

**Local Council Sliema**  
**Annual Audit Report**  
**for the year ended 31 December 2014**

## **Contents**

	<b>Page</b>
Statement of Local Council Members' and Executive Secretary's Responsibilities	1
Report of the Local Government Auditor to the Auditor General	2
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 28

**Statement of Local Council Members' and Executive Secretary's Responsibilities  
for the year ended 31 December 2014**

---

The Local Councils (Financial) Regulations 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 Council's retained funds at the end of 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 the 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 Council (Financial) Regulations, and the Local Council (Financial) Procedures 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, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. 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.

This statement was approved by the Council on 28 April 2015 and signed on its behalf by:

Anthony Chircop  
Mayor

Matthew Dimech  
Executive Secretary





**Statement of Comprehensive Income  
for the year ended 31 December 2014**

	Notes	2014 €	2013 €
<b>Revenue</b>			
Funds received from Central Government	3	1,040,983	990,759
Income raised under Local Council Bye-Laws	4	8,273	6,846
Income raised under Local Enforcement System	5	14,481	21,396
General Income	6	61,637	96,769
		<u>1,125,374</u>	<u>1,115,770</u>
<b>Expenditure</b>			
Personal Emoluments	7	(152,740)	(166,660)
Operations and maintenance	8	(780,055)	(771,322)
Administration and other expenditure	9	(337,596)	(400,775)
		<u>(1,270,391)</u>	<u>(1,338,757)</u>
<b>Operating loss for the year</b>		(145,017)	(222,987)
Finance income	10	2,943	8,845
		<u>(142,074)</u>	<u>(214,142)</u>
Asset impairment losses	7	-	(38)
<b>Loss for the year</b>	7	<u>(142,074)</u>	<u>(214,180)</u>

The notes on pages 8 to 28 form an integral part of these financial statements.

Statement of Financial Position  
as at 31 December 2014

	Notes	2014 €	2013 €
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	12	1,869,321	1,745,170
Intangible assets	11	1,177	-
		<u>1,870,498</u>	<u>1,745,170</u>
<b>Current Assets</b>			
Inventories	13	1,804	1,804
Receivables	14	315,306	267,268
Cash and cash equivalents	15	519,181	676,620
		<u>836,291</u>	<u>945,692</u>
<b>Total Assets</b>		<u>2,706,789</u>	<u>2,690,862</u>
<b>EQUITY</b>			
<b>Reserves</b>			
Retained earnings		1,653,504	1,795,578
<b>Total equity</b>		<u>1,653,504</u>	<u>1,795,578</u>
<b>Non-Current Liabilities</b>			
Deferred income	17	426,206	306,769
		<u>426,206</u>	<u>306,769</u>
<b>Current Liabilities</b>			
Payables	16	627,079	588,515
		<u>627,079</u>	<u>588,515</u>
<b>Total Liabilities</b>		<u>1,053,285</u>	<u>895,284</u>
<b>Total equity and liabilities</b>		<u>2,706,789</u>	<u>2,690,862</u>

These financial statements were approved by the Local Council on 28 April 2015 and signed on its behalf by:

Anthony Chircop  
Mayor

Matthew Dimech  
Executive Secretary

The notes on pages 8 to 28 form an integral part of these financial statements.

**Statement of Changes In Equity  
for the year ended 31 December 2014**

	<b>Retained Funds</b>	<b>Total</b>
	<b>€</b>	<b>€</b>
<b>At 1 January 2013</b>	2,009,758	2,009,758
Loss for the year	(214,180)	(214,180)
<b>At 31 December 2013</b>	<u>1,795,578</u>	<u>1,795,578</u>
<b>At 1 January 2014</b>	1,795,578	1,795,578
Loss for the year	(142,074)	(142,074)
<b>At 31 December 2014</b>	<u>1,653,504</u>	<u>1,653,504</u>



**Statement of Cash Flows**  
**for the year ended 31 December 2014**

	<b>2014</b>		<b>2013</b>	
	€	€	€	€
<b>Net loss for the year</b>	(142,074)		(214,180)	
Reconciliation to cash generated from operations:				
Depreciation	137,141		132,096	
Movement in provision for doubtful debtors	-		133	
Impairment and asset disposal losses	-		38	
Assets under construction written off	-		1,424	
Investment income	(2,943)		(8,845)	
Government grant released	(34,830)		(34,505)	
Operating (loss)/profit before working capital changes	(42,706)		(123,839)	
Decrease in inventories	-		7	
(Decrease) in receivables	(12,216)		(9,297)	
Increase / (Decrease) in other receivables	(34,728)		3,417	
(Decrease) in payables	(36,217)		(153,923)	
Increase / (Decrease) in other payables	77,936		(5,421)	
<b>Cash generated from operating activities</b>		(47,931)		(289,056)
<b>Cash flow from investing activities</b>				
Interest received	1,849		5,296	
Purchase of intangible fixed assets	(918)		-	
Purchase of property, plant & equipment	(261,551)		(245,889)	
Receipt of grants	151,112		261,333	
<b>Cash generated from investing activities</b>		(109,508)		20,740
<b>Net Decrease in cash in the year</b>		(157,439)		(268,316)
Cash and equivalents at beginning of year		676,620		944,936
<b>Cash and equivalents at end of year</b>		519,181		676,620

**1. General Information**

The Sliema Local Council is the local authority of Malta set up in accordance with the Local Councils Act(1993). The office of the Local Council is situated at Government School, Depiro Street, Sliema. These financial statements were approved for issue by the Council Members on 28 April 2015. The Local Council's presentation as well as functional currency are denominated in €.

**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 are prepared in conformity with International Financial Reporting Standards as adopted by the EU as well as in compliance with the provision of the Local Councils Act.

***New and amended standards adopted by the Local Council***

During the year under review, the Council has applied the following International Financial Reporting Standards as adopted by the EU:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) was issued in December 2011. The amendments clarify (a) the meaning of 'currently has a legally enforceable right of set-off'; and (b) that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. The amendment is required to be applied for annual periods beginning on or after 1 January 2014.

***New important standards and amendments not yet adopted***

A number of new International Financial Reporting Standards and amendments and revisions thereto were in issue but not yet effective during the financial year under review.

IFRS 9 Financial instruments is applicable for annual periods beginning on or after 1 January 2018. This Standard represents the completion of the classification and measurement part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. this Standard addresses the classification and measurement of certain financial assets and financial liabilities. IFRS9 requires financial assets that fall within its scope to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Standard requires financial assets to be subsequently measured at amortised cost or at fair value. The new requirements in relation to financial liabilities address the problem of volatility in profit or loss arising from an issuer to measure its own debt at fair value. With the new requirements, any entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2010, and that were subsequently included in the exposure draft of proposed amendments to IFRSs Annual Improvements to IFRSs 2010-2012 Cycle (published in May 2012). The issues included in this cycle are: Short term receivables and payables (IFRS 13); Interest paid that is capitalised (IAS 7); Revaluation method - proportionate restatement of accumulated depreciation (IAS 16 and IAS 38); and Key management personnel services (IAS 24). The amendments are effective for annual periods beginning on or after 1 July 2014.

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle. The issues included in this cycle are: Changes in methods of disposal (IFRS 5), Servicing Contracts and the Applicability of the amendments to IFRS 7. The amendments are effective from 1 January 2016.

On 12 May 2014 the IASB published amendments to IAS 16 and IAS 38. These amendments clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Furthermore, it clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after 1 January 2016.

The Councillors and Executive Secretary are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Councillors and Executive Secretary 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 in the period of initial application.

#### ***Intangible Fixed Assets***

##### **Computer Software**

Computer software is valued at cost less accumulated depreciation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the reducing balance method at 25% per annum.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses 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
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	Replacement basis
Playground Furniture	100
Traffic Signs	Replacement basis
Road Signs	Replacement basis
Street Mirrors	Replacement basis
Street Lights	100

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 company 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.

**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 costs 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.

**Inventories**

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

**Amounts receivable**

Amounts receivable are recognised initially at fair value and subsequently measured at amortised 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 receivables. The amount of the provision is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.

**Related parties**

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24.

During the year under review the Local Council has opted to early adopt the partial exemptions as provided by IAS 24, effective from periods starting 1 January 2011. The paragraphs adopted from IAS 24 are paragraphs 25 - 27, being amendments to government related entities' disclosures.

**Revenue**

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.

**Local Enforcement System**

The Sliema Local Council used to form part of the Lvant Joint Committee up to 31 August 2011. 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 1 September 2011, the Central Regional Committee has taken over the Local Enforcement System function and the Council receives 10% administrative reimbursements on fines collected.

**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.

**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.

***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***

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives 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 the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. 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 transactions 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 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 counterparty 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 include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

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

### **3. Funds received from central government**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
In terms of section 55 of the Local Councils Act	952,386	936,998
Supplementary Government Income	53,767	9,664
Other Government Income	34,830	44,097
	<u>1,040,983</u>	<u>990,759</u>

### **4. Income raised from Bye-Laws**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Bye-Laws - Advertising on Street Furniture	7,664	6,491
Bye-Laws - Organisation of courses	609	355
	<u>8,273</u>	<u>6,846</u>

**5. Local Enforcement System**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Administrative reimbursement on fines collected	14,481	10,142
Share of Profits from Joint Committee	-	11,254
	<u>14,481</u>	<u>21,396</u>

**6. General Income**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Community Services	(1,040)	-
Cultural Events	2,336	4,187
Sponsorships	2,000	-
General Income	-	2,922
Tender Documents/Info. Charges	1,681	883
Media Advertising	6,758	4,214
Contributions	-	21,491
Refund of expenses	3,398	2,054
Insurance Claims	2,298	391
Income from Permits	44,206	60,627
	<u>61,637</u>	<u>96,769</u>

**7. (Loss)/Profit for the year**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
(Loss)/Profit for the year is stated after charging:		
Staff salaries	152,740	166,660
Depreciation of intangible assets	256	-
Depreciation of tangible assets	136,885	132,096
Losses on impairment of property, plant & equipment	-	38
	<u></u>	<u></u>

Note



*Staff salaries*

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Mayor's Remuneration	13,736	13,407
Councillors' Allowances	13,514	12,856
Executive Secretary Salary and Allowances	31,689	30,959
Employees' Salaries	84,859	99,464
Social Security Contributions	8,942	9,974
	<u>152,740</u>	<u>166,660</u>

*Average number of people employed*

Employees	5	6
Mayor & Councillors	<u>11</u>	<u>11</u>

**8. Operations and Maintenance**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
<i>Repairs and Upkeep:</i>		
Public Property	389	410
Road/Street Pavements	146,573	198,716
Signs	5,418	16,816
Road Markings	8,171	13,617
Office Furniture and Equipment	515	1,843
Plant & Equipment	-	50
Sundry Repairs	94	-
Other repairs and Upkeep	33,029	40,537
	<u>194,189</u>	<u>271,989</u>

*Contractual Services:*

Waste Disposal	107,139	93,162
Refuse Collection	165,384	128,974
Bulky Refuse Collection	24,299	21,036
Hiring of Bins on Wheels	6,556	-
Cleaning Services	9,487	8,932
Road & Street Cleaning	143,647	102,978
Cleaning - Public Conveniences	40,772	53,658
Cleaning - Council Premises	1,491	1,426
Clean. & Maint. Parks & Gardens	61,988	62,137
Street Lighting	24,870	26,564
Updating of data	233	466
	<u>585,866</u>	<u>499,333</u>
 Total Operations and Maintenance Costs	 <u>780,055</u>	 <u>771,322</u>

**9. Administration and other expenditure**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Utilities	37,946	23,426
Other repairs and upkeep	16,019	21,659
Rent	3,655	3,655
National and International Memberships	375	634
Office Services	14,453	16,692
Transport	1,517	2,208
Travel	2,394	-
Information Services	24,258	19,460
Lease of Equipment	5,572	63
Insurance Coverage	3,234	3,335
Bank Charges	102	118
Professional Services	49,088	48,763
Training	14,558	25,767
Visits - Foreign Delegations	-	35
Other Hospitality Costs	778	971
Social Events	22,072	3,415
Cultural Events	4,727	30,314
Community Services	1,359	25,907
Sundry Minor Expenses	147	198
Provision for Doubtful Debtors	-	133
Third party liability damages	(1,799)	41,926
Depreciation	137,141	132,096
	<u>337,596</u>	<u>400,775</u>

**10. Finance Income**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Bank interest receivable	2,943	8,845
	<u>2,943</u>	<u>8,845</u>

**11. Intangible fixed assets**

	<b>€</b>
<b>Cost</b>	
Additions	918
Reclassification from Tangible Assets	2,943
At 31 December 2014	<u>3,861</u>
<b>Provision for diminution in value</b>	
Charge for year	256
Reclassification from Tangible Assets	2,428
At 31 December 2014	<u>2,684</u>
<b>Net book values</b>	
At 31 December 2014	<u><u>1,177</u></u>

**Notes to the Financial Statements  
for the year ended 31 December 2014**

**12. Property, plant and equipment**

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
<b>Cost</b>									
At 1 January 2013	186,515	257,473	98,345	895,166	55,373	46,258	17,026	1,547,036	3,103,192
Additions	-	8,550	-	4,279	4,541	377	-	228,142	245,889
Assets Capitalised	-	(4,699)	-	3,275	-	-	-	-	(1,424)
Disposals/Impairment	-	-	-	-	(206)	-	-	-	(206)
Reclassification	-	40,885	-	-	-	-	-	(40,885)	-
At 31 December 2013	186,515	302,209	98,345	902,720	59,708	46,635	17,026	1,734,293	3,347,451
<b>Depreciation</b>									
At 1 January 2013	26,982	-	98,345	550,203	34,231	22,506	12,004	570,948	1,315,219
On impairment	-	-	-	-	(168)	-	-	-	(168)
Charge for the year	1,595	-	-	37,180	4,856	1,793	1,004	85,669	132,097
At 31 December 2013	28,577	-	98,345	587,383	38,919	24,299	13,008	656,617	1,447,148
<b>Grants</b>									
At 1 January 2013									
At 31 December 2013	-	-	-	-	-	-	-	155,133	155,133
<b>Net book values</b>									
At 31 December 2013	157,938	302,209	-	315,337	20,789	22,336	4,018	922,543	1,745,170

**Notes to the Financial Statements  
for the year ended 31 December 2014**

**12. Property, plant and equipment**

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
<b>Cost</b>									
At 1 January 2014	186,515	302,209	98,345	902,720	59,708	46,636	17,026	1,734,293	3,347,452
Additions	-	255,567	-	3,653	2,331	-	-	-	261,551
Assets Capitalised	-	(50,267)	-	50,267	-	-	-	-	-
Reclassify to Intangibles	-	-	-	-	(2,943)	-	-	-	(2,943)
At 31 December 2014	186,515	507,509	98,345	956,640	59,096	46,636	17,026	1,734,293	3,606,060
<b>Depreciation</b>									
At 1 January 2014	28,577	-	98,345	587,383	38,919	24,299	13,008	656,617	1,447,148
Reclassify to Intangibles	-	-	-	-	(2,428)	-	-	-	(2,428)
On impairment	-	-	-	-	-	-	-	-	-
Charge for the year	1,579	-	-	36,196	4,378	1,675	803	92,255	136,886
At 31 December 2014	30,156	-	98,345	623,579	40,869	25,974	13,811	748,872	1,581,606
<b>Grants</b>									
At 1 January 2014	-	-	-	-	-	-	-	155,133	155,133
At 31 December 2014	-	-	-	-	-	-	-	155,133	155,133
<b>Net book values</b>									
At 31 December 2014	156,359	507,509	-	333,061	18,227	20,662	3,215	830,288	1,869,321

**13. Inventories**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Books and other publications	1,804	1,804
	<u>1,804</u>	<u>1,804</u>
	<u><u>1,804</u></u>	<u><u>1,804</u></u>

**14. Receivables**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Receivables	<i>Note</i> 157,193	144,977
Other receivables	5,266	2,429
Accrued income	149,486	114,398
<b>Financial assets</b>	<u>311,945</u>	<u>261,804</u>
Prepayments	3,361	5,464
	<u>315,306</u>	<u>267,268</u>
	<u><u>315,306</u></u>	<u><u>267,268</u></u>

**Receivables**

General receivables are analysed as follows:

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Within credit period	8,711	4,736
Exceeded credit period but not impaired	148,482	140,241
Impaired and provided for	5,364	5,364
Provision for doubtful debts	(5,364)	(5,364)
	<u>157,193</u>	<u>144,977</u>
	<u><u>157,193</u></u>	<u><u>144,977</u></u>

Included in the receivables are debtors with a carrying amount of € 148,482 (2013: € 140,241) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	<b>2014</b> <b>€</b>	<b>2013</b> <b>€</b>
Not more than 3 months	3,211	9,824
More than 3 months but not more than 6 months	6,392	10,080
More than 6 months	138,879	120,337
	<u>148,482</u>	<u>140,241</u>

The movement in the provision for doubtful debts is as follows:

	<b>2014</b> <b>€</b>	<b>2013</b> <b>€</b>
Balance at 1 January	5,364	5,231
Increase in provision for general receivables	-	133
	<u>5,364</u>	<u>5,364</u>

## 15. Notes to the Statement of Cash Flows

Cash and cash equivalents included in the Statement of Cash Flows comprise the following amounts in the Statement of Financial Position:

	<b>2014</b> <b>€</b>	<b>2013</b> <b>€</b>
Bank Balances	513,151	676,364
Cash in Hand	6,030	256
	<u>519,181</u>	<u>676,620</u>



**16. Payables**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Payables	390,668	426,885
Other creditors	671	671
Accruals	204,103	126,167
<b>Financial liabilities</b>	<b>595,442</b>	<b>553,723</b>
Deferred Income	31,637	34,792
	<u>627,079</u>	<u>588,515</u>

**17. Deferred Income**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
<b>Government grants</b>		
At 1 January 2014	341,561	387,688
Increase / (Decrease) in year	151,112	(11,622)
	<u>492,673</u>	<u>376,066</u>
Released in year	(34,830)	(34,505)
At 31 December 2014	<u>457,843</u>	<u>341,561</u>
<b>Current Deferred Income</b>	<b>31,637</b>	<b>34,792</b>
<b>Non-Current Deferred Income</b>	<b>426,206</b>	<b>306,769</b>
<b>Deferred Government Grants</b>		
Deferred between one and two years	59,964	65,977
Deferred between two and five years	68,514	75,563
Deferred in five years or more	329,365	200,021
	<u>457,843</u>	<u>341,561</u>
<b>Deferred after five years or more:</b>		
Government Grants	<u>329,365</u>	<u>200,021</u>

**Note**

The decrease in grants during the year 2013 is partially the result of a reduction in the final value of works certified for the resurfacing of road at Qui Si Sana seafront than originally estimated upon application for the Urban Improvement Funds with MEPA. This reduction amounts to €2,244. The other deduction of €9,377 is a withdrawal of a grant committed by Transport Malta in favour of the Council after the Transport Malta resolved to utilise its own contractor to commission the remaining works - making the scope for the grant null and void.

**18. Capital commitments**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	10,000	73,000
Contracted for but not provided in the financial statements	<u>100,000</u>	<u>300,000</u>
(i) Approved but not yet contracted for:		
Urban Improvements	6,000	5,000
Office Furniture & Fittings	2,000	1,000
Embellishment Independence Garden Playing Field	-	65,000
Office Equipment	<u>2,000</u>	<u>2,000</u>
	<u>10,000</u>	<u>73,000</u>
(ii) Contracted for but not provided in the Financial Statements:		
Road resurfacing	<u>100,000</u>	<u>300,000</u>
	<u>100,000</u>	<u>300,000</u>

**19. Contingent liabilities**

The Council signed a Joint Cooperation Agreement with Pembroke, San Giljan, San Gwann and Swieqi Councils on the 3rd November 1999. This was further amended by an agreement signed on 14th August 2002 where the Council entered into a Pooling agreement. Clause 18.1 of the said agreement entails that the Council deposits €2,329 as a bank guarantee. This is to indemnify the Joint Committee against any breach of the agreement by Local Council Sliema.

**20. Related party transactions**

During the year under review, the Council carried out transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Ministry for Tourism	Significant control
Department of Local Councils	Significant control
Lvant Joint Committee (Local Enforcement)	Joint Control
Northern Harbour District Joint Committee	Joint Control
Central Regional Committee	Joint Control
Gozo Regional Committee	No control
South Regional Committee	No control
North Regional Committee	No control
South Eastern Regional Committee	No control
Transport Malta	No control
Department of Information	No control
Director General - DEF	No control
Manufacturing and Servicing Department	No control
Ministry for Resources and Rural Affairs (Dissolved at 31 December 2013)	No control
Ministry of Education - Permanent Secretary	No control
Malta Communications Authority	No control
College Principal - St. Claire College	No control
Local Councils Association Malta	No control
Department of Lands	No control
CVA Technology Limited	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
ARMS Limited	No control
Commissioner of Police	No control
Ministry for Interior and National Security - Permanent Secretary	No control
Wasteserv Malta Limited	No control

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

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Annual Financial Allocation	952,386	936,998

**Key management compensation**

Transactions with key management personnel are disclosed in note 7.

**21. 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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

***Credit risk***

Financial assets which potentially subject the Council to concentrations of credit risk consist principally of cash at bank and debtors. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one 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. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

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 summarised as follows:

	<b>2014</b>	<b>2013</b>
	€	€
<i>Classes of financial assets - carrying amounts</i>		
Trade and other receivables	311,945	261,804
Cash and cash equivalents	519,181	676,620
	<u>831,126</u>	<u>938,424</u>

**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 € 519,181. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position of € 1,653,504 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:

	<b>Current</b>	<b>Non-Current</b>	
	<b>within</b>	<b>1 to 5</b>	<b>later than</b>
	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
	€	€	€
Payables	390,668	-	-
Other creditors	671	-	-
Accruals	204,103	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

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

	<b>Current</b>	<b>Non-Current</b>	
	<b>within</b>	<b>1 to 5</b>	<b>later than</b>
	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
	€	€	€
Payables	426,885	-	-
Other taxes and social security costs	-	-	-
Other creditors	671	-	-
Accruals	126,167	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

**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 currencies.

**Interest rate risk**

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

**22. Summary of financial assets and liabilities**

The carrying amounts of the council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows.

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
<b>Current assets</b>		
Loans and receivables:		
Trade and other receivables	311,945	261,804
Cash and cash equivalents	519,181	676,620
	<u>831,126</u>	<u>938,424</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised cost:		
Payables	390,668	426,885
Other creditors	671	671
Accruals	204,103	126,167
	<u>595,442</u>	<u>553,723</u>

**23. 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.