MALTA HEALTHCARE CATERERS LTD

Reg. No.: C 39636

Annual report

For the year ended 31 March 2024

	Page

Directors' report

The directors presented their report and the audited financial statements of the Group and parent company Malta Healthcare Caterers Ltd (the Company) for the year ended 31 March 2024.

Directors

The directors of the Company who held office during the year were:

James Barbara
Joseph Barbara
Robert Debono
Silvio Debono
Arthur Gauci

The Company's Articles of Association do not require any directors to retire.

Date of incorporation

The Company was incorporated on 28 September 2006 under the laws of Malta.

Principal activities

The Group operates in the health sector, engaged mainly in management, catering, nursing, care and clinical services to hospitals, elderly retirement homes and within the community in Malta and Gozo.

The Company's principal activity is the management and provision of services for the operation of an old people's residence as well as the provision of catering and ancillary services to hospitals.

Review of business

The results for the financial position of the Company as at 31 March 2024 are disclosed on pages 9 and 10 while the results for the year under review are disclosed on page 11.

Total revenue for the Group during this period amounts to € 131.5 million (year ended 31 March 2023 was € 103.9 million). Total revenue for the Company during this period amounts to € 37.4 million (year ended 31 March 2023 was € 32.3 million). The Group registered a profit after tax of € 10.2 million (year ended 31 March 2023 was € 10.1 million). The Company registered a profit after tax of € 2.7 million (year ended 31 March 2023 was € 7.5 million).

Revenue includes recognition of income from the service concession agreement entered into by the Company with St Vincent de Paul Residence on 14 July 2017 which is allocated and recognised to P&L based on the separate service obligations within the agreement and the stage of completion of each obligation (refer to Note 2.20 in these financial statements). During the period in review, the Company has continued to render its service obligations with relevant revenues recognised (refer to Note 17).

The Company remains otherwise engaged in the provision of catering services similarly to the previous year, with expected results in line to previous year.

The healthcare services arm of the Group keeps supplying the demand for nursing and care providers within the local health sector and the community.

The directors expect that the present level of activity will be sustained for the foreseeable future.

Directors' report - continued

Financial risk management

The Group's and Company's activities expose them to a variety of financial risks, including market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Refer to Note 5 in these financial statements.

Results and dividends

The consolidated financial results are set out on page 11. No final dividend is being recommended.

Retained earnings carried forward at the end of the financial reporting year for the Group and the Company amounted to € 40,377,860 (2023: € 30,649,158) and € 18,936,888 (2023: € 16,687,655) respectively.

Statement of directors' responsibilities for the financial statements

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent company as at the end of each financial year and of the profit or loss for that year.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU;
- 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 Group and the parent company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the International Financial Reporting Standards as adopted by the EU. They are also responsible for safeguarding the assets of the Group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Malta Healthcare Caterers Ltd for the year ended 31 March 2024 are included in the Annual Report and Consolidated Financial Statements for the year ended 31 March 2024.

Directors' report - continued

Auditors

CSA Audit Ltd have intimated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

James Barbara
Director

Robert Debono
Director

Registered office:
JPR Buildings Level 1
Taz-Zwejt Road
San Gwann
Malta

24 July 2024

AUDIT

INDEPENDENT AUDITORS' REPORT
To the Shareholders of Malta Healthcare Caterers Ltd

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements (the "financial statements") of Malta Healthcare Caterers Ltd (the "Company"):

- Give a true and fair view of the financial position of the Group and Company as at 31 March 2024, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs'); and
- Have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386) (the "Act").

What we have audited

The Group and Company's financial statements, which comprise:

- the Group and Company statement of financial position as at 31 March 2024;
- the Group and Company statement of comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

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 Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('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 these requirements and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
To the Shareholders of Malta Healthcare Caterers Ltd

Other information

The directors are responsible for the other information. The other information comprises the 'Directors' Report' but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Directors' Report, which we report separately below in our 'Report on Other Legal and Regulatory Requirements'.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS's, and are properly prepared in accordance with the provisions of the Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements the directors are responsible for assessing the Company's and the Group'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 directors either intend to liquidate the Company and the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the financial reporting process.

Auditors' responsibility for the audit of the financial statements

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

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 AUDITORS' REPORT
To the Shareholders of Malta Healthcare Caterers Ltd

Auditors' responsibility for the audit of the financial statements - continued

- 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 Group and Company's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other Legal and Regulatory Requirements

Opinion on the Directors' Report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act.

We are required to consider whether the information given in the Directors' Report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
To the Shareholders of Malta Healthcare Caterers Ltd

Report on other Legal and Regulatory Requirements - continued

Pursuant to article 179(3) of the Act, we are also required to:
- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the Directors' Report, giving an indication of the nature of any such misstatements.

In such regards:
- in our opinion, the Directors' Report has been prepared in accordance with the applicable legal requirements; and
- we have not identified material misstatements in the Directors' Report.

Matters on which we are required to report by exception by the Act

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorized to sign on behalf of CSA Audit Ltd on the audit resulting in this independent auditors' report is Norbert Bugeja.

Norbert Bugeja

CSA Audit Ltd
Registered Auditors

24 July 2024

Statement of financial position

		As at 31 March			
		Group		Company	
	Note	**2024**	2023	**2024**	2023
ASSETS		**€**	€	**€**	€
Non-current assets					
Property, plant and equipment	6	**971,201**	760,221	**642,158**	754,610
Intangible assets	7	**2,172,207**	2,580,837	**1,522,207**	1,928,129
Contract assets	17	**24,639,019**	25,934,140	**23,950,852**	25,934,140
Investment in subsidiaries	8	**-**	-	**676,344**	676,344
Right of use assets	9	**248,745**	155,542	**103,694**	155,542
Deferred tax assets	16	**438,515**	78,307	**178,966**	63,594
Total non-current assets		**28,469,687**	29,509,047	**27,074,221**	29,512,359
Current assets					
Inventory	10	**488,292**	534,866	**488,292**	534,866
Current tax assets		**-**	-	**-**	-
Trade and other receivables	11	**67,928,514**	57,609,437	**35,192,641**	28,748,786
Cash and cash equivalents	12	**1,548,960**	2,847,857	**375,074**	607,798
Total current assets		**69,965,766**	60,992,160	**36,056,007**	29,891,450
Total assets		**98,435,453**	90,501,207	**63,130,228**	59,403,809

Statement of financial position - continued

		As at 31 March			
		Group		Company	
	Note	**2024** €	2023 €	**2024** €	2023 €
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	**1,004,659**	504,659	**1,004,659**	504,659
Translation reserve	13	**(11,408)**	-	**-**	-
Retained earnings		**40,377,860**	30,649,158	**18,936,888**	16,687,655
Total equity		**41,371,111**	31,153,817	**19,941,547**	17,192,314
Non-current liabilities					
Trade and other payables	14	**320,683**	1,557,958	**-**	-
Borrowings	15	**19,471,377**	22,398,920	**19,471,377**	22,398,920
Deferred tax liability	16	**-**	-	**-**	-
Lease liability	9	**118,654**	125,523	**72,015**	125,523
Non-current tax liabilities		**1,280,543**	-	**1,280,543**	-
Total non-current liabilities		**21,191,257**	24,082,401	**20,823,935**	22,524,443
Current liabilities					
Trade and other payables	14	**24,216,154**	22,713,899	**16,089,678**	13,559,805
Borrowings	15	**4,092,578**	3,854,791	**4,087,057**	2,648,413
Lease liability	9	**141,808**	49,864	**53,115**	49,864
Current tax liabilities		**7,422,545**	8,646,435	**2,134,896**	3,428,970
Total current liabilities		**35,873,085**	35,264,989	**22,364,746**	19,687,052
Total liabilities		**57,064,342**	59,347,390	**43,188,681**	42,211,495
Total equity and liabilities		**98,435,453**	90,501,207	**63,130,228**	59,403,809

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 9 to 51 were approved and authorised for issue by the Board of Directors on 24 July 2024 and signed by:

James Barbara
Director

Robert Debono
Director

Statement of comprehensive income

		Year ended 31 March			
		Group		Company	
	Notes	2024 €	2023 €	2024 €	2023 €
Revenue	17	**131,541,936**	103,943,861	**37,414,114**	32,370,707
Cost of sales	18	**(110,537,829)**	(86,304,580)	**(28,584,064)**	(23,694,353)
Gross profit		**21,004,107**	17,639,281	**8,830,050**	8,676,354
Administrative expenses	18	**(5,025,816)**	(3,056,676)	**(3,995,684)**	(3,624,729)
Operating profit		**15,978,291**	14,582,605	**4,834,366**	5,051,625
Other income	20	**1,349,006**	214,917	**542,707**	6,992,307
Finance income	22	**698,731**	751,363	**698,731**	751,363
Finance costs	21	**(1,964,779)**	(1,389,461)	**(1,729,419)**	(1,279,363)
Profit before tax		**16,061,249**	14,159,424	**4,346,385**	11,515,932
Tax expense	23	**(5,832,547)**	(4,000,080)	**(1,597,152)**	(3,938,960)
Profit for the year		**10,228,702**	10,159,344	**2,749,233**	7,576,972
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations		**(11,408)**	-	-	-
Other comprehensive income		**(11,408)**	-	-	-
Total comprehensive income for the year		**10,217,294**	10,159,344	**2,749,233**	7,576,972
Profit attributable to:					
Owners of the Company		**10,228,702**	10,159,344	**2,749,233**	7,576,972
Total comprehensive income attributable to:					
Owners of the Company		**10,217,294**	10,159,344	**2,749,233**	7,576,972

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

Group

	Attributable to owners of the company			
	Share	Retained earning	Translation reserve	Total
	€	€	€	€
Balance as at 31 March 2022	932	25,534,814	-	25,535,746
Total comprehensive income for the year				
Profit for the year	-	10,159,344	-	10,159,344
Transactions with owners of the				
Contributions and distributions				
Capitalisation of retained earnings	500,000	(500,000)	-	-
Increase in share capital	3,727	-	-	3,727
Dividends declared	-	(4,545,000)	-	(4,545,000)
Balance as at 31 March 2023	504,659	30,649,158	-	31,153,817
Balance as at 1 April 2023	504,659	30,649,158	-	31,153,817
Total comprehensive income for the year				
Profit for the year	-	10,228,702	-	10,228,702
Movement in translation reserve	-	-	(11,408)	(11,408)
Balance as at 31 March 2023	-	10,228,702	(11,408)	10,217,294
Transactions with owners of the				
Contributions and distributions				
Capitalisation of retained earnings	500,000	(500,000)	-	-
Balance as at 31 March 2024	**1,004,659**	**40,377,860**	**(11,408)**	**41,371,111**

Company

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 31 March 2022	932	14,155,683	14,156,615
Total comprehensive income for the year			
Profit for the year	-	7,576,972	7,576,972
Transactions with owners of the			
Contributions and distributions			
Capitalisation of retained earnings	500,000	(500,000)	-
Increase in share capital	3,727	-	3,727
Dividends declared	-	(4,545,000)	(4,545,000)
Balance as at 31 March 2023	504,659	16,687,655	17,192,314
Balance as at 1 April 2023	504,659	16,687,655	17,192,314
Total comprehensive income for the year			
Profit for the year		2,749,233	2,749,233
Transactions with owners of the company			
Contributions and distributions			
Capitalisation of retained earnings	500,000	(500,000)	-
Balance as at 31 March 2024	**1,004,659**	**18,936,888**	**19,941,547**

The accompanying notes form an integral part of these financial statements.

Statements of cash flows

	Not	Group 2024 €	Group 2023 €	Company 2024 €	Company 2023 €
		Year ended 31 March			
Cash flows from operating activities					
Operating profit		**15,978,291**	14,582,605	**4,834,366**	5,051,625
Adjustments for:					
Additions to service concession arrangement		**1,983,288**	1,754,389	**1,983,288**	1,754,389
Contract asset on capitalised training costs		**(890,000)**	-	-	-
Other income (excluding dividend income)		**1,349,006**	214,917	**542,707**	-
Finance income		**698,731**	751,363	**698,731**	751,363
Other expenses			-	-	-
Depreciation on property plant and equipment		**208,609**	207,175	**178,386**	198,990
Amortisation on intangible asset		**408,630**	408,630	**405,922**	405,922
Amortisation on right of use asset		**155,455**	51,847	**51,847**	51,847
Amortisation contract asset on capitalised training costs		**201,833**	-	-	-
Other expenses		**291,199**	-	-	-
		20,425,744	17,970,926	**8,695,247**	8,214,136
Movement in working capital for:					
(Decrease)/increase in inventories		**46,574**	(153,279)	**46,574**	(153,279)
Increase in right of use assets		**(248,658)**	-	-	-
Increase in trade and other receivables		**(10,319,077)**	(5,718,402)	**(6,443,855)**	(97,525)
Decrease in trade and other payables		**(223,720)**	(8,468,733)	**2,529,873**	(5,452,614)
Increase/ (decrease) in lease liabilities		**69,102**	(53,170)	**(54,765)**	(53,170)
Movement in translation reserve		**(11,408)**	-	-	-
Cash generated from operations		**9,738,557**	3,577,342	**4,773,074**	2,457,548
Interest paid		**(1,948,806)**	(1,383,419)	**(1,724,911)**	(1,273,321)
Tax (paid)/refund received		**(5,979,303)**	(1,092,792)	**(1,726,054)**	-
Net cash from operating activities		**1,810,448**	1,101,131	**1,322,109**	1,184,227
Cash flow from investing activities					
Purchase of property plant and equipment		**(419,589)**	(92,254)	**(65,934)**	(89,264)
Net cash from investing activities		**(419,589)**	(92,254)	**(65,934)**	(89,264)
Cash flows from financing activities					
Net repayment of loans and borrowings		**(2,902,287)**	(1,592,506)	**(1,701,430)**	(1,731,940)
Increase in share capital		-	3,727	-	3,727
Net cash from financing activities		**(2,902,287)**	(1,588,779)	**(1,701,430)**	(1,728,213)
Movement in cash and cash equivalents		**(1,511,428)**	(579,902)	**(445,255)**	(633,250)
Cash and cash equivalents at beginning of year		**1,977,377**	2,557,279	**(262,682)**	370,568
Cash and cash equivalents at end of year	12	**465,949**	1,977,377	**(707,937)**	(262,682)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

These financial statements of Malta Healthcare Caterers Ltd (the "Company") have been prepared and presented in accordance International Financial Reporting Standards as adopted by the EU (IFRSs). These financial statements have also been prepared in accordance with the Maltese Companies Act (Cap.386) (the "Act").

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company and the Group's accounting policies (Note 4 - Critical accounting estimates and judgements).

These financial statements have been prepared under the historical cost convention. These financial statements present information about the Group and the Company.

1.2 Functional and presentation currency

The financial statements are presented in EUR which is the Group and the Company's functional currency.

1.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

1 Basis of preparation - continued

1.3 Consolidation

(a) Subsidiaries - continued

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests. A listing of the Group's principal subsidiaries is set out in Note 6.

(b) Transactions with non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1.4 Reporting Company

Malta Healthcare Caterers Ltd (the Company) is domiciled in Malta. The Company's registered office is at JPR Buildings, Level 1, Taz-Zwejt Road, San Gwann, Malta, SGN 3000. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the management and provision of services for the operation of an old people's residence as well as the provision of catering and ancillary services to hospitals.

1 Basis of preparation - continued

1.5 Composition of the Group

The Group is composed of Malta Healthcare Caterers Ltd and the following subsidiaries:

Entity name	*Registered office*	*Business activity*	*% held by the Group in issued capital*
Healthmark Care Services Ltd	Malta	Provision of nursing and care services including domiciliary	100%
HCS Limited	Malta	Holding company	99.8%
Healthcare Services Franchising Limited	Malta	Deriving royalty income from the intellectual property rights held	100%
Support Services Limited	Malta	Outsourcing of staff in the health and social care sector	100%
Heath Services Group Ltd	Malta	Outsourcing of staff in the health and social care sector	100%
Healthmark Management & Consultancy Gulf DMCC	United Arab Emirates	Holding company	100%
Healthcare Management & Consultancy Gulf DMCC	United Arab Emirates	Holding company	100%
Healthmark Training FZE	United Arab Emirates	Training of technical and occupational skills and human resources consultancies	100%

2 Summary of material 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 years presented, unless otherwise stated.

2.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

2 Summary of material accounting policies - continued

2.2 Investments in subsidiaries

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. An investment in a subsidiary is initially measured at cost. After initial recognition, the investment in subsidiary is measured using the cost method. Under the cost method, the investment is measured at cost less accumulated impairment losses. Distributions received from the subsidiary are recognised as investment income in profit or loss when the Company's right to receive the dividend is established.

2.3 Property, plant and equipment

All plant and equipment initially recorded at historical cost and are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of 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 company, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

	%
Plant and machinery	16.67 - 20
Fixtures and fittings	10 - 20
Kitchen equipment	10 -20
Computer equipment	20 - 33.3
Motor vehicles	20

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

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash- generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

2.4 Goodwill

Goodwill arises on the acquisition of subsidiaries and business operations within the scope of IFRS 3 "Business combinations" and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary or business operation acquired, in the case of a bargain purchase, the difference is recognised directly in profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs) or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2 Summary of material accounting policies - continued

2.3 Goodwill - continued

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.4 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

2.5 Financial instruments

2.5.1 Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.5.2 Classification and subsequent measurement

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

2 Summary of material accounting policies - continued

2.5 Financial instruments - continued

2.5.2 Classification and subsequent measurement - continued

(i) Financial assets - continued

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(iii) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

2 Summary of material accounting policies - continued

2.5 Financial instruments - continued

2.5.2 Classification and subsequent measurement - continued

(iii) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest - continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(iv) Financial assets – Subsequent measurement and gains and losses

(a) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(v) Financial liabilities – Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.5.3 Derecognition

(i) Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

2 Summary of material accounting policies - continued

2.5 Financial instruments - continued

2.5.3 Derecognition

(ii) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

2.5.4 Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

2.5.5 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Impairment on financial instruments and contract assets

The Company recognises loss allowances for Expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

2 Summary of material accounting policies - continued

2.6 Impairment on financial instruments and contract assets - continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due and no communication about the delay has been forthcoming from the debtor.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

2 Summary of material accounting policies - continued

2.6 Impairment on financial instruments and contract assets - continued

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first- in first-out method. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

2.8 Intangible assets - Service concession arrangements

The Group recognises an intangible asset arising from service concession arrangements when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

2.9 Financial instruments - Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement (Non- derivative financial assets) when it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction or upgrade services provided, and the right to receive cash depends only on the passage of time. Such financial assets are measured at fair value on initial recognition and classified as financial assets measured at amortised cost. If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

2.10 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet.

2 Summary of material accounting policies - continued

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts, if any. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade and other payables

Trade payables are 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.

2.14 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of issue costs incurred, if any. In subsequent periods, borrowings are carried at amortised cost using the effective yield method; any difference between proceeds (net of issue costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

2 Summary of material accounting policies - continued

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures 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.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) Sales of catering services

Sales of goods are recognised when the company has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

(b) Construction contracts

The Group, through concession arrangements, is contracted to build kitchen facilities and buildings for the Grantor based on their designs and on their property. Revenue is recognised over time since the Grantor controls the assets as the Group is performing, based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Revenue from services performed but for which the Group does not yet have a contractual right to receive consideration is recognised within contract assets, whilst prepayments are included in contract liabilities.

(c) Revenue from service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

(d) Financing

Where the Group expects to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the company adjusts the transaction price to reflect the financing component. The difference between the amount recognised as revenue and the contractual price is recognised as finance income

2 Summary of significant accounting policies - continued

2.18 Borrowing costs

Borrowing costs incurred on funds borrowed specifically for the construction or development of qualifying non-current assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. All other borrowing costs are expensed. Interest expense is recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

2.19 Operating lease

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index
- or rate as at the commencement date;
- amounts expected to be payable by the Group using residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. 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 lessees, 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.

Right-of-use assets are initially measured at 'cost' which, where applicable, comprises the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and • restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses, except as highlighted below. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is recognised in profit or loss.

Payments associated with short-term leases and leases of low-value assets 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.

3 New or revised standards or interpretations

New standards adopted at 1 April 2023

During the year ended 31 March 2024, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates

New and revised IFRS Accounting Standards in issue but not yet effective and not yet adopted by EU

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS that have been issued and are not yet effective.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 - Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements*
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

** These amendments had not yet been adopted by the EU.*

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

4 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 directors, 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, except as disclosed hereunder.

Critical judgements *in determining scope of arrangement*

The analysis on whether IFRIC 12 Service Concession Arrangements, applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities.

The application of IFRIC 12 requires extensive judgement in relation with, amongst other factors (i) the identification of certain infrastructures (and not contractual agreements) in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

Changes in one or more of the factors described above may significantly affect the conclusion as to the appropriateness of the application of IFRIC 12 and, therefore, the results of operations or our financial position.

4 Critical accounting estimates and judgements - continued

Critical judgements in allocating the transaction price in the Group's service concession arrangements

The service concession arrangements identified by management during the reporting period, were negotiated simultaneously, and, although these were judged as two separate concession arrangements, the prices of each arrangement were impacted by the other. In addition, management identified multiple performance obligations in each concession arrangement. Because of this, the transaction price had to be allocated to the distinct performance obligations on a relative stand-alone selling price basis.

Management estimated the stand-alone selling price of each performance obligation at contract inception based on, where possible, observable prices of the type of service the Group already provides. Where this was not possible, the Group used a cost-plus mark-up approach in determining the selling price of the respective performance obligations.

Critical estimates with respect to accrued income

Estimates in respect of the annual inflationary revisions to the billing rates for occupied and unoccupied beds have been made to recognise revenue through accrued income. Please refer to note 17.

5 Financial risk management

5.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Company's directors provide principles for overall company risk management as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years. The directors do not consider the impact of price risk material to effect the results of the Group.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Group's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in euro.

Accordingly, the Group is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

Cash flow and fair value interest rate risk

The Group's interest rate risk principally arises from bank borrowings issued at variable rates (Note 13) which expose the Group to cash flow interest rate risk. Management monitors the impact of changes in market rates on borrowing costs in respect of these liabilities. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial and accordingly the level of interest rate risk is contained. The Group's operating cash flows are substantially independent of changes in market interest rates.

5 Financial risk management - continued

5.1 Financial risk factors - continued

(b) Credit risk

Credit risk arises from bank deposits as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's exposures to credit risk at the end of the financial period are analysed as follows:

	Group		Company	
Financial assets measured	**2024**	2023	**2024**	2023
at amortized cost:	**€**	€	**€**	€
Trade and other receivables (Note 11)	**67,138,282**	57,148,572	**34,985,734**	28,558,944
Cash at bank and in hand (Note 12)	**1,548,960**	2,847,857	**375,074**	607,798
	69,477,474	59,996,429	**35,360,808**	29,166,742

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any collateral as security in this respect. The figures disclosed above in respect of trade and other receivables exclude indirect taxation and prepayments.

Cash and cash equivalents

The Group's cash and cash equivalents are held with local financial institutions with high quality standing or rating and are due to be settled on demand. Management considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term. As a result, while cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

Trade receivables (including contract assets)

The Group 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 goods and services are affected to customers with an appropriate credit history. The Group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

In view of the nature of the Group's activities and the market in which it operates, the Group had a significant amount of its receivables from entities under the control of the Government of Malta in relation to health care and catering services. Whilst no individual customer or Group of dependent customers is considered by management as a significant concentration of credit risk with respect to trade debts (due to the involvement of the Government of Malta), these exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective Group undertaking and are deemed by management to have excellent credit standing, usually taking cognisance of the performance history without defaults.

The Group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the reporting date. The Group's trade and other receivables, which are not impaired financial assets, are principally debts 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.

5 Financial risk management - continued

5.1 Financial risk factors - continued

(a) *Credit risk* - continued

Impairment of trade receivables (including contract assets)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation and adjusts the historical loss rates based on expected changes in these factors. Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

On that basis, the loss allowance for the Group as at 31 March 2024 and 31 March 2023 was determined as follows:

31 March 2024	Current	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	Total
Expected loss rate	0.05%	0.50%	0.94%	1.39%	1.83%	
Gross carrying amount (€)	21,539,577	4,491,804	2,641,107	1,308,129	2,652,176	32,632,793
Loss allowance	**10,770**	**22,168**	**24,676**	**18,150**	**132,911**	**208,675**

31 March 2023	Current	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	Total
Expected loss rate	0.05%	0.42%	0.78%	1.15%	1.52%	
Gross carrying amount (€)	22,443,225	2,081,278	2,797,500	1,762,257	975,649	30,059,909
Loss allowance	28,669	22,332	55,746	51,775	37,873	196,395

The Group established an allowance for impairment that represented its estimate of expected credit losses in respect of trade receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations, and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Group does not hold any significant collateral as security in respect of the credit impaired assets. The movements in credit loss allowances of these receivables are disclosed in Note 11.

5 **Financial risk management** - continued

5.1 **Financial risk factors** - continued

(b) Credit risk - continued

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than a year past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Categorisation of receivables as past due is determined by the Group on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. At 31 March 2023 and 2022, the Group's past due but not impaired receivables and the carrying amount of trade receivables that would otherwise be past due or credit impaired whose terms have been renegotiated, were not deemed material in the context of the Group's trade receivables figures.

Amounts owed by related parties and other receivables

The Group's and the company's receivables also include amounts owed by related parties forming part of the db Group and James Caterers Group, associates and other related parties (refer to Note 7). The Group's treasury monitors intra-Group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

With respect to the Group's and the company's current amounts owed by related parties and other receivables, since such balances are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. In this respect, the directors considered such balances to have low credit risk and a low risk of default. Accordingly, the expected credit loss allowance attributable to amounts owed by related parties and other receivables was deemed immaterial.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally other interest-bearing borrowings (Note 15) and trade and other payables (Note 14). 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 Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of the Group within certain parameters. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Group's committed bank borrowing facilities and other intra-Group financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the Group as significant taking into account the liquidity management process referred to above.

The table below analyses the Group and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

5 Financial risk management - continued

5.1 Financial risk factors - continued

(c) Liquidity risk - continued

Group

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 March 2024					
Bank borrowings	5,179,812	4,062,780	11,612,329	6,955,040	27,809,960
Trade and other payables	24,216,154	320,683	-	-	24,536,837
	29,395,966	4,383,463	11,612,329	6,955,040	52,346,797
At 31 March 2023					
Bank borrowings	3,854,791	2,139,170	8,241,454	12,018,296	26,253,711
Trade and other payables	22,713,899	1,557,958	-	-	24,271,857
	26,568,690	3,697,128	8,241,454	12,018,296	50,525,568

Company

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
At 31 March 2024					
Bank borrowings	5,174,291	4,062,780	11,612,329	6,955,040	27,804,439
Trade and other payables	16,089,678	-	-	-	16,089,678
	21,263,969	4,062,780	11,612,329	6,955,040	43,894,117
At 31 March 2023					
Bank borrowings	2,648,413	2,139,170	8,241,454	12,018,296	25,047,333
Trade and other payables	13,559,805	-	-	-	13,559,805
	16,208,218	2,139,170	8,241,454	12,018,296	38,607,138

5 Financial risk management - continued

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the respective Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Group's equity, as disclosed in the statement of financial position, constitutes its capital. As from 2018, the Group started to monitor the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings, as shown in the consolidated statement of financial position, less cash at bank and in hand. Total capital is calculated as total equity, as described below, plus net debt. The aggregated figures in respect of the Group are reflected in the following table:

	Group	
	2024	2023
	€	€
Total external borrowings	23,563,955	26,253,711
Equity - as shown in the consolidated statement of financial position	41,111,683	31,153,817
Total capital	64,675,638	57,407,528
	36%	45%

The Group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the directors.

5.3 Fair values of financial instruments

At 31 March 2024 and 2023, the carrying amounts of cash at bank, receivables, payables, accrued expenses and current borrowings reflected in the financial statements are reasonable estimates of fair values in view of the nature of these instruments on the relatively short period of time between the origination of the instruments and this expected realisation. Balances with shareholders and related parties which are repayable on demand are equivalent to their carrying amounts. The fair value of non-current advances to subsidiaries (for the company), floating interest rate bank borrowings (for the Group and the company), loan payable to third party (for the Group and the company) at the end of the reporting period is not significantly different from the carrying amount.

6. Property, plant and equipment

Company	Land	Plant and machinery	Fixtures and fittings	Kitchen and restaurant equipment	Computer equipment	Medical equipment	Motor Vehicle	Total
	€	€	€	€	€	€	€	€
Cost								
At 1 April 2022	297,300	450,619	333,095	2,001,275	61,290	106,988	370,394	3,620,961
Additions	-	213	-	69,499	11,486	8,066	-	89,264
At 31 March 2023	297,300	450,832	333,095	2,070,774	72,776	115,054	370,394	3,710,225
Depreciation								
At 1 April 2022	-	(348,216)	(185,201)	(1,894,656)	(47,987)	(17,864)	(262,701)	(2,756,625)
Depreciation charge	-	(24,953)	(8,861)	(82,010)	(17,027)	(22,525)	(43,614)	(198,990)
At 31 March 2023	-	(373,169)	(194,062)	(1,976,666)	(65,014)	(40,389)	(306,315)	(2,955,615)
Net book value at 31 March 2023	297,300	77,663	139,033	94,108	7,762	74,665	64,079	754,610

6. Property, plant and equipment - continued

Company	Land	Plant and machinery	Fixtures and fittings	Kitchen and restaurant equipment	Computer equipment	Medical equipment	Motor Vehicle	Total
	€	€	€	€	€	€	€	€
Cost								
At 1 April 2023	297,300	450,832	333,095	2,070,774	72,776	115,054	370,394	3,710,225
Additions	-	-	-	4,556	1,897	986	58,495	65,934
At 31 March 2024	297,300	450,832	333,095	2,075,330	74,673	116,040	428,889	3,776,159
Depreciation								
At 1 April 2023	-	373,169	194,062	1,976,666	65,014	40,389	306,315	2,955,615
Depreciation charge	-	24,280	8,861	57,608	3,794	33,180	50,663	178,386
At 31 March 2024	-	397,449	202,923	2,034,274	68,808	73,569	356,978	3,134,001
Net book value at 31 March 2024	**297,300**	**53,383**	**130,172**	**41,056**	**5,865**	**42,471**	**71,911**	**642,158**

6. Property, plant and equipment - continued

Group	Land	Improvements to premises	Plant and machinery	Fixtures & fittings	Kitchen and restaurant equipment	Computer equipment	Computer software	Motor Vehicle	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 01 April 2022	297,300	1,050	563,443	374,920	2,001,541	81,579	5,963	370,394	3,696,190
Additions	-	-	11,269	-	69,499	11,486	-	-	92,254
At 31 March 2023	297,300	1,050	574,712	374,920	2,071,040	93,065	5,963	370,394	3,788,444
Depreciation									
At 1 April 2022	-	(1,050)	(380,808)	(208,171)	(1,903,394)	(58,960)	(5,963)	(262,702)	(2,821,048)
Depreciation charge	-	-	(52,456)	(8,861)	(82,010)	(20,235)	-	(43,613)	(207,175)
At 31 March 2023	-	(1,050)	(433,264)	(217,032)	(1,985,404)	(79,195)	(5,963)	(306,315)	(3,028,223)
Net book value at 31 March 2023	297,300	-	141,448	157,888	85,636	13,870	-	64,079	760,221

6. Property, plant and equipment - continued

Group	Land	Start up costs	Improvements to premises	Plant and machinery	Fixtures & fittings	Kitchen and restaurant equipment	Computer equipment	Computer software	Motor Vehicle	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 01 April 2023	297,300	-	1,050	574,712	374,920	2,071,040	93,065	5,963	370,394	3,788,444
Additions	-	95,039	91,831	986	136,768	4,556	31,915	-	58,494	419,589
At 31 March 2024	297,300	95,039	92,881	575,698	511,688	2,075,596	124,980	5,963	428,888	4,208,033
Depreciation										
At 1 April 2023	-	-	(1,050)	(433,264)	(217,032)	(1,985,404)	(79,195)	(5,963)	(306,315)	(3,028,223)
Depreciation charge	-	-	(6,154)	(59,900)	(23,492)	(57,608)	(10,793)	-	(50,662)	(208,609)
At 31 March 2024	-	-	(7,204)	(493,164)	(240,524)	(2,043,012)	(89,988)	(5,963)	(356,977)	(3,236,832)
Net book value at 31 March 2024	**297,300**	**95,039**	**85,677**	**82,534**	**271,164**	**32,584**	**34,992**	**-**	**71,911**	**971,201**

7. Intangible Assets

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Goodwill				
Opening and closing carrying amount	**650,000**	650,000	**-**	-
Service concession arrangement right to charge for use of asset				
Opening carrying amount	**1,928,129**	2,334,051	**1,928,129**	2,334,051
Amortisation	**(405,922)**	(405,922)	**(405,922)**	(405,922)
Closing carrying amount	**1,522,207**	1,928,129	**1,522,207**	1,928,129
Computer software				
Opening carrying amount	**2,708**	5,416	**-**	-
Amortisation	**(2,708)**	(2,708)	**-**	-
Closing carrying amount	**-**	2,708	**-**	-
Total intangible amount	**2,172,207**	2,580,837	**1,522,207**	1,928,129

Goodwill arising from the acquisition of subsidiaries is monitored by management in one operating segment level. As at 31 March 2024, the directors reviewed the acquired operations, and based on the current year's results since acquisition and plans for the foreseeable future, they are confident that the recoverable amount of goodwill is not materially different from the carrying amount.

Service concession arrangement relates to the recognition of an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement (Note 17).

8. Investment in subsidiaries

	Company	
	2024	2023
	€	€
Carrying amount as at 1 January	**676,344**	26,532
Additions	**-**	649,812
Carrying amount at 31 December	**676,344**	676,344

All subsidiaries, apart from Healthmark Training FZE which operates in Dubai providing healthcare training services, operate in the local health care industry. The local companies principally provide nursing and caring and clinical services to a number of hospitals and elderly homes in Malta and Gozo.

The subsidiaries at 31 March 2024 and 31 March 2023, whose results and financial position affected the figures of the Group, are shown below:

Component	Registered office	Class of shares held	Percentage of shares held	
			2024	2023
HCS Limited	BLB 009Y, Bulebel Industrial Estate, Zejtun	Ordinary	**99.8%**	99.8%
Healthmark Care Services Ltd	JPR Buildings Level 1, Taz-Zwejt Road, San Gwann SGN 3000	Ordinary	**100%**	100%
Health Services Group Limited	JPR Buildings Level 1, Taz-Zwejt Road, San Gwann SGN 3000	Ordinary	**100%**	100%
Support Services Limited	JPR Buildings Level 1, Taz-Zwejt Road, San Gwann SGN 3000	Ordinary	**100%**	100%
Healthcare Services Franchising Limited	BLB 009Y, The Food Factory, Bulebel Industrial Estate, Zejtun	Ordinary	**100%**	100%
Healthcare Consultancy & Management Gulf DMCC	DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai UAE	Ordinary	**100%**	100%
Healthmark Consultancy & Management Gulf DMCC	DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai UAE	Ordinary	**100%**	100%
Healthmark Training FZE	1108 Apricot Tower, Dubai Silicon Oasis, Dubai, UAE	Ordinary	**100%**	0%

9. Right-of-use assets

The Company has two lease renting premises contracts:

A lease with a term of five years, with the option to extend for two more with a closing value of €103,694.
A lease with a term of two years, with the option to extend for one more with a closing value of €145,051.

The table below depicts the carrying amounts of the right-of-use assets recognised, comprising of premises, and the movements during the year.

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Opening net book value	**155,542**	207,389	**155,542**	207,389
Additions	**248,658**	-	**-**	-
Amortisation	**(155,455)**	(51,847)	**(51,848)**	(51,847)
Closing net book value	**248,745**	155,542	**103,694**	155,542

The table below depicts the carrying amounts of lease liabilities included under other financial liabilities and movements during the year.

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Opening balance	**175,387**	222,515	**175,387**	222,515
Additions	**248,658**	-	**-**	-
Interest expense	**15,972**	6,042	**4,506**	6,042
Lease payments	**(179,555)**	(53,170)	**(54,763)**	(53,170)
Closing balance	**260,462**	175,387	**125,130**	175,387
Current lease liability	**141,808**	49,864	**53,115**	49,864
Non-current lease liability	**118,654**	125,523	**72,015**	125,523

10. Inventory

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Consumables	**306,381**	283,277	**306,381**	283,277
Food	**181,911**	251,589	**181,911**	251,589
	488,292	534,866	**488,292**	534,866

11. Trade and other receivables

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Current				
Trade receivables	**32,226,535**	30,059,909	**5,116,121**	5,135,048
Allowance for ECL on trade receivables	**(208,675)**	(137,905)	**(12,010)**	-
Impairment allowance	**(870,736)**	-	**(129,510)**	-
	31,147,124	29,922,004	**4,974,601**	5,135,048
Advanced payments	**780,525**	1,345,838	**746,936**	1,018,516
Impairment	**(191,235)**	-	**(191,235)**	-
Amounts due from shareholders	**14,385,534**	16,903,603	**14,374,336**	14,568,361
Amounts due from subsidiaries	**-**	-	**2,943,058**	4,235,455
Amounts due from related parties	**14,535,517**	4,713,664	**9,196,019**	1,148,293
Allowance for ECL on other financial assets	**(28,715)**	(58,490)	**(10,283)**	-
Indirect taxation	**560**	-	**-**	-
Other receivables	**3,755,137**	1,331,430	**263,238**	197,128
Prepayments and accrued income	**3,377,337**	3,451,388	**2,729,241**	2,445,985
Deferred expenses	**166,730**	-	**166,730**	-
	67,928,514	57,609,437	**35,192,641**	28,748,786

Amounts due from shareholders, subsidiaries, and related parties are interest free, unsecured and repayable on demand.

Amount of € 1,253,068 was disclosed as amounts due from shareholders in the financial statements for the year ended 31 March 2023 and was reclassified to amounts due from related parties in the financial statements for the year ended 31 March 2024 in view of share transfer which occurred on 22 December 2023.

12. Cash and cash equivalents

For the purposes of the statements of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Cash at bank and in hand	**1,548,960**	2,847,857	**375,074**	607,798
Bank overdraft (note 15)	**(1,083,011)**	(870,480)	**(1,083,011)**	(870,480)
Cash and cash equivalents	**465,949**	1,977,377	**(707,937)**	(262,682)

13. Share Capital

13.1	Group and Company 2024	2023
Authorised 215,650 (2023: 108,325) ordinary shares A of € 2.329373 each and 215,650 (2023: 108,325) ordinary shares B of € 2.329373 each	**1,004,659**	504,659
Issued and fully paid up 215,650 (2023: 108,325) ordinary shares A of € 2.329373 each and 215,650 (2023: 108,325) ordinary shares B of € 2.329373 each	**1,004,659**	504,659
	1,004,659	504,659

13.2 Each share in the Company shall give right to one vote.

13.3 By an extraordinary resolution dated 25 October 2023 it was resolved to increase the authorised and issued share capital by € 500,000 by way of issue of 107,325 'A' shares and 107,325 'B' shares of € 2.329373 per share through capitalisation of retained earnings.

13.4 The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14. Trade and other payables

	Group 2024 €	Group 2023 €	Company 2024 €	Company 2023 €
Non-current				
Indirect taxation	**320,683**	1,557,958	-	-
	320,683	1,557,958	-	-
Current				
Trade payables	**2,024,705**	1,505,502	**1,621,559**	1,210,668
Amounts due to shareholders	**120,768**	753,624	-	-
Amounts due to subsidiaries	-	-	**12,078,410**	9,633,727
Amounts due to related parties	**738,865**	351,356	**73,109**	312,291
Indirect taxation	**11,223,114**	11,875,523	**749,979**	1,195,695
Accruals and other payables	**10,108,702**	8,227,894	**1,566,621**	1,207,424
	24,216,154	22,713,899	**16,089,678**	13,559,805

Amounts due to shareholders, subsidiaries and related parties are interest free, unsecured and repayable on demand.

The non-current liabilities consist of indirect taxation which are a subject to repayment agreements with the Commissioner for Revenue.

15. Borrowings

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
Non-current				
Bank loans	**19,471,377**	22,398,920	**19,471,377**	22,398,920
Current				
Bank overdraft	**1,083,011**	870,480	**1,083,011**	870,480
Bank invoice facility	**5,521**	1,206,378	**-**	-
Bank loans	**3,004,046**	1,777,933	**3,004,046**	1,777,933
	4,092,578	3,854,791	**4,087,057**	2,648,413

As at balance sheet date the Company has banking facilities amounting to €27,696,765 (2023: €29,219,459). These facilities are secured through general hypothec over the company's assets, pledge on receivables amounting to €57,524,292 (2023: €57,524,292), pledge on industrial all risk business insurance policy amounting to €18,800,000 (2023: €18,800,000), guarantees issued by the shareholders amounting to €33,576,300(2023: € 33,576,300) and letters of undertaking.

As at balance sheet date the Group has total banking facilities amounting to €47,046,765 (2023: €36,141,119). These facilities are secured through general hypothecs over the Group's assets, guarantees issued by related parties and shareholders, purchase of debt agreements, cash collateral.

The interest rate exposure of the bank borrowings of the Group and Company was at floating rates and the weighted average effective interest rates at the end of the financial reporting period was as follows:

	Group		Company	
	2024	2023	**2024**	2023
Bank borrowings	**4.97%**	3.80%	**4.95%**	3,80%

16. Deferred taxation

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
At the beginning of year	**78,307**	(884,265)	**63,594**	(14,021)
Movement in temporary differences	**360,208**	961,811	**115,372**	77,615
Unrecognised deferred tax movement	**-**	761	**-**	-
	438,515	78,307	**178,966**	63,594

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 35% (2023: 35%).

The balances at 31 March 2024 and 2023 represent mainly:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
Deductible temporary differences attributable to:				
- property plant and equipment	**66,826**	78,307	**66,705**	63,594
- provision for impairment	**371,689**	-	**112,261**	-
	438,515	78,307	**178,966**	63,594

Deferred taxation is composed of deferred tax assets and liabilities which are expected to be settled principally after more than twelve months.

17. Revenue

Revenue, which is derived in the local market, and recognised over time, is as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
Group support services	-	-	**1,350,997**	1,045,576
Service concession arrangements				
- Catering services	**4,320,033**	4,289,188	**4,320,033**	4,289,188
- Management services	**23,616,477**	21,107,115	**23,616,477**	21,107,115
- Construction and furnishing of kitchen	**1,040**	754	**1,040**	754
- Construction and furnishing of blocks	**104,430**	73,964	**104,430**	73,964
Catering services	**8,021,137**	5,854,110	**8,021,137**	5,854,110
Healthcare services	**95,478,819**	72,618,730	-	-
Total revenue	**131,541,936**	103,943,861	**37,414,114**	32,370,707

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the Group issues an invoice to the customer. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over service provided to a customer.

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from the Group's service concession arrangements disclosed below:

	Group and company	
	2024	2023
Aggregate amount of the transaction price allocated to:		
- catering services	**14,572,762**	17,114,493
- management services	**236,455,266**	234,148,529

Management expects that the revenue with respect to the unsatisfied performance obligations noted above will be recognised in the following accounting periods:

	FY2025	FY2026	FY2027 - FY2031	FY2032 - FY2035
	% of trans.	% of trans.	% of trans.	% of trans.
- catering services	27.3	27.2	45.5	0
- management services	9.9	9.9	49.5	30.7

Service concession arrangements

In November 2017, the company entered into a number of agreements with the respective Ministry, on behalf of the Government of Malta ("the Grantor"). Management assessed that the agreements should be combined when determining their accounting implications since the amount of consideration negotiated in one contract was impacted by obligations in other contracts. As a consequence, the transaction price negotiated in the agreements has been allocated to the different performance obligations (note 1.20) on a relative fair value basis. The recognition of revenue for each performance obligation is not in line with the invoicing rights established in the arrangements, accordingly, this gives rise to the recognition of contract assets and contract liabilities. The company identified two concession arrangements emanating from the multiple contracts:

17. Revenue – continued

Construction of new kitchen at St Vincent de Paul Residence (SVDP) and provision of catering services

The Company was contracted to construct a fully-equipped kitchen at SVDP residences. The construction of the kitchen started in January 2018, and it was completed and available for use in July 2018. Under the terms of the agreements, the Group may provide catering and other public services from the kitchen to the current residents of SVDP. As part of the arrangements, the Group also re-negotiated the terms of the catering services to the current SVDP residences, which have been granted for a period of ten years, with the option to renew for a further five-year period; the renewal option is however subject to mutual agreement and hence been excluded from the term when estimating the transaction price. The Group will be responsible for any maintenance services required during the concession period, however management does not expect major repairs to be necessary during the concession period.

The Group has received the right to charge the Grantor a fee for each meal from the catering services, which will be payable as invoiced. The fee is established in the agreement on a per-meal basis and is only subject to inflationary revisions during the term. At the end of the concession period, the kitchen will become the property of the Grantor and the Group will have no further involvement in its operation or maintenance requirements unless otherwise contracted through mutual agreement.

The rights of the Grantor to terminate the agreement include poor performance by the Group and in the event of a material breach in the terms of the agreement. The rights of the Group to terminate the agreement include failure of the Grantor to make payment under the agreement, a material breach in the terms of the agreement and any changes in law that would render it impossible for the Group to fulfil its requirements under the agreement.

For the year ended 31 March 2024, the Group has recognised revenue consisting of € 0.1 million (2023: € 0.1 million) on construction and € 4.3 million (2023: € 4.3 million) on operation of the catering services. Part of the € 4.6million construction revenue recognised in 2018 relates to the € 3.9million being recognised as intangible asset as discussed below. Also, around €0.3million of contract asset is recognised in the statement of financial position in 2018 for the construction of the 1st floor of the kitchen.

The revenue recognised in relation to construction during the year period ended 31 March 2024 represents the fair value of the construction services provided in constructing the kitchen. The Group has recognised in 2018 an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement of € 3.9million (note 7), of which € 0.4 million has been amortised in 2024 (2023: €0.4 million). The intangible asset represents the right to charge the Grantor a fee for the catering services.

Profit generated for the catering service concession agreement for the period ended 31 March 2024 is € 0.1 million (2023: € 0.9 million).

Construction of four buildings at St Vincent de Paul Residence (SVDP) and provision of management services

The Group also contracted to construct four new buildings, each consisting of 126 beds, for the Grantor to be able to house additional residents. The construction of the buildings started in December 2018 and was completed during FY2021. Under the terms of the agreements, the Group will be responsible for the provision of all management services pertaining to the new buildings. The management services have been granted for a period of fifteen years upon inception of contract. The Group will be responsible for any maintenance services required during the concession period, however management does not expect major repairs to be necessary during the concession period.

17. Revenue - continued

The arrangement includes a rate per unoccupied bed, and a (higher) rate per occupied bed. The rate per unoccupied bed has therefore been considered as a guaranteed minimum annual payment for each year that the management services are provided. The incremental charge per occupied bed is over and above the guaranteed minimum annual payment to be received from the Grantor. The rates established in the agreement are subject to annual inflationary revisions. At the end of the concession period, the buildings will become the property of the Grantor and the Group will have no further involvement in its operation or maintenance requirements unless otherwise contracted through mutual agreement.

The annual inflationary revisions have not yet been finalised and applied to the billing rates for occupied and unoccupied beds as at date of these financial statements. Calculated estimates have been used to recognise revenue through accrued income. By way of sensitivity analysis for any possible variances between the estimates and the actual rates to be eventually finalised, in case of a variance of +/- € 1.00 per bed, the profit before tax of the Group and the Company would be affected by +/- €230 thousand.

The service concession agreement does not contain a renewal option. The rights of the grantor to terminate the agreement include poor performance by the Group and in the event of a material breach in the terms of the agreement. The rights of the Group to terminate the agreement include failure of the Grantor to make payment under the agreement, a material breach in the terms of the agreement and any changes in law that would render it impossible for the Group to fulfil its requirements under the agreement.

For the year ended 31 March 2024, the Group has recognised revenue of € 0.1 million (2023: € 0.1 million) on construction. Management services generated € 22.5 million revenue (2023: € 21.1 million). The revenue recognised in relation to construction in 2024 represents the fair value of the construction services provided in constructing the buildings, according to the stage of completion as at balance sheet date.

The Group has recognised a service concession contract asset, initially measured at the fair value of the construction services representing the present value of the guaranteed annual minimum payments to be received from the Grantor. Contract liabilities were set-off to these amounts to show the net position of the Company and the Group in terms of this service concession agreement.

Loss generated for the building construction service concession for the period ended 31 March 2024 is € 0.8 million (2023: profit of € 0.3 million).

18. Expenses by nature

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Employee benefit expense (Note 19)	**101,275,063**	77,438,147	**19,234,582**	15,299,817
Operating supplies and related expenses	**8,123,312**	7,098,457	**8,123,312**	7,098,457
Professional fees	**500,038**	1,059,813	**380,026**	1,026,529
Energy costs	**643,222**	691,167	**641,862**	691,167
Depreciation	**208,609**	207,175	**178,386**	198,990
Amortisation charge of intangible asset	**408,630**	408,630	**405,922**	405,922
Amortisation charge of ROU asset	**155,455**	51,847	**51,847**	51,847
Amortisation contract asset on capitalised training costs	**201,833**	-	**-**	-
Royalty fee	**-**	-	**1,538,126**	1,344,479
Other expenses	**4,047,483**	2,406,020	**2,025,685**	1,201,874
	115,563,645	89,361,256	**32,579,748**	27,319,082

18. Expenses by nature - continued

Fees charged by the auditors for services rendered during the financial years ended 31 March 2024 and 2023 relate to the following:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
Audit fees	**69,500**	38,325	**24,000**	16,600
Tax advisory services	4,375	4,375	**750**	750
Other advisory services	**6,650**	21,593	**2,885**	16,610
	80,525	64,293	**27,635**	33,960

19. Employee benefit expense

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
Wages and salaries	**98,545,259**	77,401,441	**4,661,176**	4,261,306
Recharged to related parties	**(322,725)**	(374,719)	**(253,813)**	(374,719)
Recharged from subsidiaries	**-**	-	**12,418,819**	11,001,805
Recharged from related parties	**2,052,558**	411,425	**1,410,128**	411, 425
Subcontracting costs	**999,971**	-	**998,272**	-
	101,275,063	77,438,147	**19,234,582**	15,299,817

Staff costs recharged by related parties represent the cost of employees whose contracts of service are with related parties, as recharged by the respective related parties (Note 25).

Average number of persons employed by the Group and the company during the year:

	Group		Company	
	2024	2023	**2024**	2023
Direct	**4,016**	3,546	**141**	149
Administration	**81**	71	**26**	16
	4,097	3,617	**167**	165

20. Other income

	Group		Company	
	2024	2023	**2024**	2023
	€	€	€	€
Dividends received	**-**	-	**-**	6,992,307
Other income	**1,349,006**	214,917	**542,707**	-
	1,349,006	214,917	**542,707**	6,992,307

21. Finance costs

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Bank borrowings	**1,627,851**	1,213,340	**1,627,851**	1,213,340
Bank overdraft interest	**27,614**	3,430	**27,614**	3,430
Bank charges	**304,806**	166,649	**69,446**	56,551
Lease	**4,508**	6,042	**4,508**	6,042
	1,964,779	1,389,461	**1,729,419**	1,279,363

22. Finance income

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Finance income from contract asset	**698,731**	751,363	**698,731**	751,363

23. Tax expense

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Current taxation				
Tax at source on dividend income	-	-	-	2,447,307
Current tax expense	**6,192,755**	4,961,891	**1,712,524**	1,569,268
Deferred taxation (Note 16)	**(360,208)**	(961,811)	**(115,372)**	(77,615)
	5,832,547	4,000,080	**1,597,152**	3,938,960

The tax on the Group and company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Profit before tax	**16,061,249**	14,159,424	**4,346,385**	11,515,932
Tax on ordinary profit at 35%	**5,621,437**	4,955,798	**1,521,234**	4,030,576
Tax effect of:				
Non-chargeable income	**(243,239)**	-	-	-
Non-deductible expenses	**394,120**	29,622	**75,918**	9,251
Overprovision of tax in prior year	-	(23,224)	-	(23,224)
Unrecognised deferred tax in prior year	**14,309**	(64,782)	-	(77,643)
Tax credit	**(56,000)**	-	-	-
Other differences	**101,920**	(897,334)	-	-
Tax expense	**5,832,547**	4,000,080	**1,597,152**	3,938,960

24. Directors' remuneration

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Salaries and other emoluments	**443,297**	439,098	**443,297**	439,098

25. Related party disclosures

25.1 Relationships between parents and subsidiaries

Malta Healthcare Caterers Ltd, the registered office is JPR Buildings Level 1 Taz-Zwejt Road, San Gwann SGN 3000 Malta is the immediate and parent of the Group which draws up the consolidated financial statements.

25.2 Balances with related parties

The balances due from related parties are disclosed in note 11 and 14 to these financial statements.

25.3 Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The directors consider companies with common ultimate shareholding to be related parties. The Group is owed by the db Group and James B. Holdings Group and hence subsidiaries and associates of these groups are considered to be related parties. During the year ended 31 March 2024, trading transactions with these entities were entered into on a regular basis as a result of normal trading transactions.

The following significant operating transactions, which were carried out by the Group and Company with related parties and not referred to previously in these financial statements, have a material effect on the operating results and financial position of the Group and the company:

	Group		Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Dividends received	**-**	-	**-**	6,992,307
Recharges of salaries to shareholders	**-**	265,281	**-**	265,281
Recharges of salaries to related party	**322,725**	9,167	**253,813**	9,167
Recharges of salaries to subsidiaries	**-**	-	**1,362,997**	1,145,849
Catering provided to related parties	**286,198**	201,042	**286,198**	201,042
Recharges of expenses to related parties	**77,035**	5,833	**69,985**	5,833
Recharges of expenses to subsidiaries	**-**	-	**107,620**	45,395
Recharges of expenses to shareholders	**43,504**	2,244	**43,504**	2,244
Recharges of expenses from shareholders	**10,598**	5,265,274	**10,598**	5,265,274
Recharges of expenses from related parties	**6,313,889**	184,108	**6,194,613**	184,108
Recharges of expenses from subsidiaries	**-**	-	**20,396**	106,908
Recharges of salaries from subsidiaries	**-**	-	**12,418,819**	11,001,805
Recharges of salaries from shareholders	**678,836**	162,668	**678,836**	162,668
Recharges of salaries from related parties	**1,373,722**	11,376	**731,292**	11,376
Royalty fees charged from subsidiary	**-**	-	**1,538,126**	1,344,479

26. Contingent liabilities

As at balance sheet date the Group had the following contingent liabilities:

1. The Company and the Group are respondents in a case filed by a third party in the service concession arrangement laying out disagreement about whether specific services should be part of the agreement between the parties. The Company and the Group are rebutting all claims and stating that all contractual obligations have always been honoured in full. The parties made a request to the Court to suspend the procedures for mediation procedures. As a result, the court case has been deferred to December 2024.

2. The Company initiated litigation against a customer for the late settlement of balances. The court case is ongoing and the outcome uncertain.

3. Performance guarantees issued by the bank on behalf of the Company in favour of third parties amounting to € 1,002,042 (2023: € 739,641).

4. Performance guarantees issued by the bank on behalf of Subsidiaries in favour of third parties amounting to € 2,261,592 (2023: € 1,643,253).

5. Company guarantees provided by the Company to banks on behalf of subsidiaries and related parties amounting to € 29,100,000 (2023: € 6,750,000).

6. Company guarantees provided by the Group to bank on behalf related parties amounting to € 11,900,000 (2023: NIL).

27. Contingent asset

As at balance sheet date the Company had the following contingent asset:

The Company had achieved a favourable arbitration award against Taca Insaat Ve Ticaret A.S. in 2023, entitling it to receive the amount of € 1.1 million plus interest and the amount of € 1.2 million in relation to legal expenses from Taca. The Company continues to explore options of enforcement of this award, however the likelihood that this amount will be paid by Taca to the Company is negligible in both Malta and Turkey as Taca has significant debts towards a number of other creditors, thus such amounts were not recognised in the financial statements.

28. Statutory information

Malta Healthcare Caterers Ltd is registered in Malta as a limited liability company under the Maltese Companies Act (Cap. 386). The registered office is JPR Buildings Level 1 Taz-Zwejt Road, San Gwann SGN 3000 Malta.

29. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.