HOSPICE MALTA

Annual Report and Financial Statements
31 December 2025

Registration number: LPA 96

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Chairperson's statement

Another challenging year has come to a close - in November, Hospice Malta marked its first anniversary at its new premises, St Michael Hospice in St Venera, while services in the community continued to expand in response to increasing demand for palliative care year on year.

The new premises provide a serene, comfortable and supportive ambience, conducive to patients' general well-being, with the Day Therapy Unit's therapeutic activities and services delivered in both indoor and outdoor settings. Our monthly memorial service is also held in the Chapel, an architectural gem in its own right, which stands at the centre of the premises.

In addition, apart from the continued collaboration and support received from the Ministry for the Family, Children's rights and social solidarity, Hospice worked tirelessly with the Ministry of Health, to initiate in-house care with the planned opening of the long awaited Inpatient Unit, comprising of 16 individual rooms with ensuite facilities, and also individual access to a private external area. Notwithstanding the several challenges, with the Ministry's continued support, this unit opened its doors in April 2026, representing a major step towards the provision of comprehensive, holistic care in Malta.

Following the achievement of such an important milestone, Hospice Malta remains committed to reach as many patients in need of palliative care services as possible. Increasing awareness and accessibility of services, including support for patients' families, continues to be a key priority.

While all services are offered free of charge, they require substantial financial resources. Apart from organising fundraising events, which have become annual staples in Hospice's calendar, fundraising initiatives by 3rd parties are always welcomed. The largest event by far is Hospice's Annual Telethon, followed by the Hospice Fundraising Dinner, as well as the Sunflower Campaign, and the end-of-year Hospice Lottery. We are deeply grateful to all sponsors who support Hospice in these endeavours year after year with their kind generosity, as we are also continually grateful to all members of the public who support Hospice with their participation and presence at these events.

Sincere appreciation is also extended to the organisation's volunteers, many of whom have helped Hospice in a myriad of roles for many years. This includes the Board of Governors, and all members of the several Committees that continue to provide their knowledge and expertise to Hospice going forward. Suffice to say that the hours generated by these altruistic individuals last year translate to 6 full-time employees.

Last but certainly not least, grateful thanks go to the Management, Administrative and Professional staff who carry out their mission with unstinting devotion and dedication, often going far beyond their remit to ensure each patient is taken care of to the best of our joint ability.

As the need for palliative care services continues to grow, the need to attract more sustainable income streams is also one of our top priorities to ensure that St Michael Hospice will be in a position to provide the best quality palliative care to all patients who need it for generations to come.

Bernadette Bonnici Kind
Chairperson Hospice Malta

16 June 2026

Report of the Board of Governors

The Board of Governors presents herewith its report and the audited financial statements of Hospice Malta for the year ended 31 December 2025.

Principal activities

Hospice Malta, (the "Association") is a non-profit organisation providing and promoting the highest standards of Palliative Care for people with progressive life-limiting diseases. It also supports and cares for the families and carers of patients and of the bereaved. In order to be able to offer these services free of charge, Hospice Malta generates annual income from donations, fundraising and funding through grant agreements with the Government of Malta and other institutions.

Review of performance

During the year under review, the Association reported a deficit amounting to €41,917 (2024: Surplus of €655,557).

Results

The statement of comprehensive income is set out on page 14.

Members of the Board of Governors

In accordance with the statute, the members of the Board of Governors are elected at the Annual General Meeting for a term of two years. All the members retire after their initial term of two years and are eligible for re-election for any number of terms. The members on the Board of Governors serve on a voluntary basis and receive no remuneration.

The members of the Board of Governors who held office during the year were:

Ms. Bernadette Bonnici Kind – Chairperson
Dr. Stefan Laspina - Vice-Chairperson
Perit Fleur Marie Ebejer - Secretary
Mr. Vladimiro Comodini -Treasurer
Dr. Etienne Borg Cardona - Member
Ms. Lora Cascun - Member
Ms. Miriam Muscat - Member
Dr. Oriella De Giovanni - Member
Dr. Robert Sammut - Member
Ms. Antoinette Caruana - Member
Dr. Malcolm Crockford – Member (appointed on 15 September 2025, resigned on 18 February 2026)

Report of the Board of Governors - continued

Statement of responsibilities of the Board of Governors for the financial statements

The Board of Governors is required by the Voluntary Organisations Act, Cap.492 and related Subsidiary Legislation Voluntary Organisations (Annual Returns and Annual Accounts) Regulations, S.L 492.02, to prepare financial statements which give a true and fair view of the state of affairs of the Association as at the end of each reporting period and of the surplus or deficit for that period.

In preparing the financial statements, the Board of Governors is responsible for:

- ensuring that the financial statements have been drawn up in accordance with 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 Association will continue in business as a going concern.

The Board of Governors is also responsible for designing, implementing and maintaining internal control as the Board of Governors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Voluntary Organisations Act, Cap.492 and related Subsidiary Legislation Voluntary Organisations (Annual Returns and Annual Accounts) Regulations, S.L 492.02. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Hospice Malta for the year ended 31 December 2025 are available on the Hospice Malta website.

Auditors

PricewaterhouseCoopers have indicated 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 of Governors

Bernadette Bonnici Kind
Chairperson

Vladimiro Comodini
Treasurer

St. Michael Hospice
Triq Adelaide Cini
Santa Venera
SVR 1180
Malta

16 June 2026

Other information

Board of Governors Committees

Audit Committee

Dr. Etienne Borg Cardona - Chairperson
Ms. Maria Micallef - independent member
Ms. Geraldine Schembri - independent member

The audit committee reports directly to the Board of Governors of Hospice Malta.

Management Committees

Management committees report to the CEO of Hospice Malta.

Strategic Financial Committee

Mr. Vladimiro Comodini - Chairperson
Ms. Bernadette Bonnici Kind
Ms. Juanita Bencini
Mr. Wilfred Mallia
Mr. Kenneth Delia
Ms. Rachel Micallef

Education Committee

Dr. Stefan Laspina - Chairperson
Dr. Joanna Depares
Prof. Alexander Gatt
Ms. Lara Farrugia
Ms. Anna Frendo
Mr. Kenneth Delia

Quality and Care Committee

Ms. Anna Frendo - Chairperson
Dr. Elaine Boland
Dr. Jurgen Abela
Ms. Lara Farrugia
Mr. Kenneth Delia

Health and safety committee (set up in March 2026)

Perit Fleur Marie Ebejer - Chairperson
Mr. Kenneth Delia
Mr. Karl Azzopardi
Ms. Anna Frendo
Mr. Keith Marmara
Mr. Joshua Spiteri

Other information - continued

Fundraising Committee

Ms. Bernadette Bonnici Kind - Chairperson
Mr. Chris Bianco
Mr. Vladimiro Comodini
Ms. Juanita Bencini
Mr. Kenneth Delia
Ms. Alexia Demicoli

Change Management Committee

Ms. Joanne Bondin - Chairperson
Ms. Antoinette Caruana
Ms. Roslynn Vella (resigned on 31 December 2025)
Ms. Anna Frendo
Mr. Kenneth Delia

Auditors

PricewaterhouseCoopers
78 Mill Street
Zone 5, Central Business District, CBD 5090
Qormi
Malta

Independent auditor's report

To the Board of Governors of Hospice Malta

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Hospice Malta ('the Association') as at 31 December 2025, and of the Association's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Voluntary Organisations Act, (Cap.492) and related Subsidiary Legislation Voluntary Organisations (Annual Returns and Annual Accounts) Regulations, S.L 492.02.

What we have audited

Hospice Malta's financial statements, set out on pages 12 to 34 comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information 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 Association in accordance 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 audits of financial statements in Malta and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with these Codes.

Other information

The Board of Governors is responsible for the other information. The other information comprises the Chairperson's statement, the Report of the Board of Governors and the Other Information (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Governors and those charged with governance for the financial statements

The Board of Governors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Voluntary Organisations Act, (Cap.492) and related Subsidiary Legislation Voluntary Organisations (Annual Returns and Annual Accounts) Regulations, S.L 492.02, and for such internal control as the Board of Governors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors is responsible for assessing the Association'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 Board of Governors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Independent auditor's report - continued
To the Board of Governors of Hospice Malta

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governors.

Independent auditor's report - continued

To the Board of Governors of Hospice Malta

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

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

Other matter - use of this report

Our report, including the opinion, has been prepared for and only for the Association's Board of Governors in accordance with the requirements of the Voluntary Organisations Act, (Cap.492) and related Subsidiary Legislation Voluntary Organisation (Annual Returns and Annual Accounts) Regulations, S.L. 492.02. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Christopher Cardona

Principal

For and on behalf of

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

Malta
16 June 2026

Statement of financial position

	Notes	As at 31 December 2025 €	2024 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**4,742,573**	4,550,961
Financial assets at FVOCI	5	**1,314,400**	1,316,569
Term deposits	6	**100,000**	200,000
Total non-current assets		**6,156,973**	6,067,530
Current assets			
Inventory		**3,725**	-
Financial assets at FVOCI	5	**124,840**	217,245
Term deposits	6	**500,000**	425,000
Other receivables	7	**127,525**	304,486
Cash and cash equivalents	8	**2,189,330**	3,635,740
Total current assets		**2,945,420**	4,582,471
Total assets		**9,102,393**	10,650,001
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus	9	**1,894,405**	1,080,000
Capital reserve	9	**5,900,000**	6,756,322
Fair value reserve	10	**(26,938)**	15,132
Total equity		**7,767,467**	7,851,454
LIABILITIES			
Non-current liabilities			
Trade and other payables	11	**88,872**	42,630
Total non-current liabilities		**88,872**	42,630
Current liabilities			
Trade and other payables	11	**1,246,054**	2,755,917
Total current liabilities		**1,246,054**	2,755,917
Total liabilities		**1,334,926**	2,798,547
Total equity and liabilities		**9,102,393**	10,650,001

Statement of financial position - continued

The notes on pages 17 to 34 are an integral part of these financial statements.

The financial statements on pages 12 to 34 were authorised for issue by the Board of Governors on 16 June 2026 and were signed on its behalf by:

Bernadette Bonnici Kind
Chairperson

Vladimiro Comodini
Treasurer

Statement of comprehensive income

	Notes	Year ended 31 December 2025 €	2024 €
Revenue	12	**3,931,396**	3,698,432
Expenditure	13	**(4,042,953)**	(3,096,910)
Operating (deficit)/surplus		**(111,557)**	601,522
Finance income	15	**63,625**	59,996
Finance costs	16	**(5,885)**	(5,961)
Gain on disposal of investments		**11,900**	-
(Deficit)/Surplus for the year		**(41,917)**	655,557
Items that may be subsequently reclassified to surplus or deficit			
Fair value movements on financial assets at FVOCI, net of tax	10	**(42,070)**	(49,314)
Other comprehensive (loss)/income for the year, net of tax		**(42,070)**	(49,314)
Total comprehensive (loss)/income for the year		**(83,987)**	606,243

The notes on pages 17 to 34 are an integral part of these financial statements.

Statement of changes in equity

	Notes	Accumulated surplus €	Fair value reserve €	Capital reserve €	Total €
Balance at 1 January 2024		1,080,000	64,446	6,100,765	7,245,211
Comprehensive income					
Surplus for the year		-	-	655,557	655,557
Other comprehensive income					
Fair value movements on financial assets at FVOCI, net of tax	10	-	(49,314)	-	(49,314)
Balance at 31 December 2024		1,080,000	15,132	6,756,322	7,851,454
Balance at 1 January 2025		1,080,000	15,132	6,756,322	7,851,454
Comprehensive loss					
Deficit for the year		-	-	(41,917)	(41,917)
Other comprehensive income					
Fair value movements on financial assets at FVOCI, net of tax	10	-	(42,070)	-	(42,070)
Other changes in equity					
Transfer between reserves	9	814,405		(814,405)	-
Balance at 31 December 2025		**1,894,405**	**(26,938)**	**5,900,000**	**7,767,467**

The notes on pages 17 to 34 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December	
		2025	2024
		€	€
Cash flows from operating activities			
Cash (used in)/generated from operations	18	**(1,212,997)**	1,980,253
Interest received	15	**63,625**	59,996
Interest paid	16	**(5,885)**	(5,961)
Net cash (used in)/generated from operating activities		**(1,155,257)**	2,034,288
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(404,458)**	(4,026,871)
Government grants received in relation to assets	4	**23,901**	2,273,019
Purchase of financial assets at FVOCI	5	**(182,635)**	(229,025)
Disposal of financial assets at FVOCI	5	**247,039**	42,700
Proceeds on maturity of term deposits		**425,000**	445,000
Purchase of term deposits		**(400,000)**	(190,000)
Net cash used in investing activities		**(291,153)**	(1,685,177)
Movement in cash and cash equivalents		**(1,446,410)**	349,111
Cash and cash equivalents at beginning of year		**3,635,740**	3,286,629
Cash and cash equivalents at end of year	8	**2,189,330**	3,635,740

The notes on pages 17 to 34 are an integral part of these financial statements.

Notes to the financial statements

1. Material accounting policy information

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Voluntary Organisations Act, Cap.492 and related Subsidiary Legislation Voluntary Organisations (Annual Returns and Annual Accounts) Regulations, S.L 492.02. They have been prepared under the historical cost convention and as modified by the fair value of financial assets at FVOCI.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Board of Governors to exercise their judgement in the process of applying the Association's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2025

In 2025, the Association did not adopt new standards, amendments and interpretations to existing standards that are mandatory for the Association's accounting period beginning on 1 January 2025.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Association's accounting periods beginning after 1 January 2025. In particular, IFRS 18 'Presentation and Disclosure in Financial Statements' is effective for annual periods beginning on or after 1 January 2026 with earlier application permitted, subject to endorsement by the EU. This is the new standard on presentation and disclosure in the financial statements, with a focus on updates to the statement of profit or loss. The Association has not early adopted these revisions to the requirements, and the Association's Board of Governors is currently assessing impacts and data readiness before developing a more detailed implementation plan.

1.2 Functional and presentation currency

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

1. Material accounting policy information - continued

1.3 Property, plant and equipment

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

Subsequent costs are included in the carrying amount of an asset 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 Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1-3
Improvements to leasehold premises:	
- External doors, façade and sanitary	4
- Flooring, plastering and gypsum	5
- Mechanical and electricals, lifts, roof works	6.67
- Internal doors	10
Electrical installations	6.67
Furniture, fixtures and air-conditioning	10
Computer software	20
Office and other equipment	20
Motor vehicle	25

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.4).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in surplus or deficit. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

1. **Material accounting policy information** - continued

1.5 Financial assets

(a) Classification

The Association classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Association's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Association has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Association reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Association commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Association classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets are included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in a separate line item in the statement of profit or loss.

1. **Material accounting policy information** - continued

1.5 Financial assets - continued

(c) Measurement - continued

Debt instruments - continued

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Association subsequently measures all equity investments at fair value. Where the Association's Board of Governors have elected to present fair value gains and losses on equity investment in OCI, there's no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Association's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in changes in fair value of financial assets in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Association assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, the Association applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The impact of the identified expected credit loss on the retained earnings and equity with regards to each class of financial assets mentioned above was immaterial.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was immaterial.

1. Material accounting policy information - continued

1.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

1.7 Financial liabilities

The Association recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Association's financial liabilities are classified as financial liabilities which are not at fair value through surplus or deficit (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through surplus or deficit are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Association derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.8 Trade and other payables

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

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

1.9 Offsetting financial instruments

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

1.10 Revenue recognition

Revenue comprises income received or receivable from various sources such as donations, fund raising activities, memberships, sponsorships and government grants. The Association recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Owing to the nature of the Association's income, only income from sponsorships are invoiced. Government grants are accounted for in accordance with Note 1.11. Donations received for the specific purpose of the construction of St Michael Hospice has been deferred and will be released to revenue in line with the depreciation pattern of the Hospice. Other donations are accounted for on a cash received basis (i.e. when the donation is recorded within the accounting records) and all other income is accounted for on the accrual basis.

Finance income is recognised for all interest-bearing instruments using the effective interest method.

1. Material accounting policy information - continued

1.11 Government grants

Government grants are recognised at their fair value only when there is a reasonable assurance that:
(a) the Association will comply with the conditions attaching to them; and
(b) the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which grants are intended to compensate. Accordingly, grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the related costs that they are intended to compensate. Grants related to income are generally presented as a credit in profit or loss; however, they are deducted in reporting the related expense if the costs intended to be compensated are clearly identifiable.

Government grants relate to assets, i.e., in respect of the purchase or construction of property, plant and equipment, are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

2. Financial risk management

2.1 Financial risk factors

The Association's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Association's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance. The Board of Governors do not consider the Association's exposure to price risk and foreign exchange risk to be substantial in view of the nature of the assets and liabilities. The Board of Governors provide principles for overall risk management, as well as policies covering specific areas, such as credit risk. The Association did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Market Risk

(i) 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 Association's functional currency. The Association's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in euro.

Accordingly, the Association is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how surplus or deficit 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.

(ii) Cash flow and fair value interest rate risk

The Association has no significant interest-bearing assets other than debt securities and term deposits subject to fixed interest rates (refer to Notes 5 and 6) and bank balances (refer to Note 8) subject to variable rates of interest. Fixed interest instruments are measured at amortised cost and accordingly the Association is not exposed to fair value interest rate risk. The Association's interest rate risk principally arises from bank balances which expose the Association to cash flow interest rate risk.

2. **Financial risk management** - continued

2.1 Financial risk factors - continued

(b) Credit risk

Credit risk arises from cash and cash equivalents, term deposits and credit exposures to customers, including outstanding receivables and committed transactions. The Association's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	As at 31 December 2025 €	As at 31 December 2024 €
Loans and receivables category:		
Term deposits (Note 6)	**600,000**	625,000
Other receivables (Note 7)	**41,630**	283,972
Cash and cash equivalents (Note 8)	**2,189,330**	3,635,740
	2,830,960	4,544,712

The figures disclosed in the table above in respect of other receivables exclude prepayments and deposits.

The maximum exposure to credit risk at the end of the reporting period 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 Association does not hold any collateral as security in this respect.

The Association banks only with local financial institutions with high quality standing or rating.

The Association manages credit limits and exposures actively in a practicable manner such that there is no material past due amounts receivable from customers as at the end of the reporting period. The Association's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

(c) Liquidity risk

The Association is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 11). 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 Association'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. The Association's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

The Association's trade and other payables are entirely repayable within one year from the end of the reporting period.

2. Financial risk management - continued

2.2 Capital risk management

The Association's objectives when managing capital are to safeguard the respective Association's ability to continue as a going concern in order to provide returns for the sole purpose of providing the highest standards of Palliative Care for persons with cancer, motor neurone disease and other terminal diseases.

The Association's accumulated surplus, as disclosed in the statement of financial position, constitutes its capital. The Association maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Association's activities, the capital level as at the end of the reporting period is deemed adequate by the Board of Governors.

2.3 Fair value of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Association's assets and liabilities that are measured at fair value at 31 December:

	Level 1 €	Total balance €
31 December 2024		
Financial assets at FVOCI		
- Equity instruments	632,366	632,366
- Debt instruments	901,448	901,448
Total financial assets	1,533,814	1,533,814
31 December 2025		
Financial assets at FVOCI		
- Equity instruments	**688,775**	**688,775**
- Debt instruments	**750,465**	**750,465**
Total financial assets	**1,439,240**	**1,439,240**

2. Financial risk management - continued

2.3 Fair value of financial instruments - continued

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

At 31 December 2025 and 2024, the carrying amounts of receivables, cash and cash equivalents and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

3. Critical accounting estimates and judgements

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

In the opinion of the Board of Governors, 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 IAS1.

4. Property, plant and equipment

	Land and buildings €	Improvements to leasehold premises €	Specialised equipment €	Furniture, fixtures and fittings €	Motor vehicles €	Computer software €	Electrical installation €	Total €
At 1 January 2024								
Cost	332,089	2,415,687	480,903	127,524	230,542	160,046	8,008	3,754,799
Accumulated depreciation	(74,992)	-	(385,892)	(120,941)	(188,787)	(45,699)	(5,871)	(822,182)
Net book amount	**257,097**	**2,415,687**	**95,011**	**6,583**	**41,755**	**114,347**	**2,137**	**2,932,617**
Year ended 31 December 2024								
Opening net book amount	257,097	2,415,687	95,011	6,583	41,755	114,347	2,137	2,932,617
Additions	-	3,690,059	104,696	203,804	22,412	5,900	-	4,026,871
Government grants	-	(2,242,577)	(30,442)	-	-	-	-	(2,273,019)
Depreciation charge	(3,377)	(25,591)	(46,927)	(24,450)	(11,984)	(22,646)	(533)	(135,508)
Closing net book amount	**253,720**	**3,837,578**	**122,338**	**185,937**	**52,183**	**97,601**	**1,604**	**4,550,961**
At 31 December 2024								
Cost	332,089	3,863,169	555,157	331,328	252,954	165,946	8,008	5,508,651
Accumulated depreciation	(78,369)	(25,591)	(432,819)	(145,391)	(200,771)	(68,345)	(6,404)	(957,690)
Net book amount	**253,720**	**3,837,578**	**122,338**	**185,937**	**52,183**	**97,601**	**1,604**	**4,550,961**

4. Property, plant and equipment - continued

	Land and buildings €	Improvements to leasehold premises €	Specialised equipment €	Furniture, fixtures and fittings €	Motor vehicles €	Computer software €	Electrical installation €	Total €
Year ended 31 December 2025								
Opening net book amount	253,720	3,837,578	122,338	185,937	52,183	97,601	1,604	4,550,961
Additions	-	51,808	320,515	77,974	17,442	12,125	-	479,864
Government grants	-	(23,901)	-	-	-	-	-	(23,901)
Depreciation charge	(3,377)	(124,290)	(71,911)	(21,908)	(18,524)	(23,808)	(533)	(264,351)
Closing net book amount	**250,343**	**3,741,195**	**370,942**	**242,003**	**51,101**	**85,918**	**1,071**	**4,742,573**
At 31 December 2025								
Cost	332,089	3,891,076	875,672	409,302	270,396	178,071	8,008	5,964,614
Accumulated depreciation	(81,746)	(149,881)	(504,730)	(167,299)	(219,295)	(92,153)	(6,937)	(1,222,041)
Net book amount	**250,343**	**3,741,195**	**370,942**	**242,003**	**51,101**	**85,918**	**1,071**	**4,742,573**

4. **Property, plant and equipment** - continued

On 16 April 2018, Hospice Malta entered into a lease agreement with the Archdiocese of Malta, granting and conceding by title of commodatum (referred to as loan for use) Adelaide Cini Institute premises located in Santa Venera.

The agreement has a definite period of 50 years, with possibility of extension. The property leased with no charges can be used exclusively for the promotion and provision of palliative care services in Malta.

The Association entered into a Memorandum of Agreement with the National Development and Social Fund (NDSF), signed in June 2021, who awarded grants towards the development and completion of the St Michael Hospice in Santa Venera.

The Association also received grants under the European Regional Development Fund Grant Agreement ERDF.08.141 under the Cohesion Policy 2014-2020 Operational Programme 1 under the project title 'Improving Palliative Care in Malta'.

During the years ended 31 December 2025 and 2023, the Association received funds from a government agency as part of the Community Greening Grant which provided assistance in the generation of a green space within the Hospice Institute.

The table above include assets financed through Government grants as follows:

	As at 31 December	
	2025	2024
	€	€
At beginning of year	**9,490,978**	7,217,959
Grant recognised during the year:		
NDSF funding	-	2,189,985
EU funding	-	83,034
Planning authority funding	**23,900**	-
At end of year	**9,514,878**	9,490,978

During the prior year, following the commissioning of the St. Michael Hospice for its intended use, being the purpose for promotion and provision of palliative care services, the depreciation of the net book amount (i.e., net of Government grants) commenced. The useful lives of the assets does not exceed the remaining definite lease term and is apportioned based on the different asset (and sub-asset) categories (refer to Note 1.3).

5. Financial assets at FVOCI

	As at 31 December	
	2025	2024
	€	€
Listed debt and equity investments		
6% International Hotel Investments plc 2033	**31,620**	33,164
5.75% International Hotel Investments plc 2025	**-**	38,089
5.3% International Hotel Investments plc 2035	**39,000**	-
2.6% Malta Government Stock 2028	**100,010**	99,900
4.5% Hili Properties plc 2025	**-**	2,900
4.25% Corinthia Finance plc Bonds 2026	**-**	46,515
5.35% CPHCL Finance plc 2035	**46,800**	
4% Eden Bonds 2027	**30,772**	31,086
4% Midi plc 2026 (Secured)	**28,500**	29,970
3.75% Virtu Finance Bonds 2027	**34,913**	34,650
3.75% Tumas Bonds 2027	**28,876**	29,279
3.75% Premier Capital Bonds 2026	**124,840**	125,343
4% Exalco Bonds 2028	**27,900**	27,900
5.1% 6PM Holdings 2025	**-**	15,100
5% Hili Finance 2029	**77,900**	77,916
2.875% Heineken 2025	**-**	100,040
1% Deutschland Rep 2025	**-**	99,205
1.25% France O.A.T 2034	**84,860**	-
1.625% Volkswagen 2030	**94,475**	-
Apple Inc	**13,945**	14,583
L'oreal SA	**9,174**	8,546
Microsoft Corp	**-**	14,319
Nestle SA	**7,190**	6,792
Visa Inc Class A	**-**	13,804
Blue Whale investment fund SICAV	**131,807**	109,322
Fundsmith equity fund	**104,158**	110,391
Shares in PG Plc	**422,500**	465,000
Total financial assets at FVOCI	**1,439,240**	1,533,814

Opening balance	**1,533,814**	1,396,803
Additions	**182,635**	229,025
Disposals	**(235,139)**	(42,700)
Movement in fair value	**(42,070)**	(49,314)
	1,439,240	1,533,814

On 23 July 2020, Mr Paul Gauci and Mrs Marlene Gauci donated 250,000 shares in PG Group p.l.c to Hospice Malta with a market value of €475,000. The donation was carried out through a notarised contract. The conditions pertaining to the donation are that the shares can never be traded and should Hospice Malta cease to be a charitable institution carrying out charitable activities, the shares shall be returned to Mr and Mrs Gauci, or their heirs, without any recompense to the Association.

6. Term deposits

	As at 31 December	
	2025	2024
	€	€
Non-current	**100,000**	200,000
Current	**500,000**	425,000
	600,000	625,000

The Association held term deposits with Lombard Bank Malta p.l.c., MeDirect Bank (Malta) plc, IIG Bank (Malta) Limited, APS Bank plc, Izola Bank plc and Banif Bank plc.

7. Other receivables

	As at 31 December	
	2025	2024
	€	€
Current		
Prepayments	**22,411**	20,514
Accounts receivable	**17,631**	86,158
Other receivables	**5,460**	5,400
Advances to suppliers	**63,484**	-
Accrued income	**18,539**	192,414
	127,525	304,486

8. Cash and cash equivalents

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

	As at 31 December	
	2025	2024
	€	€
Cash at bank and in hand	**2,189,330**	3,635,740

The Association held cash at bank with Bank of Valletta p.lc., HSBC Bank Malta plc, MeDirect Bank (Malta) plc, Lombard Bank Malta p.l.c., APS Bank plc, Paypal and Banif Bank plc.

9. Capital reserve

	As at 31 December 2025 €	2024 €
As at beginning of year	**6,756,322**	6,100,765
Transfer for the year	**(856,322)**	655,557
As at end of year	**5,900,000**	6,756,322

As the Association's income is largely unpredictable, Hospice Malta has established a capital reserve to support the sustainability of operations and ensure continuity of service in the event of a significant short-term decline in income. The reserve is maintained at a level equivalent to twelve months of projected total salaries and running costs for 2026.

For the year under review, the Board of Governors resolved to segregate the amount of €5,900,000 from Hospice Malta's accumulated surplus to the capital reserve.

10. Fair value reserve

	As at 31 December 2025 €	2024 €
Opening balance	**15,132**	64,446
Fair value movements on financial assets at FVOCI, net of tax	**(42,070)**	(49,314)
	(26,938)	15,132

The revaluation reserve is a non-distributable reserve.

11. Trade and other payables

	As at 31 December 2025 €	2024 €
Non-current		
Sponsored loan	**32,318**	42,630
Sponsored contribution	**56,554**	-
Current		
Sponsored loan	**10,312**	10,090
Sponsored contribution	**9,426**	-
Trade and other payables	**161,025**	238,233
Accruals	**618,338**	2,211,034
Deferred revenue	**446,953**	296,560
	1,334,926	2,798,547

11. Trade and other payables - continued

A local bank has donated the sum of €100,000 to the Association in the form of a sponsored loan over a ten-year period. The bank has committed to settle the loan through yearly instalments. These funds were fully utilised by the Association towards the refurbishment of the premises in Santa Venera (see note 4).

During the current year, another local bank agreed to settle the cost of repair works performed by a contractor on behalf of the Association in exchange for a loan payable by the Association. The bank and the Association subsequently entered into an agreement whereby the bank issued a sponsored contribution in favour of the Association, to be applied by the bank as a credit against the loan in eight equal annual instalments. Accruals include retention money in relation to construction of the St Michael Hospice.

12. Revenue

	2025 €	2024 €
Donations	**596,292**	643,090
Fund raising activities	**1,213,844**	1,175,651
Memberships and sponsorships	**4,783**	7,958
Malta government grant	**2,003,902**	1,778,000
Other income	**112,575**	93,733
	3,931,396	3,698,432

Income from government grant relates to funding received from the Ministry for Health as per agreement held for the provision of palliative care services as well as an agreement with the Ministry of Social Policy and Children's Rights for the provision of family psychosocial services and professional care assistance provided by Hospice.

13. Expenses by nature

	2025 €	2024 €
Employee benefit expense (Note 14)	**2,485,730**	1,977,542
Depreciation of tangible assets (Note 4)	**264,351**	135,508
Fund raising activities	**210,587**	215,237
Education and other events	**13,901**	15,916
Staff continuous professional development	**28,933**	41,651
Repairs and maintenance	**81,100**	19,457
Insurance, licences, subscriptions and fees	**160,661**	112,660
Respite care services	**373,805**	299,300
Other day services expenses	**71,824**	63,308
Staff welfare and related costs	**55,988**	31,966
Motor vehicle expenses, transport and travel	**84,107**	58,398
Premises, communications and utilities	**211,966**	125,967
	4,042,953	3,096,910

13. **Expenses by nature** - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2025 and 2024 relate to the following:

	2025	2024
	€	€
Annual statutory audit	**2,000**	2,000

14. Employee benefit expense

	2025	2024
	€	€
Wages and salaries	**2,332,495**	1,853,685
Social security costs	**153,235**	123,857
	2,485,730	1,977,542

The above pertain to employee benefit expense in relation to:

	2025	2024
	€	€
Palliative care	**1,749,386**	1,433,396
Administration	**734,788**	544,146
Education	**1,556**	-
	2,485,730	1,977,542

The average number of persons employed by the Association during the year were:

	2025	2024
Palliative care		
Full time	**31**	25
Part time	**22**	21
Administration		
Full time	**15**	14
Part time	**1**	1
Education		
Full time	**0**	0
Part time	**5**	0
	74	61

15. Finance income

	2025	2024
	€	€
Interest income from investments	**63,625**	59,996

16. Finance costs

	2025	2024
	€	€
Bank charges	**5,885**	5,961

17. Taxation

The Association has been granted an exemption from income tax (including tax on interest) in accordance with paragraph (e) of sub-section (1) of section 12 of the Income Tax Act (L.N. 64/1994 in Government Gazette dated 3 June 1994) and therefore no provision for income tax has been made in these financial statements.

18. Cash generated from operations

Reconciliation of operating surplus to cash generated from operations:

	2025	2024
	€	€
Operating (deficit)/surplus	**(111,557)**	601,522
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**264,351**	135,508
Changes in working capital:		
Inventory	**(3,725)**	-
Other receivables	**176,961**	(265,632)
Trade and other payables	**(1,539,027)**	1,508,855
Cash (used in)/generated from operations	**(1,212,997)**	1,980,253

19. Subsequent event – sale of property

In December 2025, the Board of Governors resolved to place a property held by the Association on the market. At that date, the property was being measured as property, plant and equipment. Subsequently, in March 2026, after the reporting date, the Association entered into a promise of sale. The sale is contingent upon the purchaser obtaining the necessary executable permits from the Planning Authority and obtaining clearance from the Building and Construction Agency.

20. Statutory information

Hospice Malta is a registered voluntary organisation with identification number VO/0062.