversities of the recent past, 2022 remains a significant year for this unit, which managed to successfully make headway while simultaneously enhance its message across the board.

## Survey

At the start of the year, it was of utmost importance for the Malta Business Registry to open its doors to practitioners and the business community at large, in order to better understand their needs and take on board their suggestions in a bid to improve its services. To this end, in January, a survey was launched, through which a clearer picture of where the MBR stands with regard to the services provided across the board, emerged. This enabled the various units to identify existent and future challenges. Over 200 practitioners participated in this survey through which surveyees were able to rate MBR's services. It is therefore a great pleasure to note that MBR's service averaged an overall score of 3.5 over 5, a good score which however also signifies that there remains constant room for improvement in our service to our clientele.

This unit is fully committed to disseminate information and provide all the necessary knowledge tools. Thus, the newsletter's revamp was at the top of our priority list. Apart from including regular updates and notices, the newly revamped newsletter includes quarterly instructional videos which focus on various forms that guide practitioners and businesses on the information that needs to be provided to the entity. This shall prove beneficial for both parties and ensures that documents are submitted correctly and in a timely manner.

## Encouraging discussions

2022 was the year which showcased the process as to how entities and businesses will emerge future-ready, post-pandemic.

The pandemic has taught us to adapt digitally and although this helped us stay connected, we still yearned for social interaction and the need for discussing ideas and prospective projects in person. After an almost two-year absence, MBR, together with the Chamber of SMEs participated in a panel discussion during the Valletta Tech Summit organised by Tech.mt. This focused on digitalisation, not only by highlighting businesses' resilience in adapting to digital administrative methods which improve their operations, but also on how governmental entities can adopt digital methods to enhance customer services. In addition, the MBR together with the Chamber of Commerce organised the annual SME Week event, themed 'Achieving a sustainable regulatory environment', where practitioners and businesses emphasised the importance of striking a healthy balance between the operational and the administrative aspects of running a business, in an effort to keep the same pace achieved post-greylisting. This is within the context of exploring new economic niches and continuing to adapt to digitalisation.

This complements the MBR's participation as speaker in 50 conferences throughout the year.

## Internationalisation

Moreover, during 2022, the Malta Business Registry managed to secure its place among its top international peers. It became a member of the Corporate Registers Forum, which is an association of international corporate registries and serves as an umbrella for more than sixty registers across the globe. It is important to note that this membership with the CRF transpired during a time when MBR was focused on implementing the FATF action plan. Hence, MBR's membership within the Corporate Registers Forum also complements the

entity's work in shedding light on the work conducted on an international level. Following this, for the first time ever, MBR virtually addressed the CRF Annual Conference hosted in the Maldives, during which a presentation highlighting an accurate and up-to-date BO Register, was delivered by Dr Geraldine Spiteri Lucas. . During this period, the Malta Business Registry presented its bid to host the Corporate Registers Forum Annual General Conference. After a competitive process, the Corporate Registers Forum chose Malta as its next host for the 2023 annual conference, a decision which demonstrates full trust in the Maltese jurisdiction.

### Hosting International Delegations

The notable achievements of Malta's journey during the past year, namely that of being removed from the greylist within such a short span of time, captured the attention of several registers which expressed interest in discerning the work MBR has accomplished and is accomplishing to enhance transparency and tackle money laundering challenges.

In September 2022, the MBR welcomed various delegations from other jurisdictions, with whom Malta's experience in establishing its BO Registry was shared. The process of how the latter is used on a day-to-day basis, both by national authorities and private entities in the fight against ML/FT was explained. This successful study visit served as an opportunity to build bridges and exchange knowledge and best practices.

In October 2022, the EU Global Facility on Anti-Money Laundering and Countering the Financing of Terrorism (EU GF-AML/CFT) convened in Malta for an expert working group. Comprising 19 experts from 12 EU Member States, the session followed a kick-off event which took place in Brussels in June

2022, where discussions revolved around the topics of how Beneficial Ownership (BO) Registers are to evolve into competent authorities, the verification of BO information, onsite supervision, typologies, and trend analysis. Malta was represented by Dr Geraldine Spiteri Lucas from MBR and Mr Alfred Zammit from the FIAU.

### Servicing MBR Clientele

MBR's reception unit plays a crucial role within the Communications Unit. It is MBR's public face and therefore it was deemed of utmost importance that our receptionists provide a quarterly report on general queries which MBR received. Having established a clearer picture of the most frequent demands us formulate the ideal training programme for our receptionists and provide all necessary information in a timely manner to customers. During 2022, over 20,000 calls were serviced by our receptionists, meaning a daily average of over 100 calls.

### Research

Research plays a fundamental role in ensuring that, as an entity, we closely follow international developments - from new initiatives undertaken by other registries to survey analyses published globally aimed at researching and understanding digital solutions being implemented to improve customer experience, to the service offered by other Company Registries.

### Conclusion

Finally, 2022 saw the realisation of MBR's ultimate mission: to open its doors and fully collaborate with practitioners and the business community, as well as to reaffirm its reputation on an international level and to increase its efforts in safeguarding Maltese jurisdiction.



# The Internal Control Unit

The Institute of Internal Auditors' International Professional Practices Framework (IPPF) defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Currently, the Internal Controls Unit within the MBR overlaps with the role of Internal Audit. Objectivity within the unit refers to the impartiality and fairness with which internal auditors approach their work. This means that its members do not allow their own personal interests, biases, or opinions to interfere with their work, and maintain an open-minded and impartial perspective. Objectivity is important because it enables internal auditors to identify and assess risks and internal controls objectively and make recommendations that are in the best interest of the MBR. Maintaining objectivity requires internal auditors to have a high level of integrity and to be free from conflicts of interest which could compromise their ability to perform their work impartially.

In 2022, the Internal Audit Strategic Plan 2022-2025 was created internally, with the purpose of advising, consolidating, and documenting procedures into manuals for each individual unit of the MBR. The advisory drafts for both the Manual of Procedures: Registry and the Manual of Procedures: Official Receiver were both released during the year for review.

The Internal Controls Unit collaborated with the Governance Action Directorate Coordination and Implementation Division within the Office of the Prime Minister to address the National Audit Office's (NAO) findings and recommendations, which have since been documented in the official

'GOVERNANCE ACTION on the NAO's Annual Report on Public Accounts 2020 and other NAO Reports 2021'.

In response to the said NAO findings, both the Internal Controls Unit and the Procurement Unit within the Finance and Administration have created a comprehensive Procurement policy, which was approved and launched in 2022.

The senior analyst from the unit together with the Data Protection Officer (DPO) attended the Academy of European Law, 'ERA Conference on Privacy and Data Protection' in Trier, Germany, to supplement their knowledge on data protection matters. Regarding Data Protection matters, the Internal Controls Unit compiled a 'Technical and Organisational Measures' document as work guidelines for both data processing agreements and data sharing agreements in consultation with the DPO and Information and Communications Technologies Unit.

In 2022, the Internal Controls Unit pursued an investigative audit with an additional follow-up test to be conducted in 2023 to provide assurance on a figure to senior management, after the external auditor's analytical procedures observation on a line item of the 2021 financial statements.

Whilst not statutory to the MBR, a process was started in 2021 for the creation of an Audit Committee; whereby the engagement letters to Audit Committee Members were sent during 2022. This committee will give internal auditing more independence; freedom of the function to operate objectively, impartially and with integrity. The Audit Committee will be the line of communication, allowing the internal auditors not to be influenced by external or internal factors that might compromise their ability to perform their work thoroughly and objectively. Independence is crucial

for the credibility and effectiveness of the Internal Controls Unit and helps to ensure that its workforce can provide assurance to stakeholders that the MBR's systems of internal control and risk management are functioning as intended.

The unit will have a new internal audit recruit in 2023, thus allowing for the segregation of audit duties. Segregation of duties is a principle in internal control and risk management that aims to minimise the risk of fraud or error by dividing critical tasks among the unit workforce. The idea is to ensure that no single individual has complete control over a process, thus reducing the risk of errors, fraud, or other unethical behaviour. This can be achieved by separating key activities such as authorisation, recording, and reconciliation among the different unit members, or by using technology such as access controls or audit trails. Segregation of duties helps to ensure that errors or fraud are detected and prevented and is an important aspect of an effective internal control system and updated corporate risk register.

"In conclusion, the internal control operations are gradually moving towards a more comprehensive internal auditing process, independently evaluating the MBR's operations, financial and compliance systems, and governance processes to provide assurance to its management. The goal remains to enhance risk management, control, and governance processes for the MBR".





## Social Committee Activities for 2022

Throughout 2022, the Social Committee, which consists of 7 members, was tasked with conducting various activities for our employees from conveying a sense of appreciation on Employee Appreciation Day to raising awareness on healthy eating during Health Week to showcasing cooking talents during MBR's annual Christmas Bake Sale.

Several fund-raising events were held in October and November in support of Pink October and Movember, and the proceeds were donated to the Emanuele Cancer Research Foundation. Through the MBR Christmas Bake Sale a donation was given to the Malta Community Chest Foundation during I-Istrina.

Hence, as an entity we ensure to empower our workforce and through fundraising activities we serve as a shoulder to NGOs and foundations in pursuing their mission.

# MBR Highlights for 2022



## Malta off the grey list

2022 was a significant year for the MBR. It demonstrated that hard work truly pays off, thanks to our hardworking employees who gave their all during a challenging time. We started the year with Malta on the grey list, and therefore it became everyone's top priority to ensure Malta's removal from such list. The MBR has continued to implement the FATF's recommendations in relation to Immediate Outcome 5 (IO5), which includes the maintaining of a populated and up-to-date registry. Malta was removed from the grey list in June of the same year, a decision which meant that the highest financial watchdog recognised the MBR's work.

## The Corporate Registers Forum Annual General Conference and MBR CEO Representation at the CRF Executive Committee

The Corporate Registers Forum has chosen Malta to host its Annual General Conference next year. A decision which clearly illustrates Malta's level of trust and respect on a global scale. This Conference will gather over 70 registries from various jurisdictions under one roof to discuss the challenges that this industry presents. Furthermore, for the first time ever, Malta's MBR CEO, Dr. Geraldine Spiteri Lucas, was appointed to the Corporate Registers Forum Executive Committee. This will provide an opportunity for small countries like Malta to have a stronger voice.

## Insolvency Framework

The Covid-19 pandemic undoubtedly presented challenges to the business community, and throughout, the MBR worked tirelessly to adapt, adopt, and implement measures while serving and guiding its clients. During this time, all EU member states were working on introducing a new Insolvency Framework to implement Directive

(EU) 2019/1023 of the European Parliament and Council of 20 June 2019 to ensure that businesses receive the necessary protection and assistance. Three new acts went into effect through the Office of the Official Receiver Unit, focusing on prevention and the introduction of new mechanisms which protect all parties during the insolvency process.

## BORIS

Malta, through the MBR, has become one of the very first EU Member States, along with only two other jurisdictions (as of 08 June 2022), to successfully connect to the BORIS. Malta's connection to BORIS asserts its willingness and significant planning towards complete readiness to share the required data from its fully populated BO Register, in accordance with other legislative requirements.

## Malta as a referral point to other registries

In 2022, the MBR's internationalisation efforts were considerably bolstered. Various delegations were welcomed, during which visits the MBR shared its work and efforts in combating money laundering and terrorism financing from a registry point of view.





## MBR's plans for 2023



## **1. Restructuring of the Registry Unit**

The MBR is committed to provide the highest level of service to its clients. In light of this, the Registry Unit will be undergoing major restructuring to further improve its ability to offer a more efficient and consistent service, with a focus on specialisation.

## **2. Mobility Directive**

During 2023, Malta will transpose the Mobility Directive which is aimed at further enhancing the freedom of establishment of companies by creating a harmonized legal framework applicable to all Member States in the sphere of cross-border movement of limited liability companies, particularly cross-border divisions, and conversions, which up until the coming into force of the Mobility Directive were largely dependent on fragmented national Member States' legislation. This legal framework is expected to increase the level of cross-border movement of limited liability companies, due to a reduction of costs in performing such mobility operations, especially SMEs, and in the enhancement and further realization of advantages associated with the UE's Single Market.

## **3. Bolstering digital initiatives**

Practitioners and CSPs will participate in the testing process, and their feedback will be crucial in refining current methods. Furthermore, this testing will be extended to the new online system prior to its launch, to ensure a seamless transition.

## **4. Training Seminars**

A survey conducted among MBR clients has established that there is a strong desire for knowledge. Subsequently, it is now MBR's primary goal to provide practitioners and CSPs with the necessary tools. MBR will hold a series of training seminars in 2023 for all those who work with MBR services in some capacity. These seminars will be complemented by informational campaigns on various subjects.

## **5. Internationalisation**

In 2023, Malta will host the Corporate Registers Forum Annual General Conference through the year. This conference will bring together over 72 registries from around the world to discuss challenges and opportunities in this field. MBR will continue to build relationships with other jurisdictions and share Malta's experience in the run-up to the conference.





# Financial Statements



MALTA BUSINESS REGISTRY

Annual Report and Financial Statements  
31 December 2022

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Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 20

## **Registrar's Statement report**

The Registrar presents the report and the audited financial statements of the Malta Business Registry for the year ended 31 December 2022.

### **Principal activities**

The Malta Business Registry (MBR) is an agency set up by the Malta Business Registry (Establishment as an Agency) Order (S.L. 595.27), which regulates its functions and duties as applied within the remit of the Companies Act, Chapter 386 of the Laws of Malta. The MBR is responsible for the registration of all commercial partnerships and for a portal maintained by the Registrar of Companies making public all information required to be filed by commercial partnerships in terms of the Companies Act. In addition to this the MBR is also responsible for the registration of the Foundations and Associations in terms of the Second Schedule of the Civil Code. The MBR is also responsible for the register on beneficial owners of commercial partnerships, foundations, associations and other organisations. The MBR also conducts onsite inspections on companies in order to verify that the beneficial owners disclosed to the Registrar of Companies is accurate, current and up-to-date.

### **Establishment of the Registry and review of the business**

The Registry is established under the terms of Subsidiary Legislation 595.27. Management hereby reports a surplus of €10,985,395 for the financial year 2022 (2021: €11,819,602).

### **Results and surplus funds**

The statement of comprehensive income is set out on page 7. The surplus funds for the financial year paid to Government, in terms of the Public Administration Act amount to €9,000,000 (2021: €9,455,566).

### **Statement of Registrar's responsibilities**

In preparing the financial statements the Registrar is responsible for;

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU and the Public Administration Act;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Registry will continue in operation as a going concern.

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

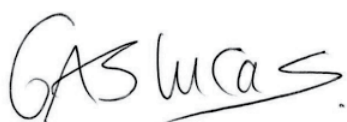
Access to information published on the Registry's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

## Registrar's Statement report - continued

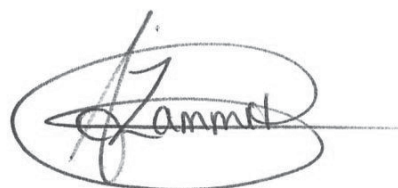
### Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed.

On behalf of the Malta Business Registry



Geraldine Spiteri Lucas  
Registrar/Chief Executive Officer



Annalise Zammit  
Head of Finance and Administration

Registered office  
Malta Business Registry  
AM Business Centre  
Triq il-Labour,  
Żejtun ZTN 2401,  
Malta

17 April 2023



## *Independent auditor's report*

To the Stakeholders of the Malta Business Registry

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- The financial statements give a true and fair view of the financial position of the Malta Business Registry (the Registry) as at 31 December 2022, and of the Registry's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Public Administration Act.

#### **What we have audited**

The Malta Business Registry's financial statements, set out on pages 6 to 20, comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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#### *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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Registry in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



## *Independent auditor's report - continued*

To the Stakeholders of the Malta Business Registry

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### *Other information*

The registrar is responsible for the other information. The other information comprises the registrar's statement report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the registrar for the financial statements*

The registrar is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Malta Financial Services Authority Act, and for such internal control as the registrar determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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### *Auditor's responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with ISAs, we exercise professional 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.



## *Independent auditor's report - continued*

To the Stakeholders of the Malta Business Registry

- 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 Registry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the registrar.
- Conclude on the appropriateness of the registrar'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 Registry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Registry's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 to you in respect of these responsibilities.

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### *Other matter – use of this report*

Our report, including the opinions, has been prepared for and only for the Registry's stakeholders as a body in accordance with Public Administration Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

#### **PricewaterhouseCoopers**

78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

Stephen Mamo  
Partner


17 April 2023

## Statement of financial position

	Notes	As at 31 December	
		2022 €	2021 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	7,639,324	7,300,295
Right-of-use assets	8	15,176,623	16,572,088
Total non-current assets		22,815,947	23,872,383
<b>Current assets</b>			
Trade and other receivables	5	2,887,709	2,659,634
Cash and cash equivalents	6	12,736,093	11,136,705
Total current assets		15,623,802	13,796,339
<b>Total assets</b>		<b>38,439,749</b>	<b>37,668,722</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Staff support fund reserve	9	9,783	5,855
Reserve fund		19,876,436	17,894,969
<b>Total equity</b>		<b>19,886,219</b>	<b>17,900,824</b>
<b>Non-current liabilities</b>			
Lease liabilities	8	16,152,732	17,184,671
<b>Current liabilities</b>			
Trade and other payables	7	1,376,638	1,639,363
Lease liabilities	8	1,024,160	943,864
<b>Total current liabilities</b>		<b>2,400,798</b>	<b>2,583,227</b>
<b>Total liabilities</b>		<b>18,553,530</b>	<b>19,767,898</b>
<b>Total equity and liabilities</b>		<b>38,439,749</b>	<b>37,668,722</b>

The notes on pages 10 to 20 are an integral part of these financial statements.

The financial statements on pages 6 to 20 were authorised for issue by the Malta Business Registry on 17 April 2023 and were signed on its behalf by:



Geraldine Spiteri Lucas  
Registrar/Chief Executive Officer



Annalise Zammit  
Head of Finance and Administration

## Statement of comprehensive income

		Year ended 31 December	
	Notes	2022 €	2021 €
Income	10	<b>18,817,709</b>	19,260,334
Operating expenses	11	<b>(7,869,309)</b>	(7,570,019)
Operating surplus		<b>10,948,400</b>	11,690,315
Other income	13	<b>730,625</b>	859,120
Finance income		<b>96</b>	-
Finance expenses	14	<b>(693,726)</b>	(729,833)
<b>Surplus for the year – total comprehensive income</b>		<b>10,985,395</b>	11,819,602

The notes on pages 10 to 20 are an integral part of these financial statements.

## Statement of changes in equity

	Staff support reserve €	Reserve fund €	Total €
As at 1 January 2021	2,550	15,534,238	15,536,788
<b>Comprehensive income</b>			
Appropriation from income statement	-	11,819,602	11,819,602
Transfer to staff support reserve	3,305	(3,305)	-
Total comprehensive income for the year	3,305	11,816,297	11,819,602
<b>Transactions with stakeholders</b>			
Surplus allocated to Government	-	(9,455,566)	(9,455,566)
Total transactions with stakeholders	-	(9,455,566)	(9,455,566)
<b>As at 31 December 2021</b>	<b>5,855</b>	<b>17,894,969</b>	<b>17,900,824</b>
As at 1 January 2022	5,855	17,894,969	17,900,824
<b>Comprehensive income</b>			
Appropriation from income statement	-	10,985,395	10,985,395
Transfer to staff support reserve	3,928	(3,928)	-
Total comprehensive income for the year	3,928	10,981,467	10,985,395
<b>Transactions with stakeholders</b>			
Surplus allocated to Government	-	(9,000,000)	(9,000,000)
Total transactions with stakeholders	-	(9,000,000)	(9,000,000)
<b>As at 31 December 2022</b>	<b>9,783</b>	<b>19,876,436</b>	<b>19,886,219</b>

The notes on pages 10 to 20 are an integral part of these financial statements.

## Statement of cash flows

		Year ended 31 December	
		2022	2021
		€	€
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	<b>13,310,886</b>	15,180,026
Interest and other income received		<b>730,721</b>	859,120
Net cash generated from operating activities		<b>14,041,607</b>	16,039,146
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	<b>(1,796,850)</b>	(1,263,018)
Net cash used in investing activities		<b>(1,796,850)</b>	(1,263,018)
<b>Cash flow from financing activities</b>			
Payments to Government	18	<b>(9,000,000)</b>	(9,000,000)
Capital repayments of lease liabilities		<b>(1,645,369)</b>	(1,622,316)
Net cash used in financing activities		<b>(10,645,369)</b>	(10,622,316)
<b>Net movement in cash and cash equivalents</b>		<b>1,599,388</b>	4,153,812
<b>Cash and cash equivalents at beginning of year</b>		<b>11,136,705</b>	6,982,893
<b>Cash and cash equivalents at end of year</b>	6	<b>12,736,093</b>	11,136,705

The notes on pages 10 to 20 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of Public Administration Act. They have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the registrar to exercise judgement in the process of applying the Registry's accounting policies (see Note 3 – Critical accounting estimates and judgements).

##### *Standards, interpretations and amendments to published standards effective in 2022*

In 2022, the Registry adopted new standards, amendments and interpretations to existing standards that are mandatory for the Registry's accounting year beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Registry's accounting policies impacting the financial performance and position.

##### *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Registry. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 1.2 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro, which is the Registry's functional and presentation currency.

##### (b) 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 profit or loss.

All foreign exchange gains or losses are presented in the income statement.

**1. Summary of significant accounting policies - continued**

**1.3 Property, plant and equipment**

All property, plant and equipment is initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Registry and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

	%
Building improvements	10
Furniture, fixtures and fittings	20
Equipment	20

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in the income statement. When re-valued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

**1.4 Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance.

*Impairment*

The Registry assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Registry applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**1.5 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call together with short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

**1. Summary of significant accounting policies - continued**

**1.6 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.

**1.7 Provisions**

Provisions for legal claims are recognised when the Registry has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**1.8 Revenue recognition**

The Registry recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity.

Income derived is recognised when payment is received which, in view of the profile of companies including dormant and defunct companies, is determined by the Registry to be the point in time when there is a probability that the economic benefits associated with the revenue will flow to the entity.

**1.9 Leases**

The Registry leases various vehicles and office spaces. Rental contracts are typically made for fixed periods ranging from 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Registry.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities comprise the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Registry, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**1. Summary of significant accounting policies - continued**

**1.9 Leases - continued**

To determine the incremental borrowing rate, the Registry where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease payments due within twelve months are classified as current, if not they are presented as non-current liabilities.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of vehicles and land are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**2. Financial risk management**

**2.1 Financial risk factors**

The Registry's activities potentially expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Registry's risk management is coordinated by the registrar and focuses on actively securing the Registry's short to medium term cash flows by minimising the exposure to financial markets.

The Registry does not actively engage in trading of financial assets for speculative purposes nor does it write options. The most significant financial risks that the Registry is exposed to are described below.

(a) Market risk

The registrar does not consider that the Registry is exposed to significant market risk in view of the assets held.

(b) Credit risk

The Registry's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The Registry's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Notes	2022 €	2021 €
Trade and other receivables	5	1,144,211	1,002,947
Cash and cash equivalents	6	12,736,093	11,136,705
		<b>13,880,304</b>	12,139,652

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (b) Credit risk - continued

The Registry assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. The Registry monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Registry's receivables, taking into account historical experience.

The Registry's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers. None of the Registry's financial assets are secured by collateral.

As at 31 December 2022, trade receivables of €424,619 (2021: €422,209) were impaired, and the amount of the provision in this respect is equivalent to these amounts. Reversal of provisions for impairment arises in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Registry does not hold any collateral as security in respect of the impaired assets.

Credit risk in relation to cash and cash equivalents is deemed to be low, since the counterparts and issuer are reputable banks.

#### (c) Liquidity risk

The Registry is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 7). 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 Registry's obligations.

The Registry monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. The Registry's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

### 2.2 Capital risk management

The Registry's equity, as disclosed in the statement of financial position, constitutes its reserve fund. The Registry's objectives when managing capital are to safeguard the respective entity's ability to continue as a going concern in order to provide returns and benefits for stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In view of the nature of the Registry's activities and its financial position, the capital level as at the end of the reporting period is deemed adequate by the Registrar.

### 2.3 Fair values of financial instruments

At 31 December 2022 and 2021 the carrying amounts of cash at bank, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the registrar, 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.

### 4. Property, plant and equipment

	Building improvements €	Furniture, fixtures and fittings €	Equipment €	Total €
<b>At 1 January 2021</b>				
Cost or valuation	6,084,846	804,467	1,838,945	8,728,258
Accumulated depreciation	(775,809)	(257,066)	(474,938)	(1,507,813)
Net book amount	5,309,037	547,401	1,364,007	7,220,445
<b>Year ended 31 December 2021</b>				
Opening net book amount	5,309,037	547,401	1,364,007	7,220,445
Additions	1,006,158	67,058	189,802	1,263,018
Depreciation charge	(633,397)	(168,723)	(381,048)	(1,183,168)
Closing net book amount	<b>5,681,798</b>	<b>445,736</b>	<b>1,172,761</b>	<b>7,300,295</b>
<b>At 31 December 2021</b>				
Cost or valuation	7,091,004	871,525	2,028,747	9,991,276
Accumulated depreciation	(1,409,206)	(425,789)	(855,986)	(2,690,981)
Net book amount	<b>5,681,798</b>	<b>445,736</b>	<b>1,172,761</b>	<b>7,300,295</b>
<b>Year ended 31 December 2022</b>				
Opening net book amount	<b>5,681,798</b>	<b>445,736</b>	<b>1,172,761</b>	<b>7,300,295</b>
Additions	1,162,584	473,085	161,181	1,796,850
Disposals	-	-	(129)	(129)
Depreciation charge	(771,593)	(258,803)	(427,296)	(1,457,692)
Closing net book amount	<b>6,072,789</b>	<b>660,018</b>	<b>906,517</b>	<b>7,639,324</b>
<b>At 31 December 2022</b>				
Cost or valuation	8,253,588	1,344,610	2,189,520	11,787,718
Accumulated depreciation	(2,180,799)	(684,592)	(1,283,003)	(4,148,394)
Net book amount	<b>6,072,789</b>	<b>660,018</b>	<b>906,517</b>	<b>7,639,324</b>

**5. Trade and other receivables**

	2022 €	2021 €
<b>Current</b>		
Trade and other receivables - gross	1,568,830	1,425,156
Less: Loss allowance on trade and other receivables	(424,619)	(422,209)
	1,144,211	1,002,947
Trade and other receivables - net	1,144,211	1,002,947
Prepayments	1,743,498	1,656,687
	2,887,709	2,659,634

Other receivables were unsecured, interest free and repayable on demand.

**6. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2022 €	2021 €
Cash in hand and in bank	12,736,093	11,136,705
	12,736,093	11,136,705

Cash and cash equivalents include a balance of €324,091 (2021: €323,870) held at the Central Bank of Malta on behalf of third parties. A corresponding balance is hence reflected within 'other payables' in Note 7.

**7. Trade and other payables**

	2022 €	2021 €
<b>Current</b>		
Trade creditors	387,089	848,315
Other payables	646,411	506,215
Accruals	343,138	284,833
	1,376,638	1,639,363

## 8. Right-of-use assets and lease liabilities

This note provides information for leases where the company is a lessee.

### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2022 €	2021 €
<b>Right-of-use assets</b>		
Vehicles	14,429	28,819
Offices	15,162,194	16,543,269
	15,176,623	16,572,088
 <b>Lease liabilities</b>		
Non-current	16,152,732	17,184,671
Current	1,024,160	943,864
	17,176,892	18,128,535

### (ii) Amounts recognised in the income statement.

The statement of profit or loss shows the following amounts relating to leases:

	2022 €	2021 €
<b>Depreciation charge of right of-use of assets</b>		
Vehicles	14,390	14,390
Offices (gross of sub-lease contribution)	1,381,075	1,381,075
	1,395,465	1,395,465
 Interest expense (included in finance cost)	694,759	729,833

During 2022, the Registry subleased parts of its property to other Government agencies for a contribution of €730,625 (2021: €859,120) which is netted against the lease depreciation in accordance with IFRS.

## 9. Staff support reserve

The staff support reserve has been created to set aside reserves to support employees in need at the opportune time.

## 10. Income

Income represents fees and penalties in line with charges prescribed by legislation. Fluctuations from one year to another may represent income claimed in previous years given that revenue is accounted upon receipt of payment.

## 11. Expenses by nature

	2022 €	2021 €
Depreciation of property, plant and equipment (Note 4)	1,457,692	1,183,168
Depreciation of right-of-use assets (Note 8)	1,395,465	1,395,465
Employee benefit expense	3,567,534	3,348,763
Professional and consultancy fees	163,601	251,363
Increase in loss allowance on trade and other receivables	2,230	316
Bad debts written off	-	100
Repairs & maintenance	155,680	171,763
Security services	91,193	120,156
Cleaning services	144,138	135,436
IT expenses	356,833	423,463
Other administrative expenses	534,943	540,026
	7,869,309	7,570,019

### *Auditor's fees*

Fees charged by the auditor for the statutory audit amount to €9,750 (2021: €9,625).

## 12. Employee benefit expense

	2022 €	2021 €
Wages and salaries	4,550,567	4,075,772
Social security costs	221,983	203,598
Other staff costs	206,743	209,326
Recharged to other government entities	(1,411,759)	(1,139,933)
	3,567,534	3,348,763

Average number of persons employed by the Registry during the year:

	2022	2021
Managerial	104	90
Administration	42	37
	146	127

**13. Other income**

	2022 €	2021 €
Rental income from sublease agreements	<b>730,625</b>	859,120

The entire rental income is derived from sublease agreements with government related entities (Note 18). Rental income received during 2021 includes €152,626 for areas leased to a Government entity in 2020.

**14. Finance expenses**

	2022 €	2021 €
Interest charges for lease liabilities (Note 8)	<b>693,726</b>	729,833
	<b>693,726</b>	729,833

**15. Tax expense**

Legal Notice 144 of 2018 (para 14) exempts the Malta Business Registry from any liability to pay income taxes.

**16. Cash generated from operations**

Reconciliation of operating surplus generated from operations:

	2022 €	2021 €
Operating surplus	<b>10,948,400</b>	11,690,315
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	<b>1,457,692</b>	1,183,168
Depreciation of right-of-use of assets (Note 8)	<b>1,395,465</b>	1,395,465
Increase in loss allowance on trade receivables (Note 5)	<b>2,230</b>	316
Bad debts write off	-	100
Loss on disposal of assets (Note 4)	<b>129</b>	-
Changes in working capital:		
Trade and other receivables	<b>(230,305)</b>	652,390
Trade and other payables	<b>(262,725)</b>	258,272
Cash generated from operations	<b>13,310,886</b>	15,180,026

**17. Commitments**

Commitments for expenditure not provided for in these financial statements as at the statement of financial position date were as follows:

	<b>2022</b>	<b>2021</b>
	€	€
Contracted but not provided for	<b>997,156</b>	2,874,633
Approved but not committed	-	-
	<b>997,156</b>	2,874,633

**18. Related party transactions**

Except for transactions disclosed or referred to previously, the following significant transactions, which were carried out principally with related entities, have a material effect on the operating results and financial position of the Registry:

	<b>2022</b>	<b>2021</b>
	€	€
Surplus allocated to Government	<b>9,000,000</b>	9,455,566
Rental income from sublease agreements	<b>730,625</b>	859,120
	<b>730,625</b>	859,120

**19. Events after the reporting period**

During 2023, an Audit Committee has been set up as part of the Malta Business Registry to assist the Chief Executive Officer/Registrar and Chief Operating Officer in fulfilling their responsibility in overseeing the financial reporting process, the system of internal control, the audit process as well as monitoring compliance with laws and regulations and the code of conduct. The Audit Committee started operating on 21<sup>st</sup> March 2023.

**20. Statutory information**

The Malta Business Registry is the single companies' registrar in Malta established under Subsidiary Legislation 595.27 and reports to the Maltese Parliament.





# Acronyms & Abbreviations

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<b>AI</b>	Artificial intelligence
<b>BO</b>	Beneficial Owner
<b>BRIS</b>	Business Registry Interconnection System
<b>C</b>	Limited Companies
<b>CEO</b>	Chief Executive Officer
<b>COO</b>	Chief Operations Officer
<b>CRF</b>	Corporate Registers Forum
<b>EEIG</b>	European Economic Interest Grouping
<b>EU</b>	European Union
<b>HR</b>	Human Resources
<b>ICT</b>	Information and Communications Technology
<b>ICTU</b>	International and Corporate Tax Unit
<b>IEBSA CODE</b>	International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>ISA</b>	International Standards on Auditing
<b>IT</b>	Information Technology
<b>KPI</b>	Key performance indicator
<b>KYC</b>	Know your customer
<b>LPA</b>	Legal Person Association
<b>LPF</b>	Legal Person Foundation
<b>MBR</b>	Malta Business Registry
<b>MFSA</b>	Malta Financial Services Authority
<b>MITA</b>	Malta Information Technology Agency
<b>NCPE</b>	National Commission for the Promotion of Equality
<b>NPL</b>	Non-performing loan
<b>OC</b>	Overseas Companies
<b>OPM</b>	Office of the Prime Minister
<b>P</b>	Partnership en Nom Collectif
<b>P COMM</b>	Partnership en Commandite
<b>PFLP</b>	Private Foundation Legal Person
<b>ROC</b>	Registry of Companies
<b>ROCA</b>	Registry of Companies Agency
<b>SE</b>	Statute for European Companies
<b>SMES</b>	Small and medium-sized enterprises
<b>SRSP</b>	Structural Reform Support Programme
<b>SV</b>	Investment Company with Variable Share Capital

# Notices by the Registrar

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**27th January 2022**

Notice on the Filing Procedure Applicable to Annual Financial Reports under the European Single Electronic Format

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**28th January 2022**

Legislative amendments introduced by Act LX of 2021

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**13th April 2022**

Malta Business Registry becomes a member of the Corporate Registers Forum

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**13th June 2022**

The Malta Business Registry is officially connected to the Beneficial Ownership Registers Interconnection System (BORIS) signals a complete readiness to share data from its fully populated Beneficial Owners (BO) Register on a European Union (EU) level

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**27th June 2022**

Malta taken off the FATF Greylist

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**6th July 2022**

Advise to Companies to provide adequate electronic mail address

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**20th July 2022**

Signing of an agreement between the Malta Business Registry and the Department of Accountancy within the University of Malta

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**26th September 2022**

Malta has been chosen to host Corporate Registries Forum Annual Conference next year

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**26th October 2022**

Beneficial Ownership experts from EU convene in Malta for experts working group

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**25th November 2022**

Notice to the General Public: Provision requiring public access to BO information declared invalid by the Court of Justice of the European Union.

## Disclaimer

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**MBR** | MALTA  
BUSINESS  
REGISTRY

 public service

**AM Business Centre**  
Triq il-Labour, Żejtun  
ZTN 2401, Malta

**t** +356 2258 2300  
**e** info.mbr@mbr.mt

