

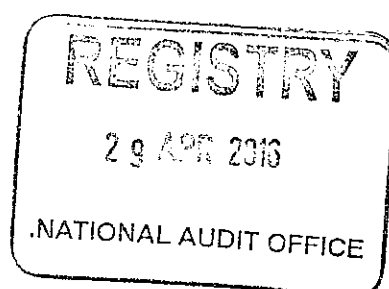
BORMLA LOCAL COUNCIL

Report and Financial Statements

for the year ended 31 December 2015

Prepared by;

NEXIA BT LIMITED



BORMLA LOCAL COUNCIL

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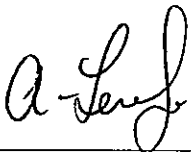
BORMLA LOCAL COUNCIL

Statement of Council Members' and Executive Secretary's Responsibilities for the year ended 31 December 2015

The Local Councils (Financial) Regulations 1993 require the Secretary to prepare a detailed Annual Administrative Report which includes a statement of the Council's income and expenditure for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Council and the Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with accounting policies applicable to Local Councils, the income and expenditure of the Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Council (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Council (Financial) Procedures, 1996.

The financial statements were approved by the Council on 19 April 2016 and signed on its behalf by:



Ms Alison Zerafa
Mayor



Mr Joseph Caruana
Executive Secretary

BORMLA LOCAL COUNCIL

Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 €	2014 €
Revenue			
Funds received from Central Government	5	448,770	446,669
Income raised from Council Bye-Laws	6	7,598	4,776
Income from Law Enforcement System	7	9,208	5,244
Investment income	8	507	482
General income	9	2,253	1,625
		<u>468,336</u>	<u>458,796</u>
Expenditure			
Salaries and bonuses	10	119,969	110,254
Operations and maintenance	11	222,965	224,466
Administrative and other expenditure	12	106,906	117,430
		<u>449,840</u>	<u>452,150</u>
Net Profit for the year		<u>18,496</u>	<u>6,646</u>

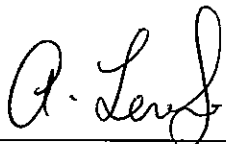
The notes on pages 6 to 22 form an integral part of these financial statements.

BORMLA LOCAL COUNCIL

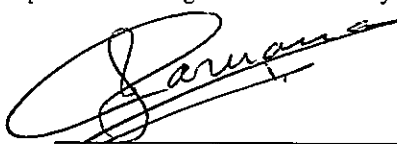
Statement of Financial Position at 31 December 2015

	Notes	2015 €	2014 €
ASSETS			
Non-current assets			
Intangible assets	13	97	192
Property, plant and equipment	14	355,269	392,967
		<u>355,366</u>	<u>393,159</u>
Current assets			
Trade and other receivables	15	30,649	31,860
Cash at bank and in hand	16	132,812	73,762
		<u>163,461</u>	<u>105,622</u>
Total assets		<u>518,827</u>	<u>498,781</u>
RESERVES AND LIABILITIES			
Capital and reserves			
Retained earnings		324,074	305,581
Total Reserves		<u>324,074</u>	<u>305,581</u>
Non-current liabilities			
Deferred income	18	78,550	86,875
Current liabilities			
Overdrawn bank balance	17	11,561	10,353
Trade and other payables	19	104,642	95,972
		<u>116,203</u>	<u>106,325</u>
Total liabilities		<u>194,753</u>	<u>193,200</u>
Total Reserves and liabilities		<u>518,827</u>	<u>498,781</u>

The financial statements were approved by the Council on 19 April 2016 and signed on its behalf by:



Ms Alison Zerafa
Mayor



Mr Joseph Caruana
Executive Secretary

The notes on pages 6 to 22 form an integral part of these financial statements.

BORMLA LOCAL COUNCIL

Statement of Changes in Equity for the year ended 31 December 2015

	Retained earnings €
At 1 January 2014	298,932
Net surplus for the year	6,646
At 31 December 2014	305,578
Net surplus for the year	15,476
At 31 December 2015	321,054

BORMLA LOCAL COUNCIL

Statement of Cash Flows

for the year ended 31 December 2015

	Notes	2015 €	2014 €
Cash flows from operating activities			
Surplus for the year		15,476	6,646
Depreciation		38,657	42,327
Amortisation		95	95
Loss on disposal of property, plant and equipment		1,194	-
Interest received		(507)	(482)
Provision for doubtful debts		(2,346)	(969)
		<u>52,569</u>	<u>47,617</u>
Working capital changes:			
Decrease in trade and other receivables		5,711	(188)
Grants released to income		(10,573)	(9,828)
Increase in trade and other payables		13,420	(20,786)
Net cash flows from operating activities		<u>61,127</u>	<u>16,815</u>
Cash flows from investing activities			
Proceeds from disposal of intangible assets		(472)	-
Acquisition of property, plant and equipment		(3,320)	(9,262)
Interest received		507	482
Net cash flows from investing activities		<u>(3,285)</u>	<u>(8,780)</u>
Cash flows from financing activities			
Grants received		-	5,382
Net cash flows from financing activities		<u>-</u>	<u>5,382</u>
Movement in cash and cash equivalents		<u>57,842</u>	<u>13,417</u>
Reconciliation of net cash flow to movement in net funds			
Movement in cash and cash equivalents		57,842	13,417
Cash and cash equivalents at start of year		63,409	49,992
Cash and cash equivalents at end of year		<u>121,251</u>	<u>63,409</u>
Cash and cash equivalents			
Cash at bank and in hand	16	132,812	73,762
Bank balance overdrawn	17	(11,561)	(10,353)
		<u>121,251</u>	<u>63,409</u>

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

1. General information

The Bormla Local Council is a local government set up by the Local Council Act, 1993. Its ultimate controlling party is the Local Councils Department within the Office of the Prime Minister.

2. Accounting policies

Accounting convention and basis of preparation

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- The meaning of 'currently has a legally enforceable right of set-off'
- That some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2015 and are required to be applied retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

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Notes to the Financial Statements for the year ended 31 December 2015

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts or recognised financial instruments that are (a) set off in the statements of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The amendments are effective for annual reporting periods beginning on or after 1 January 2013 and interim periods within those annual periods. The required disclosures should be provided retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Council.

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

Council members anticipate that all of the relevant pronouncements will be adopted in the council's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the council's financial statements is provided below. Certain other new standards and interpretations have been issued but are not relevant and therefore are not expected to hold a material impact on the council's financial statements.

IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The application of the new standard will not have a significant impact on amounts reported in the Council's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Council.

Intangible assets

Intangible assets are initially recorded at cost. They are subsequently stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised at 25% per annum, using the straight line method.

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

A revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reserves a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserves relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are renewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

Impairment of property, plant and equipment

At the end of each reporting period, the Council reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

Property, plant and equipment are stated at cost less accumulated depreciation and grants received for specific projects. Depreciation is calculated on a monthly basis using the reducing balance method at rates estimated to write down the cost of all tangible fixed assets, other than land and trees over their expected useful lives as follows:

Trees	0%
Motor Vehicles	- 20%
Office Equipment	- 20%
Urban improvements (street furniture)	- 10%
Plant and machinery	- 20%
Furniture and fittings	- 7.5%
New street signs	- replacement basis
Road Signs	- replacement basis
Litter bins	- replacement basis
Street Mirrors	- replacement basis
Construction works	- 10%
Assets not yet capitalised	- 0%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the 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 Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

Foreign currencies

In preparing the financial statements of the Council, transactions in currencies other than the Council's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Income recognition

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organisation of courses, cultural, sporting and social activities is only recognised on a cash basis.

Income from investment activities is recognised when the rights of receipt have been established.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks less bank overdrafts. Bank overdrafts that are repayable on demand and form part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Receivables

Receivables are recognised initially at the transaction price, less provision for impairment. A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts receivable. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Members have made in the process of applying the Council's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making their judgement, the Council Members considered the detailed criteria for the recognition of revenue from the Law Enforcement System.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment is determined by the Local Government Department, within the Office of the Prime Minister and the Council reviews the fixed assets register items at the end of each accounting period with a view to identify any obsolete items.

4. Going concern

The statement of financial position suggests that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds. This factor indicates that the Council may be unable to continue as a going concern, unless with the continued support of its related parties.

5. Funds received from Central Government

	2015 €	2014 €
In terms of section 55 of the Local Councils Act, 1993	429,028	415,016
Supplementary Government Income - Waste Serv alloc	1,757	9,456
Amortisation of Government Grants	10,573	9,828
Other Government Income	7,412	12,369
	<u>448,770</u>	<u>446,669</u>

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

6. Income raised from Council Bye-Laws

	2015	2014
	€	€
Permits related to construction	<u>7,598</u>	<u>4,776</u>

7. Income from Law Enforcement System

	2015	2014
	€	€
Contraventions received	501	722
Contraventions accrued	(547)	(969)
LES commissions	6,234	4,491
Sponsorships	-	1,000
Joint committee income	<u>3,020</u>	<u>-</u>
	<u>9,208</u>	<u>5,244</u>

With effect from 1st September 2011, income related to contraventions was allocated directly to regional committees.

8. Investment income

	2015	2014
	€	€
Bank interest	<u>507</u>	<u>482</u>

9. General income

	2015	2014
	€	€
Donations	1,500	-
Adverts in council magazine	147	-
Contributions	256	1,109
Tender document fees	450	380
Receivables - water and electricity	(100)	(214)
Income from council magazines	<u>-</u>	<u>350</u>
	<u>2,253</u>	<u>1,625</u>

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

10. Salaries and bonuses

	2015	2014
	€	€
Salaries and bonuses include, inter alia:		
Mayor's honoraria and allowance	10,572	11,574
Council members' allowance	8,629	8,754
Executive salary and allowance	31,637	30,260
Employees' salaries	61,597	53,154
Social security costs	7,534	6,512
	<u>119,969</u>	<u>110,254</u>

11. Operations and maintenance

	2015	2014
	€	€
Repairs and upkeep		
Patching	828	257
Office furniture and equipment	71	696
Street signs	1,468	2,074
Other repairs and upkeep	-	489
Street markings	671	1,321
	<u>3,038</u>	<u>4,837</u>
Contractual services		
Refuse collection	89,424	97,541
Bulky refuse collection	11,834	9,693
Tipping fees	32,633	32,807
Cleaning services	45	435
Road and street cleaning	35,851	34,080
Cleaning and maintenance - Public Conveniences	1,637	1,504
Cleaning council premises	5,271	4,899
Cleaning and maintenance Soft areas	32,837	32,775
Street lighting	8,877	5,895
	<u>221,447</u>	<u>224,466</u>
Total operations and maintenance expenses	<u>221,447</u>	<u>224,466</u>

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

12. Administrative and other expenses

	2015	2014
	€	€
Utilities	-	78
Operating materials and supplies	3,949	3,044
Cleaning materials and supplies	611	400
Uniforms	1,928	-
Rents	2,308	2,361
Participation fee national meetings	-	1,196
Printing	987	1,515
Stationery	2,438	2,020
Postages	253	260
Equipment Rental	-	2,299
Hire of self drive car	1,160	-
Water and electricity	3,368	10,459
Maintenance of vehicles	1,526	540
Fuel	916	1,075
Public relations expenses	1,005	-
E-government and web space rental	120	506
Advertising	1,333	772
Publications and newsletters	4,785	4,165
Bank charges	189	265
Librarian Services	4,004	3,580
IT Development services	1,561	1,870
Town planning consultancy	9,789	32
Accountancy services	3,885	4,180
Re-imbursement to council staff	259	231
Subscriptions	-	11
Balance brought forward to next page	46,374	40,859

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

12. Administrative and other expenses

	2015 €	2014 €
Balance brought forward from previous page	46,374	40,859
Other hospitality costs	3,821	3,538
Legal Services	3,386	4,398
Contract Works	-	-
Insurance coverage	1,729	1,157
Jum il-Kunsill	2,800	2,473
Cultural events	7,189	14,341
Sundry minor expenses	3,982	2,747
Asset disposal account	1,194	-
Provision for bad debts	(2,346)	969
Donations	-	1,731
Travelling expenses	25	4,733
Amortisation - IT Development Costs	95	95
Depreciation	38,657	42,327
	<u>106,906</u>	<u>117,430</u>

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

13. Intangible assets

	Development costs €
Cost	
At 1 January 2014 /	
At 31 December 2014	510
At 1 January 2015 /	
At 31 December 2015	510
Amortisation	
At 1 January 2014	223
Charge for the year	95
At 31 December 2014	318
At 1 January 2015	318
Charge for the year	95
At 31 December 2015	413
Net book value	
At 31 December 2015	97
At 31 December 2014	192
At 31 December 2013	287

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

14. Property, plant and equipment

	Trees €	Motor vehicles €	Office equipment €	Urban improvements €	Plant and machinery €	Furniture and fittings €	New street signs €	Construction works €	Total €
Cost									
At 1 January 2015	13,609	8,269	33,192	199,048	5,959	61,481	21,693	798,600	1,141,851
Additions	-	-	446	922	74	1,877	-	-	3,319
Disposals	-	-	(4,073)	-	-	(479)	-	-	(4,552)
At 31 December 2015	13,609	8,269	29,565	199,970	6,033	62,879	21,693	798,600	1,140,618
Depreciation									
At 1 January 2015	-	6,861	22,845	162,205	4,760	32,347	21,693	499,813	750,524
Charge for the year	-	282	2,294	3,719	251	2,237	-	29,874	38,657
On disposals	-	-	(3,830)	-	-	-	-	-	(3,830)
At 31 December 2015	-	7,143	21,309	165,924	5,011	34,584	21,693	529,687	785,351
Net book value									
At 31 December 2015	13,609	1,126	8,256	34,046	1,022	28,295	-	268,913	355,267

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

14. Property, plant and equipment

	Trees €	Motor vehicles €	Office equipment €	Urban improvements €	Plant and machinery €	Furniture and fittings €	New street signs €	Construction works €	Assets not yet capitalised €	Total €
Cost										
At 1 January 2014	13,609	8,269	26,830	198,489	5,959	60,441	21,693	797,299	1,639	1,134,228
Additions	-	-	6,362	560	-	1,038	-	-1,302	-	9,262
At 31 December 2014	13,609	8,269	33,192	199,049	5,959	61,479	21,693	798,601	1,639	1,143,490
Disposals	-	-	-	-	-	(479)	-	-	-	(479)
Depreciation										
At 1 January 2014	-	6,508	20,675	158,137	4,450	30,041	21,693	466,692	-	708,196
Revaluation	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	352	2,169	4,068	310	2,307	-	33,121	-	42,327
At 31 December 2014	-	6,860	22,844	162,205	4,760	32,348	21,693	499,813	-	750,523
Net book value										
At 31 December 2014	13,609	1,409	10,348	36,844	1,199	29,131	-	298,788	1,639	392,967
At 31 December 2013	13,609	1,761	6,155	40,352	1,509	30,400	-	330,607	1,639	392,799

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

15. Trade and other receivables

	2015 €	2014 €
Trade receivables	29,608	34,434
Provision for doubtful debts	(7,887)	(9,686)
Law enforcement system	327,225	327,772
Provision for LES doubtful debts	(327,225)	(327,772)
Prepayments and accrued income	8,928	7,112
	<u>30,649</u>	<u>31,860</u>

16. Cash at bank and in hand

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents in the cash flow statement comprise the following amounts in the Council's Statement of Affairs.

	€	€
Cash in hand	199	1,237
Petty cash	-	-
Bank balances: current	3,022	7,006
Bank balances: savings	129,591	65,519
	<u>132,812</u>	<u>73,762</u>

17. Borrowings

	2015 €	2014 €
Bank balance overdrawn	<u>11,561</u>	<u>10,353</u>

BORMLA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2015

18. Deferred income

	2015 €	2014 €
At 1 January 2015	99,190	103,635
Increase	-	5,382
Release to income statement	(10,573)	(9,828)
Deferred Income transferred to short term	(10,067)	(12,314)
At 31 December 2015	<u>78,550</u>	<u>86,875</u>
Repayable between one and two years	7,529	8,326
Repayable between two and five years	27,971	30,936
Repayable in five years or more	43,050	47,613
	<u>78,550</u>	<u>86,875</u>

Deferred Income represents agreements signed with the Malta Environment and Planning Authority up to the end of the year under review. The funds are released to income in line with the depreciation charge on the projects that were capitalised up the end of the year under review.

Funds received from government regarding the funding of Kunsill zghazagh project in 2014 will be funded back to the government in year 2016 as the project will not take place.

19. Trade and other payables

	2015 €	2014 €
Trade payables	38,518	56,052
Law enforcement unidentified deposits	291	291
Short term deferred income	10,067	12,314
Amounts owed to other councils	-	920
Accruals and deferred income	55,766	26,395
	<u>104,642</u>	<u>95,972</u>

Amounts owed to related parties

The amount refers to an advancement of cash by the Ministry of Justice and Internal Affairs on the 17 December 2007 for the sole purpose of financing the eMed-IT project. The Council is to refund the amount when it receives the re-inbursement of expenses from the EU.

BORMLA LOCAL COUNCIL

Notes to the Financial Statements

for the year ended 31 December 2015

20. Events after the reporting date

It has come to our attention that the Local Council has committed to acquire two electric vehicles amounting to €36,370 which will be funded through a capital grant from Trsansport Malta amounting to €60,000 for placing first in the SUMP 2014/2015 competitions.

21. Risk management objectives and policies

The council is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The company's risk management is coordinated by the council members and focuses on actively securing the council's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed to are described below.

Credit risk

The council's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 15 and 16.

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Foreign currency risk

Most of the council's transactions are carried out in Euro. Exposure to currency exchange rates arises from the council's transactions in foreign currencies.

The company's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.

Interest rate risk

The council's exposure to interest rate risk is limited as it does not have any borrowings bearing variable interest rates.

22. Comparatives

Certain comparatives have been restated in order to conform to the current year's presentation.

23. Capital management policies and procedures

The Council manages its capital to ensure that it will be able to continue as going concerns while maximising the return through the optimisation of the debt and equity balance. The Council's overall strategy remains unchanged from 2010.

Bormla Local Council

Financial statements for the year ended 31 December 2015

Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of Bormla Local Council which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Respective responsibilities of the Local Council and Local Government auditor

As described on page 1, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the council, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

1. On 28 July 2006 the council entered into a Joint Venture agreement with a third party. The Statement of Comprehensive Income does not include any amount representing the Council's share of profit or loss from this Joint Venture for the year. We were unable to determine whether the net profit for the year is mis-stated since no information about the accounts of the Joint Venture for the year ended 31 December 2015 was not made available to us.
2. The council's financial statements do not include all the quantitative disclosures required by IFRS 7, Financial Instruments: Disclosures. These include information about the council's maximum exposure to credit risk, the contractual maturities of the council's liabilities, details of any receivables that are past due but not impaired and categories of financial assets and liabilities at the end of the reporting period.

Bormla Local Council

Financial statements for the year ended 31 December 2015

Report of the Local Government auditor to the Auditor General (continued)

Qualified opinion

In our opinion, except for the effects of the matter described in paragraph 1 above, the financial statements give a true and fair view of the financial position of Bormla Local Council as at 31 December 2015, and of the results of its operations, changes in net assets/equity and its cash flows for the period then ended in accordance with the accounting policies set out on pages 6 to 11.

Because of the matters set out in paragraph 2, these financial statements do not comply fully with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 and have not been prepared in accordance with International Financial Reporting Standards.



Mark Bugeja
f/Grant Thornton
Certified Public Accountants

Grant Thornton
Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013

19 April 2016