



**IKLIN LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2014**

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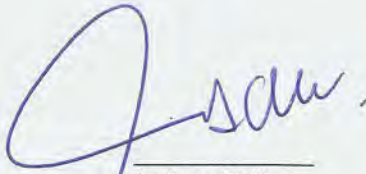
**IKLIN LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2014**

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**IKLIN LOCAL COUNCIL
STATEMENT OF LOCAL COUNCIL MEMBERS' AND
EXECUTIVE SECRETARY'S RESPONSIBILITIES**

The Local Council (Financial) Regulations, 1993, require the Executive Secretary to prepare a detailed Annual Administrative Report, which includes a statement of the Local Council's comprehensive income for the year and of the Local Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Local Council and the Executive 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 Local 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.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, CAP 363, the Local Councils (Financial) Regulations, 1993, and the Local Councils (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Anthony Dalli
Mayor

Date: 24 April 2015



Etienne Montfort
Executive Secretary



MAZARS

Financial statements for the year ended 31 December 2014

Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of Iklin Local Council which comprise the statement of financial position as at 31 December 2014, 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 auditors

As described in page 3, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

Auditors' 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. As from 30 September 2002, all income and expenditure from the Local Enforcement System (LES) were centralised through the Birkikara Joint Committee and LES debtors at that date were transferred to the Joint Committee as well. The Birkikara Joint Committee ceased operations on 31 August 2011 and LES was centralised through the Central Regional Committee as from 1 September 2011. The Council has not reported any income from LES in the current year. We were unable to determine the amount of any income the Council is entitled to receive from Birkikara Joint Committee since its audited financial statements were not made available to us.
2. The financial statements do not disclose the relevant lease commitments arising on leased areas as required by IAS 17 *Leases*.

Financial statements for the year ended 31 December 2014

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

3. The council's interest free non-current payable arising on the PPP project is accounted for at historical cost rather amortised cost as required by IAS 39, *Financial Instruments*.
4. Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Council (Financial) Procedures, 1996.

Qualified opinion

In our opinion, except for the effects of the matters described in paragraphs 1, 2, and 3 above, the financial statements give a true and fair view of the financial position of Iklin Local Council as of 31 December 2014 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 10 to 16.

Because of the matter set out in paragraph 4 above, 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 because of the matters set out in paragraphs 1, 2 and 3 above these financial statements have not been prepared in accordance with International Financial Reporting Standards.

Other matter

The financial statements of Iklin Local Council for the year end 31 December 2013 were audited by another auditor who expressed a qualified opinion on those statements on 28 April 2014.



*This copy of the audit report has been signed by
Ernestino Riolo (Partner) for and on behalf of*

Mazars Malta
Certified Public Accountants
Attard

24 April 2015

IKLIN LOCAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	2014 Euro	2013 Euro
INCOME			
Funds received from Central Government	3	252,803	244,780
Income raised under Law Enforcement system	4	2,639	3,365
General income	5	7,064	14,564
		<hr/>	<hr/>
		262,506	262,709
		<hr/>	<hr/>
EXPENDITURE			
Personal emoluments	6	67,718	65,071
Operations and maintenance	7	84,963	77,194
Administration and other expenditure	8	103,604	88,387
		<hr/>	<hr/>
		256,285	230,652
		<hr/>	<hr/>
OPERATING SURPLUS FOR THE YEAR		€6,221	€32,057
Finance income	9	460	103
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		€ 6,681	€ 32,160
		<hr/>	<hr/>

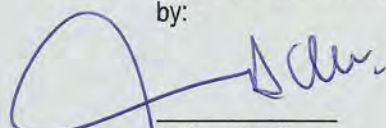
The notes on page 10 to 27 form an integral part of these financial statements

**IKLIN LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2014**

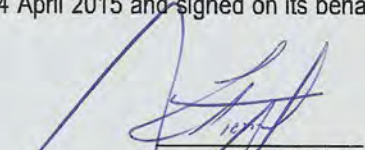
	Notes	31 Dec 2014 Euro	31 Dec 2013 Euro
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	<u>644,804</u>	<u>634,076</u>
Current Assets			
Trade and other receivables	11	<u>76,645</u>	<u>66,491</u>
Cash and cash equivalents	12	<u>147,558</u>	<u>155,742</u>
Total Current Assets		<u>224,203</u>	<u>222,233</u>
TOTAL ASSETS		<u>€ 869,007</u>	<u>€ 856,309</u>
RESERVES AND LIABILITIES			
Reserves			
Retained funds		<u>395,390</u>	<u>388,709</u>
Non-Current Liabilities			
Trade and other Payables	14	<u>25,281</u>	<u>39,861</u>
Deferred Income	13	<u>341,551</u>	<u>372,897</u>
Total Non-Current Liabilities		<u>366,832</u>	<u>412,758</u>
Current Liabilities			
Trade and other payables	14	<u>106,785</u>	<u>54,842</u>
Total Current Liabilities		<u>106,785</u>	<u>54,842</u>
TOTAL RESERVES AND LIABILITIES		<u>€ 869,007</u>	<u>€ 856,309</u>

The notes on page 10 to 27 form an integral part of these financial statements

These financial Statements were approved by the Local Council on the 24 April 2015 and signed on its behalf by:



Anthony Dalli
Mayor



Etienne Montfort
Executive Secretary

**IKLIN LOCAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the period 1 January to 31 December 2014**

	Retained Funds Euro
At 1 January 2013	356,549
Surplus for the year	<u>32,160</u>
At 31 December 2013	<u>388,709</u>
At 1 January 2014	388,709
Surplus for the year	<u>6,681</u>
At 31 December 2014	<u>395,390</u>
Reserved Funds	<u>€ 395,390</u>

The notes on page 10 to 27 form an integral part of these financial statements

IKLIN LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the period 1 January to 31 December 2014

	Notes	1 Jan 2014- 31 Dec 2014 Euro	1 Jan 2013- 31 Dec 2013 Euro
Operating Activities			
Surplus for the year		6,681	32,160
Adjustments for:			
Depreciation		45,545	43,194
Interest receivable		(460)	(103)
Operating Profit before Working Capital changes		<u>51,766</u>	<u>75,251</u>
Movement in working capital			
Decrease/(Increase) in receivables		(15,929)	(27,612)
Increase/(Decrease) in payables		23,495	17,846
Government Grant released		<u>(11,971)</u>	<u>(9,903)</u>
Net cash inflow/(outflow) from operating activities		<u>47,361</u>	<u>55,582</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(62,050)	(104,148)
Interest received		<u>423</u>	<u>103</u>
Net cash used in investing activities		<u>(61,627)</u>	<u>(104,045)</u>
Cash flows from financing activities			
Grants received		6,082	8,897
Net cash inflow from financing activities		<u>6,082</u>	<u>8,897</u>
Net increase/(decrease) in cash and cash equivalents		(8,184)	(39,566)
Cash and cash equivalents at beginning of the year		<u>155,742</u>	<u>195,308</u>
Cash and cash equivalents at end of year	12	<u>147,558</u>	<u>155,742</u>

The notes on page 10 to 27 form an integral part of these financial statements

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 January to 31 December 2014

1. GENERAL INFORMATION

Iklin Local Council is the local authority of Iklin setup in accordance with the Local Councils Act 1993. The office of the Council is at "Three Villages", Triq ir-Rumanzieri, Iklin.

The financial statements were authorised for issue by the Council on the 24 April 2015.

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES

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

Accounting Convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act (CAP 363), the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards.

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (CAP 363).

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.

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

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 statement 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.

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

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

At 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 have a material impact on the council's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2018)

The IASB aims to replace *IAS 39 Financial Instruments. Recognition and Measurement* in its entirety with IFRS 9. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2018. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

Council members have yet to assess the impact that this amendment is likely to have on the financial statements of the council. However, they do not expect to implement until all chapters of IFRS 9 have been published and the standard has been adopted by the European Union.

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.

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a monthly basis using the reducing balance method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

	%
Land	0.0
Trees	0.0
Buildings	1.0
Office Furniture and Fittings	7.5
Construction works	10.0
Urban Improvements (street furniture)	10.0
Special Programs (Projects)	10.0
Office Equipment	20.0
Motor Vehicles	20.0
Plant and Machinery	20.0
Computer Equipment	25.0
Plants	100.0
Litter Bins	Replacement Basis
Playground Furniture	100.0
Traffic Signs	Replacement Basis
Road Signs	Replacement Basis
Street Mirrors	Replacement Basis
Street Lights	100.0

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each Statement of Financial Position date. 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 period in which they are incurred.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24. The paragraphs adopted from IAS 24 are paragraphs 25 – 27, being amendments to government related entities' disclosures.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Amounts Receivable

Amounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the carrying amount of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the Statement of Comprehensive Income.

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Revenue recognition

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the Statement of Comprehensive Income as it accrues.

Payables and Borrowings

Payable and Borrowing Costs are recognised as an expense in the period in which they are incurred. Amounts payable comprise creditor payments, that is, the amounts payable for the procurement of supplies and services. When an invoice or request for payment is received from a supplier, this is checked to the purchase order previously issued or the services contract, before payment is release in favour of any vendor. All cheque payments are signed by the Mayor and Executive Secretary and then reconciled with the bank statements on a monthly basis.

Government Grants

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the Statement of Comprehensive Income over the expected lives of the related assets.

Foreign Currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in €, which is the Council's functional and presentation currency.

Inventories

Inventories are valued at lower of cost and net realisable value.

Profits and losses

Only profits that were realised at the date of the Statement of Financial Position are recognised in these Financial Statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the Financial Statements are approved.

Cash and Equivalents

Cash and Cash Equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

**IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)**

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Local Enforcement System

Iklin Local Council forms part of the Birkirkara Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses. As from September 2011, the Iklin Local Council now forms part of the Central Region for Local Enforcement. Income from LES now comprises a 10% administration fee on contraventions paid at Iklin Local Council.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS1 (revised) – 'Presentation of Financial Statements'.

Capital Management Policies and Procedures

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objective are to ensure that the Council's ability to continue as a going concern is still valid and that the Council maintains a positive working capital ratio. To achieve this, the Council carries out a quarterly review of the working capital ratio (Financial Situation Indicator). This ratio was positive at the reporting date. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Financial Instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs. They are measured subsequently as described below:

Financial Assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition. Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below:

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'. Loans and receivables are non-derivative financial assets with fixed or determinable

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counter party and other available features of shared credit risk characteristics.

The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial Liabilities

The Council's financial liabilities included other payables. These are stated at their nominal account which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

3. FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	2014	2013
	Euro	Euro
In terms of Section 55 of the Local Councils Act, 1993	219,719	220,065
Other Supplementary Government Income	21,048	13,717
Other Government Income	<u>12,036</u>	<u>10,998</u>
	<u>252,803</u>	<u>244,780</u>

4. LOCAL ENFORCEMENT INCOME

	2014	2013
	Euro	Euro
Administrative charges to Regional Committees	2,639	2,333
Fines and penalties to Pre-Regional committees	0	1,032
	<u>2,639</u>	<u>3,365</u>

5. GENERAL INCOME

	2014	2013
	Euro	Euro
Tender Documents	168	1,340
Admin. Fee – Green MT	0	6,185
Income from Permits	2,389	2,067
Other Income	19	372
Contributions	<u>4,488</u>	<u>4,600</u>
	<u>€ 7,064</u>	<u>€ 14,564</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. PERSONAL EMOLUMENTS	2014	2013
	Euro	Euro
Mayor's Honoraria	6,868	6,704
Mayor's and Councillors' Allowances	6,400	6,400
Executive Secretary Salary and Allowances	26,865	25,834
Employees' Salaries	23,205	21,850
Social Security Contributions	4,380	4,283
	<u>€ 67,718</u>	<u>€ 65,071</u>
7. OPERATIONS AND MAINTENANCE EXPENSES	2014	2013
Operations and maintenance includes, <i>inter alia</i>	Euro	Euro
REPAIRS AND UPKEEP		
Roads and street maintenance	10,083	5,282
Roads and street pavements	301	1,570
Street Signs	0	0
Litter Bins	0	0
Plant & Equipment	0	0
Office furniture & equipment	980	91
Other repairs & upkeep	574	795
	<u>€ 11,938</u>	<u>€ 7,738</u>
CONTRACTUAL SERVICES		
Refuse collection	22,645	22,848
Bulky refuse collection	3,993	3,516
Hire of skips	0	0
Waste disposal	25,421	21,816
Road and street cleaning	11,580	11,580
Cleaning and maintenance parks and gardens	1,645	1,495
Cleaning and maintenance council premises	1,122	1,034
Other Contractual services	4,220	4,039
Street Lighting devolution	1,138	2,756
LES related expenditure	1,261	372
	<u>€ 73,025</u>	<u>€ 69,456</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u>€ 84,963</u>	<u>€ 77,194</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2014	2013
	Euro	Euro
8. ADMINISTRATIVE AND OTHER EXPENSES		
Depreciation	45,545	43,194
Water & Electricity	3,102	2,884
Telecommunications	3,001	3,525
Meetings and conventions	749	943
Rent	12,591	12,219
Printing & Stationery	2,899	2,408
Postages	272	290
Subscriptions	48	48
Publications	19	0
Staff Training	60	60
Advertising	649	403
Office services	720	821
Sundry Minor Expenses	62	62
Professional services	12,394	9,308
Transport Expenses	4,395	624
Community and hospitality	17,098	11,598
TOTAL ADMINISTRATIVE EXPENSES	€ 103,604	€ 88,387

9. FINANCE INCOME

	2014	2013
	Euro	Euro
Bank interests	€ 460	€ 103

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Office				New Projects				Projects				
	Construction	Furniture & Fittings	Signs	Urban Improv.	Office Equipment	Plant & Machinery	Special Programmes	Street Lights	Construction under	Construction	Total		
Cost	€	€	€	€	€	€	€	€	€	€	€	€	€
At 1 January 2014	491,623	22,994	30,281	61,737	28,084	900	482,349	6,797	197,415	1,322,180			
Additions	8,373	360	0	1,432	4,236	0	221,000	0	-179,128	56,273			
Reclassification	0	0	0	0	0	0	0	0	0	0			
At 31st December 2014	499,996	23,354	30,281	63,169	32,320	900	703,349	6,797	18,287	1,378,453			
Grants													
At 1 January 2014	15,561	0	0	0	2,644	0	264,676	0	0	282,881			
Transferred during the year	0	0	0	0	0	0	0	0	0	0			
At 31st December 2014	15,561	0	0	0	2,644	0	264,676	0	0	282,881			
Depreciation													
At 1 January 2014	254,308	15,527	30,281	42,489	21,559	413	33,849	6,797	0	405,223			
Charge for the period	24,320	575	0	2,002	1,234	97	17,317	0	0	45,545			
Reclassification	0	0	0	0	0	0	0	0	0	0			
At 31st December 2014	278,628	16,102	30,281	44,491	22,793	510	51,166	6,797	0	450,768			
Net Book Value													
At 31st December 2014	205,807	7,252	0	18,678	6,883	390	387,507	0	18,287	644,804			

**IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)**

10. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Projects									
	Office Furniture & Construction	New Street	Urban	Office	Plant & Machinery	Special Programmes	Street Lights	Construction under	Total	
Cost	€	€	€	€	€	€	€	€	€	€
At 1 January 2013	455,162	22,994	30,281	60,642	26,005	340	393,548	6,797	185,830	1,181,599
Additions	36,461	0	0	1,095	2,079	560	88,801	0	11,585	140,581
Reclassification	0	0	0	0	0	0	0	0	0	0
At 31st December 2013	491,623	22,994	30,281	61,737	28,084	900	482,349	6,797	197,415	1,322,180
Grants										
At 1 January 2013	15,561	0	0	0	2,644	0	264,676	0	0	282,881
Transferred during the year	0	0	0	0	0	0	0	0	0	0
At 31st December 2013	15,561	0	0	0	2,644	0	264,676	0	0	282,881
Depreciation										
At 1 January 2013	228,877	14,930	30,281	40,483	20,675	326	19,660	6,797	0	362,029
Charge for the period	25,431	597	0	2,006	884	87	14,189	0	0	43,194
Reclassification	0	0	0	0	0	0	0	0	0	0
At 31st December 2013	254,308	15,527	30,281	42,489	21,559	413	33,849	6,797	0	405,233
Net Book Value										
At 31st December 2013	221,754	7,467	0	19,248	3,881	487	183,824	0	197,415	634,076

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. TRADE AND OTHER RECEIVABLES

	2014 Euro	2013 Euro
Amount invoiced but not yet settled	4,256	6,582
LES Debtors	0	0
Prepayments	2,795	3,000
Accrued Income	<u>69,594</u>	<u>56,909</u>
	<u>76,645</u>	<u>66,491</u>
Amounts invoiced but not yet settled are analysed as follows:		
Within credit period	1,026	4,088
Exceeded credit period(past due) but not impaired	<u>3,230</u>	<u>2,494</u>
	<u>4,256</u>	<u>6,582</u>

Prepayments include prepayments of Local Council property rental and insurance premium.

12. CASH AND CASH EQUIVALENT

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

	2014 Euro	2013 Euro
Cash in hand	33	55
Special Needs Funds	6,870	6,870
Bank balances		
-Ordinary Funds	<u>140,655</u>	<u>148,817</u>
	<u>€ 147,558</u>	<u>€ 155,742</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

13. DEFERRED INCOME

	2014 Euro	2013 Euro
Govenment grants		
At beginning of year	382,977	369,351
Decrease/Increase in period	<u>307</u>	<u>23,529</u>
	383,284	392,880
Released in period	<u>(11,971)</u>	<u>(9,903)</u>
At end of year	336,395	382,977
Current Deferred Income	<u>29,964</u>	<u>10,080</u>
Non-Current Deferred Income	<u>341,551</u>	<u>372,897</u>
Repayable between one and two years	25,975	9,117
Repayable between two and five years	63,962	22,449
Repayable in five years or more	<u>251,614</u>	<u>341,331</u>
	<u>341,551</u>	<u>372,897</u>

14. TRADE AND OTHER PAYABLES

	2014 Euro	2013 Euro
Trade creditors	46,169	31,353
Other creditors	18,220	0
Accruals and deferred income	<u>42,396</u>	<u>23,489</u>
	<u>106,785</u>	<u>54,842</u>

Provisions include estimates for goods and services received prior to 31 December 2014 and for which invoices have not yet been received by the Local Council.

Payable after more than one year:	2014 Euro	2013 Euro
Trade creditors (PPP Scheme)	<u>25,281</u>	<u>39,861</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31/12/2014.

16. CAPITAL COMMITMENTS

	2014 Euro	2013 Euro
- Capital expenditure that has been contracted for but not provided for in the financial statements	0	49,546
- Capital expenditure that has been approved but not yet contracted for	164,541	88,541

- i. The project for the restoration of rubble walls under Measure 323 has now been completed and transferred from projects under construction (2013-€49,546).
- ii. The Capital expenditure that has been approved but not contracted for, represents €41,541 for the Construction of new premises for the Local Council (2013-€41,541), Street Paving works amounting to €45,000 (2013-€19,000), Special programmes amounting to €67,000 (2013-€24,500), Urban Improvements amounting to €3,500 (2013-€1,500) and Office Furniture & Equipment amounting to €7,500 (2013-€2,000).

17. FAIR VALUES ESTIMATION

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

18. RELATED PARTY TRANSACTIONS

The Iklin Local Council has the following related parties, exercising:

- i. Significant Control – The Department of Local Government
- ii. Joint Control – Birkirkara Joint Committee for Local Enforcement and Central Regional Committee for Local Enforcement
- iii. No Control – Arms Ltd., Water Services Corporation, Enemalta Corporation, Malta Environment and Planning Authority, Inland Revenue Department, Director General Works Division, WasteServ Malta Ltd, Cleansing Services Department, Gozo Regional Committee, North Regional Committee, South Eastern Regional Committee, Central Regional Committee, Police General Head Quarters, Bank of Valletta plc. and the Department of Lands.

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RELATED PARTY TRANSACTIONS (continued)

The following were the significant transactions carried out by the Council with related parties having significant control:

	2014	2013
	Euro	Euro
Annual Financial Allocation	219,719	220,065

Key Management Emoluments, being the Mayor and Executive Secretary, are included in Note 6.

19. FINANCIAL RISK MANAGEMENT

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

Market Risk

The Council's interest rate risk arises from its deposits with financial institutions. The Council does not have any long term borrowings. In general, the Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

Credit Risk

Financial assets which potentially subject the Council to concentrations of credit risk which are principally made up of cash at bank and debtors. The Council's cash is placed with a quality financial institution. The Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability. Furthermore, credit risk is limited due to the fact that government-owned customers comprise a high percentage of the council's debtor base. LES Debtor balance has been provided for fully with an allowance for bad debts.

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarized as follows:

	2014	2013
	€	€
Classes of financial assets - carrying amounts		
Trade and other receivables	73,850	63,491
Cash and cash equivalents	147,558	155,742
	<u>221,408</u>	<u>219,233</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk (cont..)

The maximum exposure to credit risk for amounts receivables at the reporting date, net of impairment losses, by type of customer is as follows:

	2014 Euro	2013 Euro
Accrued income by class:		
Government Owned entities	69,557	56,909
Private entities	<u>37</u>	<u>0</u>
	<u>69,594</u>	<u>56,909</u>

The maximum exposure to credit risk for trade receivables at the reporting date, net of impairment losses, by type of customer is as follows:

	2014 Euro	2013 Euro
Amount invoiced not yet settled by class:		
Government Owned entities	2,511	3,337
Private entities	<u>1,745</u>	<u>3,245</u>
	<u>4,256</u>	<u>6,582</u>

The Council assesses the credit quality of its customers by taking into account their financial standing and past experience. The Council considers the credit quality of its financial assets as being acceptable.

Included in the council's trade receivable there are no balances which are past due and which have not been provided for.

	2014 Euro	2013 Euro
31-60 days	333	539
61-90 days	250	0
91-180 days	443	3,549
181-365 days	1,058	1,182
Over 365 days	<u>2,172</u>	<u>1,312</u>
	<u>4,256</u>	<u>6,582</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The council does not trade in any foreign currency transactions.

Interest Rate Risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objective of interest rate risk management is to optimize the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Council has as cash and cash equivalents the amount of € 147,558. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2014, the Council's financial liabilities have contractual maturities which are summarised below:

	Current within 1 year €	Non-Current 1 to 5 years €	Non-Current later than 5 years €
Payables	64,389	25,281	-
Accruals	<u>12,432</u>	<u>-</u>	<u>-</u>

This compares to the maturity of the Council's financial liabilities in the previous reporting period as follows:

	Current within 1 year €	Non-Current 1 to 5 years €	Non-Current later than 5 years €
Payables	31,353	39,861	-
Accruals	<u>13,409</u>	<u>-</u>	<u>-</u>

IKLIN LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

20. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the council's financial assets and liabilities as recognized at the reporting dates under review are categorized as follows:

	2014 €	2013 €
Current assets		
Loans and receivables:		
Trade and other receivables	73,850	63,491
Cash and cash equivalents	<u>147,558</u>	<u>155,742</u>
	<u>221,408</u>	<u>219,233</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	64,389	31,353
Accruals	<u>12,432</u>	<u>13,409</u>
	<u>76,821</u>	<u>44,762</u>

21. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There have been no events whether favourable or unfavourable which occurred between the end of the reporting period and the date that the financial statements have been authorised for issue.