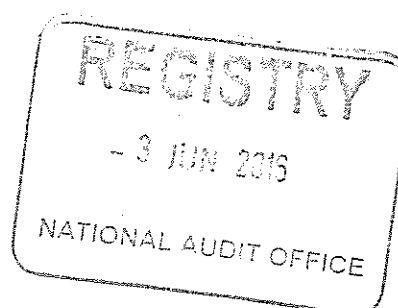


Local Council Sliema
Annual Audit Report
for the year ended 31 December 2015

Prepared by 3a



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

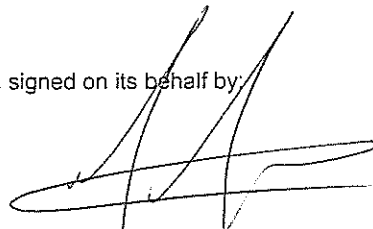
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the year, and of the Council's retained funds at the end of year. By virtue of the same regulations 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 5 May 2016 and signed on its behalf by:



Anthony Chircop
Mayor



Matthew Dimech
Executive Secretary

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 Sliema 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 auditors

As described in page 1, 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 Lvant Joint Committee and LES debtors at that date were transferred to the Joint Committee as well. The Lvant 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.

Financial statements for the year ended 31 December 2015

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

Basis for qualified opinion (continued)

We were unable to determine the amount of any income the Council is entitled to receive from Lvant Joint Committee since its audited financial statements were not made available to us.

2. The cash flow statement does not reflect the correct cash inflows from grants as required by IAS 7 *Statement of Cash Flow*.
3. Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Council (Financial) Procedures, 1996.
4. The council has a negative FSI index which is lower than the minimum balance of 10% of the annual Government allocation allowed by the Local Councils (Financial) Procedures.

Qualified opinion

In our opinion, except for the effects of the matters described in paragraphs 1 and 2 above, the financial statements give a true and fair view of the financial position of Sliema Local Council as of 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 8 to 12.

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



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

Mazars Malta
Certified Public Accountants
Attard

5 May 2016

Statement of Comprehensive Income
for the year ended 31 December 2015

	Notes	2015 €	2014 €
Revenue			
Funds received from Central Government	3	1,063,068	1,040,983
Income raised under Local Council Bye-Laws	4	11,002	8,273
Income raised under Local Enforcement System	5	22,701	14,481
General Income	6	153,681	61,637
		<u>1,250,452</u>	<u>1,125,374</u>
Expenditure			
Personal Emoluments	7	(173,856)	(152,740)
Operations and maintenance	8	(737,547)	(780,055)
Administration and other expenditure	9	(479,753)	(337,596)
		<u>(1,391,156)</u>	<u>(1,270,391)</u>
Operating loss for the year		(140,704)	(145,017)
Finance income	10	1,542	2,943
		<u>(139,162)</u>	<u>(142,074)</u>
Loss for the year	7	<u>(139,162)</u>	<u>(142,074)</u>

The notes on pages 8 to 27 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2015

	Notes	2015 €	2014 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	1,757,783	1,869,321
Intangible assets	11	2,164	1,177
		<u>1,759,947</u>	<u>1,870,498</u>
Current Assets			
Inventories	13	1,784	1,804
Receivables	14	281,829	315,306
Cash and cash equivalents	15	630,039	519,181
		<u>913,652</u>	<u>836,291</u>
Total Assets		<u><u>2,673,599</u></u>	<u><u>2,706,789</u></u>
EQUITY			
Reserves			
Retained earnings		1,514,342	1,653,504
Total equity		<u><u>1,514,342</u></u>	<u><u>1,653,504</u></u>
Non-Current Liabilities			
Deferred income	17	545,899	426,206
		<u>545,899</u>	<u>426,206</u>
Current Liabilities			
Payables	16	613,358	627,079
		<u>613,358</u>	<u>627,079</u>
Total Liabilities		<u><u>1,159,257</u></u>	<u><u>1,053,285</u></u>
Total equity and liabilities		<u><u>2,673,599</u></u>	<u><u>2,706,789</u></u>

These financial statements were approved by the Local Council on 5 May 2016 and signed on its behalf by:

Anthony Chircop
Mayor

Matthew Dimech
Executive Secretary

The notes on pages 8 to 27 form an integral part of these financial statements.

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

	Retained Funds	Total
	€	€
At 1 January 2014	1,795,578	1,795,578
Loss for the year	(142,074)	(142,074)
At 31 December 2014	<u>1,653,504</u>	<u>1,653,504</u>
At 1 January 2015	1,653,504	1,653,504
Loss for the year	(139,162)	(139,162)
At 31 December 2015	<u>1,514,342</u>	<u>1,514,342</u>

Statement of Cash Flows
for the year ended 31 December 2015

	2015	2014
	€	€
Net loss for the year	(139,162)	(142,074)
Reconciliation to cash generated from operations:		
Depreciation	199,038	137,141
Movement in provision for doubtful debtors	19,512	-
Investment income	(1,542)	(2,943)
Government grant released	(36,814)	(34,830)
Operating (loss)/profit before working capital changes	41,032	(42,706)
Decrease in inventories	20	-
Increase / (Decrease) in receivables	(4,474)	(12,216)
Increase / (Decrease) in other receivables	18,548	(34,728)
Increase / (Decrease) in payables	13,330	(36,217)
(Decrease) / Increase in other payables	(23,740)	77,936
Cash generated from operating activities	44,716	(47,931)
Cash flow from investing activities		
Interest received	1,433	1,849
Purchase of intangible fixed assets	(243)	(918)
Purchase of property, plant & equipment	(88,244)	(261,551)
Receipt of grants	153,196	151,112
Cash generated from investing activities	66,142	(109,508)
Net Increase in cash in the year	110,858	(157,439)
Cash and equivalents at beginning of year	519,181	676,620
Cash and equivalents at end of year	630,039	519,181

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 5 May 2016. 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 period under review, the Council adopted new standards, amendments and interpretations to existing standards that are mandatory for the Council's accounting period beginning on 1 January 2015. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Council's accounting policies.

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 period under review.

IFRS 9 Financial instruments is applicable for annual periods beginning on or after 1 January 2015. 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 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. Subsequently, as from 1st October 2015, the Local Enforcement System Authority is now responsible for the overall management and control of the Local Enforcement System.

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	2015	2014
	€	€
In terms of section 55 of the Local Councils Act	983,317	952,386
Supplementary Government Income	42,937	53,767
Other Government Income	36,814	34,830
	<u>1,063,068</u>	<u>1,040,983</u>
4. Income raised from Bye-Laws	2015	2014
	€	€
Bye-Laws - Advertising on Street Furniture	11,002	7,664
Bye-Laws - Organisation of courses	-	609
	<u>11,002</u>	<u>8,273</u>
5. Local Enforcement System	2015	2014
	€	€
Administrative reimbursement on fines collected	15,358	14,481
Share of Profits from Joint Committee	7,343	-
	<u>22,701</u>	<u>14,481</u>
6. General Income	2015	2014
	€	€
Community Services	915	(1,040)
Cultural Events	3,447	2,336
Sponsorships	12,346	2,000
Tender Documents/Info. Charges	1,280	1,681
Media Advertising	13,494	6,758
Refund of expenses	3,397	3,398
Discounts and Waiver of amounts payable	24,282	-
Insurance Claims	-	2,298
Income from Permits	94,520	44,206
	<u>153,681</u>	<u>61,637</u>

7. (Loss)/Profit for the year

	2015	2014
	€	€
(Loss)/Profit for the year is stated after charging:		
Staff salaries		
Depreciation of intangible assets	Note 173,856	152,740
Depreciation of tangible assets	665	256
	<u>198,373</u>	<u>136,885</u>

Staff salaries

	2015	2014
	€	€
Mayor's Remuneration		
Councillors' Allowances	14,097	13,736
Executive Secretary Salary and Allowances	13,600	13,514
Employees' Salaries	32,473	31,689
Social Security Contributions	103,158	84,859
	<u>10,528</u>	<u>8,942</u>
	<u>173,856</u>	<u>152,740</u>

Average number of people employed

Employees	7	5
Mayor & Councillors	<u>11</u>	<u>11</u>

8. Operations and Maintenance

	2015	2014
	€	€
Repairs and Upkeep:		
Public Property		
Road/Street Pavements	-	389
Signs	82,872	146,573
Road Markings	7,251	5,418
Office Furniture and Equipment	10,611	8,171
Sundry Repairs	-	515
Other repairs and Upkeep	-	94
Council Property	43,325	33,029
	<u>225</u>	<u>-</u>
	<u>144,284</u>	<u>194,189</u>

Local Council Sliema

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

<i>Contractual Services:</i>		
Waste Disposal	114,780	107,139
Refuse Collection	161,848	165,384
Bulky Refuse Collection	27,651	24,299
Hiring of Bins on Wheels	11,671	6,556
Cleaning Services	7,532	9,487
Road & Street Cleaning	137,968	143,647
Cleaning - Public Conveniences	42,309	40,772
Cleaning - Council Premises	1,554	1,491
Clean. & Maint. Parks & Gardens	61,988	61,988
Street Lighting	25,703	24,870
Updating of data	-	233
Local Enforcement Expenses	259	-
	<u>593,263</u>	<u>585,866</u>
 Total Operations and Maintenance Costs	 <u>737,547</u>	 <u>780,055</u>

9. Administration and other expenditure

	2015	2014
	€	€
Utilities	33,200	37,946
Other repairs and upkeep	20,725	16,019
Rent	3,917	3,655
National and International Memberships	440	375
Office Services	11,141	14,453
Transport	2,324	1,517
Travel	2,044	2,394
Information Services	22,828	24,258
Lease of Equipment	6,484	5,572
Insurance Coverage	3,205	3,234
Bank Charges	402	102
Professional Services	95,591	49,088
Training	7,972	14,558
Other Hospitality Costs	714	778
Social Events	46,122	22,072
Cultural Events	3,545	4,727
Community Services	81	1,359
Sundry Minor Expenses	468	147
Provision for Doubtful Debtors	19,512	-
Third party liability damages	-	(1,799)
Depreciation	199,038	137,141
	<u>479,753</u>	<u>337,596</u>

10. Finance Income

	2015	2014
	€	€
Bank interest receivable	1,542	2,943
	<u>1,542</u>	<u>2,943</u>

11. Intangible fixed assets

Cost	€
At 1 April 2015	3,861
Additions	243
Assets capitalised	1,409
At 31 December 2015	<u>5,513</u>
Provision for diminution in value	
At 1 April 2015	2,684
Charge for year	665
At 31 December 2015	<u>3,349</u>
Net book values	
At 31 December 2015	<u>2,164</u>
At 31 December 2014	<u>1,177</u>

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

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
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2014	186,515	302,208	98,345	902,720	59,708	46,636	17,026	1,734,293	3,347,451
Additions	-	255,567	-	3,653	2,331	-	-	-	261,551
Assets Capitalised	-	(50,267)	-	50,267	-	-	-	-	-
Disposals/Impairment	-	-	-	-	(2,943)	-	-	-	-
At 31 December 2014	186,515	507,508	98,345	956,640	59,096	46,636	17,026	1,734,293	3,606,059
Depreciation									
At 1 January 2014	28,577	-	98,345	587,382	38,919	24,299	13,008	656,617	1,447,147
On impairment	-	-	-	-	(2,428)	-	-	-	(2,428)
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	623,578	40,869	25,974	13,811	748,872	1,581,605
Grants									
At 1 January 2014	-	-	-	-	-	-	-	155,133	155,133
At 31 December 2014	-	-	-	-	-	-	-	-	-
Net book values									
At 31 December 2014	156,359	507,508	-	333,062	18,227	20,662	3,215	830,288	1,869,321

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

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
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2015	186,515	507,510	98,345	956,640	59,096	46,636	17,026	1,734,293	3,606,061
Additions	-	71,575	-	13,585	2,010	1,074	-	-	88,244
Assets Capitalised	-	(257,596)	-	205,532	-	-	-	50,655	(1,409)
At 31 December 2015	186,515	321,489	98,345	1,175,757	61,106	47,710	17,026	1,784,948	3,692,896
Depreciation									
At 1 January 2015	30,157	-	98,345	623,579	40,869	25,974	13,811	748,872	1,581,607
Charge for the year	1,564	-	-	102,443	4,076	1,556	643	88,091	198,373
At 31 December 2015	31,721	-	98,345	726,022	44,945	27,530	14,454	836,963	1,779,980
Grants									
At 1 January 2015	-	-	-	-	-	-	-	155,133	155,133
At 31 December 2015	-	-	-	-	-	-	-	155,133	155,133
Net book values									
At 31 December 2015	154,794	321,489	-	449,735	16,161	20,180	2,572	792,852	1,757,783

13. Inventories

	2015	2014
	€	€
Books and other publications	1,784	1,804

14. Receivables

	2015	2014
	€	€
Receivables	Note 141,982	157,193
LES Debtors	Note 173	-
Other receivables	5,326	5,266
Accrued income	128,992	149,486
Financial assets	276,473	311,945
Prepayments	5,356	3,361
	281,829	315,306

Receivables

General receivables are analysed as follows:

	2015	2014
	€	€
Within credit period	10,152	8,711
Exceeded credit period but not impaired	123,209	148,482
Impaired and provided for	24,876	5,364
Provision for doubtful debts	(24,876)	(5,364)
	133,361	157,193

Included in the receivables are debtors with a carrying amount of € 132,172 (2014: € 148,482) 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:

	2015 €	2014 €
Not more than 3 months	8,493	3,211
More than 3 months but not more than 6 months	-	6,392
More than 6 months	114,716	138,879
	<u>123,209</u>	<u>148,482</u>

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

	2015 €	2014 €
Balance at 1 January	5,364	5,364
Increase in provision for general receivables	19,512	-
	<u>24,876</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:

	2015 €	2014 €
Bank Balances	626,712	513,151
Cash in Hand	3,327	6,030
	<u>630,039</u>	<u>519,181</u>

16. Payables

	2015 €	2014 €
Payables	403,998	390,668
Other taxes and social security costs	277	-
Other creditors	671	671
Accruals	172,352	204,103
Financial liabilities	577,298	595,442
Deferred Government Grants (Refer Note 17)	28,326	31,637
Other Deferred Income	7,734	-
	<u>613,358</u>	<u>627,079</u>

17. Deferred income

	2015 €	2014 €
Government grants		
At 1 January 2015	457,843	341,561
Increase / (Decrease) in year	153,196	151,112
	<u>611,039</u>	<u>492,673</u>
Released in year	(36,814)	(34,830)
At 31 December 2015	<u>574,225</u>	<u>457,843</u>
Current Deferred Income	28,326	31,637
Non-Current Deferred Income	545,899	426,206
Deferred Government Grants		
Deferred between one and two years	25,376	59,964
Deferred between two and five years	61,432	68,514
Deferred in five years or more	459,091	329,365
	<u>545,899</u>	<u>457,843</u>
Deferred after five years or more:		
Government Grants	<u>459,091</u>	<u>329,365</u>

18. Capital commitments

	2015 €	2014 €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	256,100	10,000
Contracted for but not provided in the financial statements	<u>40,000</u>	<u>100,000</u>
(i) Approved but not yet contracted for:		
Urban Improvements	6,000	6,000
Office Furniture & Fittings	2,000	2,000
Embellishment Independence Gardens	246,100	-
Office Equipment	<u>2,000</u>	<u>2,000</u>
	<u>256,100</u>	<u>10,000</u>
(ii) Contracted for but not provided in the Financial Statements:		
Road paving and construction	40,000	-
Road resurfacing	<u>-</u>	<u>100,000</u>
	<u>40,000</u>	<u>100,000</u>

The projects outlined above will be financed through funds received from the Regional Committee out of the administration of the Local Enforcement System and other ordinary funds earmarked specifically out of the annual allocation granted to the Council by Central Government.

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
Local Enforcement System Authority	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:

	2015	2014
	€	€
Annual Financial Allocation	<u>983,317</u>	<u>952,386</u>

Key management compensation

Transactions with key management personnel are disclosed in note 7. The key management personnel of the Council is composed of the Mayor, Councillors and Executive Secretary.

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:

	2015	2014
	€	€
<i>Classes of financial assets - carrying amounts</i>		
Trade and other receivables	276,473	311,945
Cash and cash equivalents	630,039	519,181
	<u>906,512</u>	<u>831,126</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 € 630,039. 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 € 1,514,342 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2015, the Council's financial liabilities have contractual maturities which are summarised below:

	Current	Non-Current	
	within	1 to 5	later than
	1 year	5 years	5 years
	€	€	€
Payables	403,998	-	-
Other creditors	671	-	-
Accruals	172,352	-	-
	<u> </u>	<u> </u>	<u> </u>

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

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

	2015 €	2014 €
Current assets		
Loans and receivables:		
Trade and other receivables	276,473	311,945
Cash and cash equivalents	630,039	519,181
	<u>906,512</u>	<u>831,126</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	403,998	390,668
Other taxes and social security costs	277	-
Other creditors	671	671
Accruals	172,352	204,103
	<u>577,298</u>	<u>595,442</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.