

THE APS OCCUPATIONAL PENSION SCHEME

RS/058

Annual Report And Financial Statements

For the period 31 July 2020 to 31 December 2021

THE APS OCCUPATIONAL PENSION SCHEME

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THE APS OCCUPATIONAL PENSION SCHEME

Trustee and other information

Trustee: Trireme Pension Services (Malta) Limited
First Floor, Orange Point,
Dun Karm Street, Birkirkara By-Pass,
Birkirkara, BKR 9037,
Malta.

Registered Office: First Floor, Orange Point,
Dun Karm Street, Birkirkara By-Pass,
Birkirkara, BKR 9037,
Malta.

Country Of Establishment: Malta

Scheme Registration Number: RS/058

Auditor: Deloitte Audit Limited
Deloitte Place,
Triq L-Intornjatur, Zone 3,
Central Business District, CBD 3050,
Birkirkara,
Malta.

Custodian: Trireme Pension Services (Malta) Limited
First Floor, Orange Point,
Dun Karm Street, Birkirkara By-Pass,
Birkirkara, BKR 9037,
Malta.

Bankers: APS Bank p.l.c.
17/18, Republic Street,
Valletta VLT 1111,
Malta.

Legal advisor: DF Advocates
Il-Piazzetta A, Suite 52, Level 5,
Tower Road,
Sliema, SLM1607,
Malta.

THE APS OCCUPATIONAL PENSION SCHEME

Trustee's report

For the period 31 July 2020 to 31 December 2021

The Trustee presents its annual report and financial statements of The APS Occupational Pension Scheme for the period 31 July 2020 to 31 December 2021.

The APS Occupational Pension Scheme

The APS Occupational Pension Scheme (the "Scheme") is registered under article 4 of the Retirement Pensions Act (Cap.514) of the Laws of Malta to carry out the services of an Occupational Pension Scheme (the "RPA") as from 31 July 2020 and operations starting on 17 March 2021. The Trustee of the Scheme is Trireme Pension Services (Malta) Limited (the "Trustee") and is registered as a Retirement Scheme Administrator in terms of the said Act.

The Scheme is an occupational pension scheme established to provide retirement benefits to its members and is designed and operated for the exclusive benefit of the members of the Scheme.

The following description of the Scheme provides only general information. Members should refer to the Scheme's Master Trust Deed for a more complete description of the Scheme's provisions.

Review of the Scheme's performance

The investment objective of the Scheme is to provide a retirement scheme under irrevocable trust for the sole purpose of providing such benefits set out below, as are consistent with approval for, and in respect of members, whether within or outside Malta.

The plan has been established so as to qualify for registration in respect of the Retirement Pensions Act, 2011 Cap. 514 of the Laws of Malta, (as amended), by the Malta Financial Services Authority (MFSA);

During the period under review the net assets available to members of the Scheme increased by €702,122 and the Scheme incurred a loss of €10,028. The following is a summary of the main changes:

- The Scheme recorded a gain of €18,059 as a result of changes in the fair value of the underlying investments.
- Furthermore, the Scheme paid out €25,393 in fees out of assets received from its members, bank charges amounting to €32 and generated finance income amounting to €8. The statement of changes in net assets available to members for benefits is set out on page 7. The Scheme had 533 members during the reporting period. The number of members is expected to grow as the Scheme becomes more established in the market.

Further information regarding the nature, marketability and valuation of the assets within the Scheme are disclosed principally within notes 3, 10, and 15 to the financial statements.

Reporting to the regulators

The Trustee confirms that the financial statements of the Scheme are complete and accurate in all material respects and conform with the requirements in terms of the Retirement Scheme's registration conditions. During the reporting period, the Scheme has been fully compliant with the Trust Deed and Rules. The Trustee shall provide an annual performance statement which discloses the performance and position of the members' accounts within the Scheme, to members, former members and beneficiaries at such time or times as the Trustee reasonably considers necessary and at such other times as any applicable law requires to ensure that they are sufficiently informed.

On request from a member or beneficiary, the Trustee shall provide detailed and substantive information in writing in relation to the range of investment possibilities and actual investment portfolio and the investment policy principles of the Scheme.

THE APS OCCUPATIONAL PENSION SCHEME

Trustee's report (continued)

For the period 31 July 2020 to 31 December 2021

Sustainable Finance Disclosure Regulation

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Trustee of the Scheme

The Directors of the Trustee who served during the period were:

Mr J J King
Mr J Barber-Lomax (appointed 7 December 2021)
Mr A Garroni
Mr D Vella
Miss A Rhydwen-Jones (resigned 3 September 2021)

The power of appointing or removing Directors of the Trustee is vested in the shareholders of Trireme Pension Services (Malta) Limited.

Changes in composition of members

During the period the following were the changes in the members:


	Active Members not receiving benefits	Active members receiving benefits	Beneficiaries receiving benefits	Total members
New members	533	-	-	533
Movement in categories	-	-	-	-
Transfers out	-	-	-	-
Death claims	-	-	-	-
Members at 31 Dec 2021	533	-	-	533


Investment and Trustee

The directors of the Trustee, represented by the undersigned, are responsible for the preparation of the annual report of The APS Occupational Pension Scheme for the period 31 July 2020 to 31 December 2021 and confirm that to the best of our knowledge it is complete and accurate in all material respects and conforms with the MFSA's requirements in terms of the Scheme's Licensing Conditions.

We further confirm that the Scheme has been administered in accordance with the requirements of the Retirement Pensions Act (Cap.514) and of any regulations made thereunder, and of any Pension Rules, and that the Scheme's Licensing Conditions have been observed and complied with.

These financial statements were approved by the directors of the Trustee, authorised for issue on 30 June 2022 and signed on its behalf by:


James J. King
Trustee Director


Denis Vella
Trustee Director

THE APS OCCUPATIONAL PENSION SCHEME

Statement of Trustee's responsibilities

For the period 31 July 2020 to 31 December 2021

The Trustee is required to prepare financial statements in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the Scheme at the end of each financial period and of the profit or loss for the period then ended. In preparing the financial statements, the Trustee should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Scheme will continue in business as a going concern.

The Trustee is also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable the Trustee to ensure that the financial statements comply with the Retirement Pensions Act (Cap 514) of the Laws of Malta. This responsibility includes designing, implementing and maintaining such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is also responsible for safeguarding the assets of the Scheme, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


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Statement of net assets available for benefits

As at 31 December 2021

	Notes	31 Dec 2021 €
ASSETS		
Financial assets measured at fair value through profit and loss	10	553,101
Funds held on behalf of members	11	29,760
Cash and cash equivalents	12	<u>134,513</u>
Total assets		<u>717,374</u>
LIABILITIES		
Current liabilities		
Trade and other payables	14	<u>(15,252)</u>
		<u>(15,252)</u>
Net assets available for benefits		<u><u>702,122</u></u>

These financial statements were approved by the Directors of the Trustee, authorised for issue on 30 June 2022 and signed on its behalf by:


James J. King
Trustee Director


Denis Vella
Trustee Director

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

THE APS OCCUPATIONAL PENSION SCHEME

Statement of profit or loss and other comprehensive income

For the period 31 July 2020 to 31 December 2021

	Notes	31 Jul 2020 to 31 Dec 2021 €
Investment returns		
Net investment gain	6	18,059
Other investment losses		<u>(2,670)</u>
		<u>15,389</u>
Operating expenses		
Administration fees	7	(25,393)
Other expenses	8	<u>(32)</u>
Total operating expenses		<u>(25,425)</u>
Finance income		<u>8</u>
Decrease in net assets available to members for benefits and total comprehensive loss for the period		<u><u>(10,028)</u></u>

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

THE APS OCCUPATIONAL PENSION SCHEME

Statement of changes in net assets available for benefits

For the period 31 July 2020 to 31 December 2021

	31 Jul 2020 to 31 Dec 2021 €
Contributions and transfers in	
Transfers into the Scheme	302
Contributions	<u>714,212</u>
	<u>714,514</u>
Benefits payments and transfers out	
Transfers out of the Scheme	<u>(2,364)</u>
Total comprehensive loss for the period	<u>(10,028)</u>
Net increase in net assets available for benefits	702,122
Net assets available for benefits at the end of the period	<u><u>702,122</u></u>

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

THE APS OCCUPATIONAL PENSION SCHEME

Statement of cash flow

For the period 31 July 2020 to 31 December 2021

	Note	31 Jul 2020 to 31 Dec 2021 €
Cash flows used in operating activities		
Loss for the period		(10,028)
Adjustment for:		
Net gain from financial assets measured at fair value through profit or loss		<u>(18,059)</u>
Operating loss before working capital movements		(28,087)
Movements in other payables		<u>15,252</u>
<i>Net cash used in operating activities</i>		<u>(12,835)</u>
Cash flows used in investing activities		
Movement of financial assets measured at fair value through profit or loss		(537,104)
Movement in funds held on behalf of members		<u>(29,760)</u>
<i>Net cash used in investing activities</i>		<u>(566,864)</u>
Cash flows from financing activities		
Cash transfers into the Scheme		<u>714,212</u>
<i>Net cash from financing activities</i>		<u>714,212</u>
Net movement in cash and cash equivalents		134,513
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period	12	<u><u>134,513</u></u>
The Plan had the following non-cash transactions:		
Transfers into the Scheme		302
Benefits payments and transfers paid out		<u>(2,364)</u>
		<u><u>(2,062)</u></u>

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

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements

For the period 31 July 2020 to 31 December 2021

1 General information

The APS Occupational Pension Scheme (the "Scheme") is a registered Occupational Retirement Scheme established under the laws of Malta and administered by Trireme Pension Services (Malta) Limited (the "Trustee"). Trireme Pension Services (Malta) Limited is a limited liability company registered in Malta.

On 31 July 2020, the Scheme was granted a license under the Retirement Pensions Act (Cap.514) (the "RPA"), by the Malta Financial Services Authority ("MFSA").

Member accounts

Each member's account is credited with the amounts contributed through their employer's payroll and/or transferred in from an existing pension account. As at 31 December 2021, there were 533 active members under the Scheme.

Payment of benefits and transfers out

The Trustee maintains a record of each member's account and no benefits may be paid to any member (or beneficiary) other than from the respective member's account.

Investment policy

The Scheme offers a range of investment strategies and members may select any one of these, based on their risk appetite. The strategies are managed by the Scheme's appointed Investment Manager, ReAPS Asset Management Limited. Both the Trustee and the Investment Manager ensure that the assets held within each investment strategy are managed in line with the relevant regulatory requirements of the MFSA.

The investment strategies available under the Scheme are:

- Cautious
- Balanced
- Growth
- Ethical

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Retirement Pensions Act, 2011 Cap. 514 of the Laws of Malta. They have been prepared under the historical cost convention, except as modified by the fair valuation of financial assets at fair value through profit or loss.

The financial statements present the aggregated position and performance of the Scheme, which is comprised of all the Scheme's member accounts.

The significant accounting policies adopted are set out below.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

3 Significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when the Scheme becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the Scheme transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of net assets available for benefits when the Scheme has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

The business model

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Scheme determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Scheme's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice; (b) how the performance of the portfolio is evaluated and reported to the Scheme's management; (c) 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; (d) how managers of the business are compensated; and (e) the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Debt instruments measured at amortised cost

The following financial assets are classified within this category – cash and cash equivalents.

Appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Scheme's accounting policy on ECLs

Interest income is recognised using the effective interest method and is included in profit or loss.

Financial assets measured at FVTPL

The Scheme's Investments are classified as financial assets at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are those that are held for trading purposes or those financial assets and liabilities that are so designated by the Scheme upon initial recognition.

The Scheme uses this designation when doing so results in more relevant information because a group of financial assets is managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the Scheme's administrator. After initial recognition, financial assets and liabilities at fair value through profit or loss are measured at their fair value. For all financial instruments which are quoted or otherwise traded in an active market, for exchange traded derivatives, exchange traded funds and for other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices and is based on the current bid price (for long positions) and ask price (for short positions).

Financial instruments which are unquoted or otherwise not traded in an active market are valued using a methodology designed to assess the value after acquisition, having regard to market terms at the measurement date, including interest rates and liquidity and other factors, including life expectancy. The basis of valuation on each valuation date will be determined on the most appropriate basis to use, having regard to a) any relevant information generally available in the market at the time; and b) any other relevant information.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL. However, a Company may designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at FVTPL (continued)

Financial assets measured at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses including foreign exchange gains and losses, recognised in profit or loss.

Financial assets measured at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses including foreign exchange gains and losses, recognised in profit or loss.

Gains and losses arising from a change in fair value are recognised in the statement of profit or loss and other comprehensive income in the reporting period in which they arise. Dividend income and interest income on financial assets at fair value through profit or loss is reinvested into the member accounts of the respective members. Aggregate fair value gains and losses on the member accounts are recognised within net investment (loss)/gain in the statement of profit or loss and other comprehensive income.

The net gain or loss recognised in profit or loss and included in the line items "Net (losses)/gains on investment plans" includes any dividend or interest income on these financial assets

Interest income using the effective interest method

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Financial liabilities

Payables

Payables are classified with current liabilities and are stated at their nominal value.

ECLs

The Scheme recognises a loss allowance for ECLs on the debt instruments measured at amortised cost.

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For all other financial instruments, the Scheme uses the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Scheme measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ('12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Scheme compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Scheme considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort and, where applicable, the financial position of the counterparties.

The Scheme regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Scheme's core operations.

Despite the above assessment, the Scheme assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Accordingly, for these financial assets, the loss allowance is measured at an amount equal to 12m ECL. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Scheme considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. The Scheme has applied the low credit risk assumption for all of its financial assets.

Definition of default

The Scheme considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Scheme, in full (without taking into account any collateral held by the Scheme).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Significant increase in credit risk (continued)

Write-off policy

The Scheme writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Measurement and recognition of ECLs

For financial assets, the credit loss is the difference between all contractual cash flows that are due to the Scheme in accordance with the contract and all the cash flows that the Scheme expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information, where applicable.

Where applicable, forward-looking information considered includes the future prospects of the industries include consideration of various external sources of actual and forecast economic information that relate to the Scheme's core operations.

Currency translation

The financial statements of the Scheme are presented in its functional currency, the Euro. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at reporting-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt within the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and amounts held with Insurance Principals.

Contributions and transfers in

Contributions and transfers in are accounted for as the cash and/or other financial asset are received by the Trustee.

Benefit payments and transfers out

Benefit payments and transfers out are accounted for on an accrual basis.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

4 Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Scheme's accounting policies, the Trustee has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting year, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective

Initial Application of International Financial Reporting Standards

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

Phase 2 of the project addresses issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

In respect of the modification of financial assets, financial liabilities and lease liabilities, the IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

These amendments are effective for annual periods beginning on or after 1 January 2021.

International Financial Reporting Standards in issue but not yet effective

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

The amendments amend IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

These amendments are not yet endorsed by the EU.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

5 Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective (continued)

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments are intended to help entities distinguish between accounting policies and accounting estimates.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

These amendments are not yet endorsed by the EU.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability;
- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability;
- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability;

These amendments have not yet been endorsed by the EU.

The Directors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the Company in the period of initial application.

6 Net investment returns

	2021
	€
Net gain from financial assets measured at fair value through profit or loss	<u>18,059</u>
	<u>18,059</u>

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Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

7 Administration fees

The Trustee charges fees in accordance with the Clause 6.5 of the Master Trust Deed dated 1 September 2020 and its schedule of fees. Total administration fees of €25,393 were charged to the individual members of the Scheme during the period.

8 Other expenses

Other expenses comprise principally of bank charges. Fees charged by the auditor of €4,800 (inclusive of VAT) are borne by the Trustee on behalf of the Scheme.

9 Taxation

The income of the Scheme, other than income from immovable property situated in Malta, is exempt from tax in Malta in terms of Article 12(1)(d) of the Income Tax Act, (Cap. 123). No provision for tax has therefore been made in these financial statements.

10 Financial assets measured at fair value through profit and loss

At the reporting date, the Scheme's financial assets at fair value through profit or loss comprised the following:

	Fair value €	Percentage of total assets %	Percentage of net assets %
2021			
Fair value			
Financial assets measured at fair value through profit or loss:			
Investment plans	<u>553,101</u>	<u>77.10</u>	<u>78.78</u>

Investment types held at year end are as follows:

	2021 €	Percentage of total assets %
Open-ended funds	<u>553,101</u>	77.10

The Scheme does not have direct position in derivatives, however the underlying investments of the financial assets held through investment plans may have such exposures.

The financial year end of certain underlying collective investment schemes is not co-terminus with that of the Scheme or independently audited financial statements are not readily available as at the date of approval of the Scheme's financial statements. As a result, the valuation of these collective investment schemes, in aggregate amounting to €252,657, cannot be corroborated against independently audited net asset values as of 31 December 2021 and have been based on alternative available independent market information.

11 Funds held on behalf of members

As at the end of the financial year the Scheme held funds on behalf of members within designated bank accounts for eventual investment within the Scheme's investment portfolio.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

12 Cash and cash equivalents

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

	2021
	€
Cash at bank	<u><u>134,513</u></u>

Cash at bank earns interest at floating rates based on bank deposit rates. Cash in transit relates to cash deposited with Insurance Principals not yet invested at the end of a reporting period.

13 Related party transactions

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

Trireme Pension Services (Malta) Limited, the Scheme's Administrator and Trustee charges administration fees to the Scheme. The fees for the reporting period are disclosed in note 7 to these financial statements.

14 Trade and other payables

	2021
	€
Accounts payable	10,588
Accruals	4,664
	<u><u>15,252</u></u>

15 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market members at the measurement date.

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The fair values of other financial assets and financial liabilities are not materially different from their carrying amounts.

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

15 Fair values of financial assets and liabilities (continued)

The determination of what constitutes 'observable' requires significant judgment by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Scheme's investments qualify as Level 2 investment. The value of the investments was determined by reference to the Net Asset Value as determined by the underlying fund administrator.

The carrying amount of financial assets and liabilities not measured at fair value held at period end approximated their fair values due to their short term nature.

16 Financial risk management

The exposures to risk and the way risks arise, together with the Scheme's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Scheme's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

The Scheme's activities potentially expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, price risk and interest rate risk).

The Scheme's overall risk management focuses on the risk profile of the individual members and ensuring that any investment advice received from the members' advisors are in line with this risk profile.

Credit risk

Credit risk is the risk that an issuer or counterparty is unable or unwilling to meet a commitment that it has entered into and cause the Scheme to incur a financial loss.

Financial assets which potentially subject the Scheme to concentrations of credit risk consist principally of assets at fair value through profit or loss.

Cash at bank is placed with reliable financial institutions. No ECL has been recorded for cash in bank as these have been determined to be insignificant.

The extent of the Scheme's exposure to credit risk approximates the carrying value of each member account held on behalf of the Scheme's members. The Scheme's investments are exposed to various counter-party and credit risks. These risks are monitored closely by the Investment Manager who ensures amongst other things the spreading of investments amongst Investment Houses with an appropriate credit quality.

The Scheme's investments are held with various Investment Houses. Bankruptcy or insolvency of these Investment Houses may cause the Scheme's rights with respect to the Investment Plans and/or the underlying financial instruments to be delayed or limited. The Investment Manager regularly monitors this risk by monitoring the credit quality of these Investment Houses.

The Insurance Principals or Investment Houses have the following credit ratings:

	Rating	Rated by	% of total investments
APS Bank PLC	Not rated	-	16%
Swissquote	Not rated	-	84%

The Scheme does not hold any collateral as security in this respect. The Scheme banks only with financial institutions with high quality standing or rating.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

16 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting its financial liabilities, including benefit payments, or selling a financial asset quickly at close to its fair value.

The Scheme has sufficient resources to meet the present and foreseeable needs. The Scheme's investments are considered to be readily realisable as they predominantly comprise funds open to redemption, listed securities that provide daily liquidity or other investments that can be traded on request.

Market risk

(i) Currency risk

Foreign currency transactions arise when the Scheme buys or sells goods or services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. The Administrator believes that the Scheme is not significantly exposed to currency risk and accordingly, 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.

(ii) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Scheme's Investments present a risk of loss of capital as they are susceptible to market price risk arising from uncertainties about their future prices. The risk is managed by the Scheme by screening the investments and managers and by adopting appropriate policies in respect of diversification.

The total exposure to equity price risk as at 31 December 2021 is €553,101.

The sensitivity for price risk illustrates how changes in the fair value of the units in the investments will collectively fluctuate because of changes in market prices of the underlying financial instruments, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity traded in the market. A 5% increase/(decrease) in prices, with all other variables held constant would result in an increase/(decrease) in comprehensive income of €27,655.

(iii) Interest rate risk

The Scheme does not directly hold interest-bearing assets or liabilities. The Trustee manages the fair value interest risk by reviewing, on a regular basis, market value fluctuations arising on interest rates and their effect on the market prices of the Scheme's financial investments. However, the risk associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows are not deemed to be substantial by the Trustee in view of the nature of the assets.

Capital risk management

The capital of the Scheme is represented by the net assets available to members for benefits. The Scheme's objective when managing capital is to safeguard the Scheme's ability to continue as a going concern in order to provide returns for members.

THE APS OCCUPATIONAL PENSION SCHEME

Notes to the financial statements (continued)

For the period 31 July 2020 to 31 December 2021

17 Subsequent events note

The geopolitical situation in Eastern Europe intensified in late February 2022, with the commencement of Russia's military action against Ukraine. Political events and sanctions are continually changing and differ across the globe. There is currently no indication that there will be a significant impact on the company's financial performance, financial position and cash flows. The situation continues to be closely monitored by management to ensure that the interests of all stakeholders are safeguarded.

Independent auditor's report

to the trustee of

The APS Occupational Pension Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The APS Occupational Pension Scheme (the "Scheme"), set out on pages 5 to 21, which comprise the statement of net assets available for benefits of the Scheme as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in net assets available to for benefits and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2021, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Retirement Pensions Act (Cap. 514).

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 are independent of the Scheme 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 *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – value of investments at fair value through profit and loss

We draw attention to note 10 to the financial statements which describes that the financial year-end of certain underlying collective investment schemes is not co-terminous with that of the Scheme and in certain instances where the year-ends are co-terminous, independently audited financial statements are not readily available as at the reporting date of the Scheme. As a result, the valuation of these collective investment schemes, in aggregate amounting to EUR 252,657, cannot be corroborated against independently audited net asset values as at 31 December 2021 and have been based on net assets values as calculated by the administrators of the underlying funds. Because of the inherent uncertainty in the aforesaid valuations, reported figures might differ from the values that would have been obtained had independently audited net asset values as at 31 December 2021 been available. Our opinion is not qualified in respect of this matter.

Independent auditor's report (continued)

to the trustee of

The APS Occupational Pension Scheme

Information Other than the Financial Statements and the Auditor's Report Thereon

The trustee is responsible for the other information. The other information comprises the Trustee and other information on page 1, the Statement of trustee's responsibilities on page 4 and the Trustee's report on pages 2 to 3 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 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 Trustee for the Financial Statements

As explained more fully in the Statement of trustee's responsibilities on page 4, the trustee 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 Retirement Pensions Act (Cap. 514), and for such internal control as the trustee 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 trustee is responsible for assessing the Scheme'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 trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

This report, including our opinion, has been prepared for the trustee as a body.

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 in accordance with the Pension Rules issued under the Retirement Pensions Act (Cap. 514). 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.

The scope of our audit does not include assurance on the future viability of the Scheme or on the efficiency or effectiveness with which the trustee has conducted or will conduct the affairs of the Scheme. The financial position of the Scheme may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the trustee thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Scheme's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Scheme, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Scheme. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Scheme and to identify any facts or circumstances that may be materially relevant thereto.

Independent auditor's report (continued)

to the trustee of

The APS Occupational Pension Scheme

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme'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 Scheme to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Scheme's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Scheme's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For the avoidance of doubt, any conclusions concerning the formulation of a view as to the manner in which financial risk is distributed between the various stakeholders cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

We communicate with the trustee 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.

The audit report was drawn up on 30 June 2022 and signed by:



Sarah Curmi as Director

in the name and on behalf of

Deloitte Audit Limited

Registered auditor

Central Business District, Birkirkara, Malta