

**Tarxien Local Council
Audited Financial Statements
for the year ended 31 December 2014**

Compiled by: Mazars Consulting Ltd

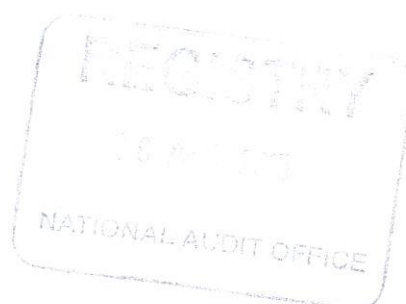


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Financial Statements for the year ended 31 December 2014

Statement of Local Council Members' and Executive Secretary's Responsibilities

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 income and expenditure 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, 1993 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 1993, and the Local Councils (Financial) Procedures 1996. The Executive Secretary is also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Joseph Abela
Mayor



Antonella Galea
Executive Secretary

Date:

Statement of financial position as at 31 December 2014

	Notes	2014 EUR	2013 EUR Restated	2013 EUR Opening Restated
ASSETS				
Non-current assets				
Intangible assets	13	2,399	667	889
Plant and equipment	12	1,244,354	1,382,993	1,013,353
Investment in Joint Venture	25	-	-	2,942
		1,246,753	1,383,660	1,017,184
Current assets				
Inventory	14	2,750	2,806	2,868
Trade and other receivables	15	79,091	66,926	156,567
Cash in hand and at bank	16	35,131	71,720	29,877
		116,972	141,452	189,312
Total assets		1,363,725	1,525,112	1,206,496
EQUITY AND LIABILITIES				
Reserves				
Retained earnings		733,206	710,633	717,035
Non-current liabilities				
Long Term creditors	19	74,354	103,654	72,740
Deferred Income	18	423,708	466,751	276,921
		498,062	570,405	349,661
Current liabilities				
Bank Current account	16	20,058	23,335	8,958
Trade creditors and other payables	17	67,609	171,436	113,650
Deferred Income	18	44,790	49,303	17,192
		132,457	244,074	139,800
Total reserves and liabilities		1,363,725	1,525,112	1,206,496

These financial statements were approved by the Local Council on 23 April 2015, and signed on its behalf by:


Mr. Joseph Abela
Mayor


Ms. Antonella Galea
Executive Secretary

**Statement of Profit or Loss and Other Comprehensive Income for the year ended
31 December 2014**

	Notes	2014 EUR	2013 EUR restated
Income			
Funds from central government	5	530,565	521,603
Income raised under LES	6	6,666	6,039
General income	8	19,984	17,516
		<u>557,215</u>	<u>545,158</u>
Expenditure			
Personal emoluments	9	(107,349)	(120,274)
Operations and maintenance	10	(232,846)	(220,133)
Administration and other expenditure	11	(194,010)	(201,224)
Loss on Joint Venture	25	(676)	(10,161)
		<u>(534,881)</u>	<u>(551,792)</u>
Operating profit / (loss) for the year		22,334	(6,634)
Investment Income	7	239	232
Profit / (Loss) for the year		<u>22,573</u>	<u>(6,402)</u>

Statement of financial position as at 31 December 2014

	Notes	2014 EUR	2013 EUR Restated	2013 EUR Opening Restated
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These financial statements were approved by the Local Council on 23 April 2015, and signed on its behalf by:


Mr. Joseph Abela
Mayor


Ms. Antonella Galea
Executive Secretary

Statement of Changes in Equity for the year ended 31 December 2014

	Retained Funds
	EUR
Balance at 31 December 2012 (restated)	717,035
Loss for the year (restated)	<u>(6,402)</u>
Balance at 31 December 2013	710,633
Profit for the year	22,573
Balance at 31 December 2014	<u>733,206</u>

Statement of Cash flows for the year ended 31 December 2014

	Notes	2014 EUR	2013 EUR restated
Cash flows from operating activities			
Profit / (Loss) for the year		22,573	(6,402)
Adjusted for:			
Depreciation		125,699	109,105
Amortization of intangible assets		568	222
Joint Venture – effect of change in accounting policy		-	2,943
Adjustment to carrying value of assets		31,007	-
Grant Income released during the year		(49,857)	(28,314)
Interest receivable		(239)	(232)
		<u>129,751</u>	<u>77,322</u>
Movement in working capital:			
Inventories		56	62
Receivables		(12,165)	89,641
Payables		<u>(133,127)</u>	<u>88,700</u>
Net cash generated from operating activities		<u>(15,485)</u>	<u>255,725</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(18,067)	(478,745)
Purchase of intangible assets		(2,300)	-
Grants proceeds for capital expenditure		2,301	250,254
Interest received		239	232
		<u>(17,827)</u>	<u>(228,259)</u>
Net cash used in investing Activities		<u>(17,827)</u>	<u>(228,259)</u>
Net movement in cash and cash equivalents		<u>(33,312)</u>	<u>27,466</u>
Cash and cash equivalents at the beginning of the year		48,385	20,919
Cash and cash equivalents at the end of the year	16	<u>15,073</u>	<u>48,385</u>

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

1. General Information

Tarxien Local Council is the local authority of Tarxien setup in accordance with the Local Councils Act. The office of the Local Council is situated at 73, Saint Mary Street, Tarxien. These financial statements were approved for issue by the Council Members on 19th February 2015. The Local Council is in charge to maintain cleanliness in the locality, the maintenance and up-keep of public property and enjoys further responsibilities to provide a wide spectrum of services to residents, commercial entities and visitors alike. The Council's role also necessitates that development and up-keep is undertaken in a way that it preserves the natural environment and supports sustainable development. The Council's presentation as well as functional currency is denominated in Euro.

2. Summary of significant accounting policies

The principal accounting policies adopted 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.

2.1 Basis of preparation

These consolidated financial statements are 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). The consolidated financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below.

These financial statements are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

The accounting policies adopted are consistent with those of the previous financial period except as follows:

The Council has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2014:

- IAS 32 Amendments – Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities.
- IAS 36 Amendments– Recoverable Amount Disclosures for Non-Financial Assets *(applicable for financial period beginning in or after 1 January 2014)*
- IAS 39 Amendments – Novation of Derivatives and Continuation of Hedge Accounting *(applicable for financial period beginning in or after 1 January 2014)*
- IFRS 10, IFRS 12 and IAS 27 Amendments – Investment entities *(applicable for financial period beginning in or after 1 January 2014)*

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.1 Basis of preparation cont...

- IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities – Transition Guidance (*applicable for financial period beginning in or after 1 January 2014*)
- IFRS 10 – Consolidated Financial Statements (*applicable at the latest, for financial period beginning in or after 1 January 2014*)
- IFRS 11 – Joint Arrangements (*applicable at the latest, for financial period beginning in or after 1 January 2014*)
- IFRS 12 – Disclosure of Interests in Other Entities (*applicable at the latest, for financial period beginning in or after 1 January 2014*)
- IAS 27 – Separate Financial Statements (*applicable at the latest, for financial period beginning in or after 1 January 2014*)
- IAS 28 – Investments in Associates and Joint Ventures (*applicable at the latest, for financial period beginning in or after 1 January 2014*)
- IFRIC Interpretation 21 – Levies (*applicable for financial period beginning in or after 1 January 2014*)

The adoption of the above new and amended standards and IFRIC interpretations did not have an impact on the financial position or performance of the Council.

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective up to 31 December 2014

Up to the financial position date, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Council has not yet adopted. The Council anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no impact on the financial statements of the Council in the period of initial application. These are as follows:

- IFRIC 19: (Amendments arising from IFRS9) – Extinguishing Financial Liabilities with Equity Instruments (*effective on adoption of IFRS 9*)
- Annual improvements to IFRSs 2010-2012 Cycle (*applicable for financial period beginning in or after 1 July 2014*)
- Annual improvements to IFRSs 2011 – 2013 Cycle (*applicable for financial period beginning in or after 1 July 2014*)
- IAS 19 Amendments – Defined Benefit Plans: Employee Contributions (*applicable for financial period beginning in or after 1 July 2014*)

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.1 Basis of preparation cont...

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 10, IFRS 12 and IAS 28 Amendments – Investment Entities: Applying the Consolidation Exemption
- IAS 1 Amendments – Disclosure Initiative
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- IFRS 10 and IAS 28 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 27 Amendments – Equity Method in Separate Financial Statements
- IAS 16 and IAS 41 Amendments – Bearer Plants
- IAS 16 and IAS 38 Amendments – Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 11 Amendments – Accounting for Acquisition of interest in Joint Operations

The Council is assessing the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the Council in the period of initial application.

2.2 Significant accounting policies

The principal accounting policies and reporting procedures used by the Council are as follows:

a. 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 Profit or Loss and Other Comprehensive Income as it accrues.

b. Local Enforcement System

The Tarxien Local Council forms part of the Regjun Xlokk. On 01 September 2011, all LES funds were diverted to five regions. With effect from 01 September 2011, the only income attributable to the Council is commission income based on the value of contraventions paid at Tarxien Local Council.

Prior to 01 September 2011, the Tarxien Local Council formed part of the Southern 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. The share of profit derived from the Joint Committee is accounted for on a cash basis.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.1 Basis of preparation cont...

c. Property, Plant and Equipment

Property, plant and equipment is 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:

Trees	%
Buildings	0
Office Furniture and Fittings	1
Construction Works	7.5
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	10
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	20
Plants	25
Litter Bins	100
Playground furniture	replacement basis
Traffic Signs	100
Road Signs	replacement basis
Street Mirrors	replacement basis
Street Lights	replacement basis
	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 recognized 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 Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.2 Significant accounting policies cont...

d. Government Grants

Government grants are accounted for on a systematic basis in the Statement of Profit or Loss and Other Comprehensive Income over the periods necessary to match them with the related costs which they are intended to compensate. If such costs have already been incurred when the grant is made, or if there are no related costs, then the grant is accounted for when it becomes available.

Government grants related to assets are presented in the Statement of Financial Position as Deferred Income, which is recognised as income on a systematic basis over the useful life of the asset.

In order to comply with the guidance received from the Department of Local Councils (ref Memo 150/2010) dated 23rd December 2010, the Council adopted the Income Approach as the method of presentation adopted in the financial statements with effect from 1 January 2010.

e. 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 Profit or Loss and Other Comprehensive Income.

The impairment loss on investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

f. 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 in 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 Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.2 Significant accounting policies cont...

g. Foreign Currencies

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

Transactions denominated in foreign currencies are translated into Euro at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Financial Position.

h. Profit 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.

i. Cash and Cash Equivalents

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

j. Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material in which case trade and other payables are measured at amortised cost using the effective interest method.

k. Intangible fixed assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a reducing balance basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer Software

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

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.2 Significant accounting policies cont...

l. 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 Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

m. Financial instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of a 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 are 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.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.2 Significant accounting policies cont...

m. Financial instruments cont...

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 trade and other payables. Trade payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

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

n. Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard 24.

o. 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.

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.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

2.2 Significant accounting policies cont...

p. 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. Except for the issues highlighted in note 3 below, the Council is of the opinion that 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'.

q. Inventories

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The judgements (apart from those involving estimations) made by the Council in the process of applying the Council's accounting policies, and that can significantly affect the amounts recognised in the financial statements, are discussed below:

i) Amortized cost

In 2013, road works falling within the Public Private Partnership (PPP) scheme were completed. Through this scheme, the Council has entered into a contract whereby the contractor has undertaken road resurfacing works. 40% of the total amount due was settled immediately with the balance to be paid over the next eight years in varying percentages under contractual obligations with the supplier. The balance due to the contractor as at end of 2013 amounts to EUR 183,560. IAS 39 – Financial Instruments: Recognition & Measurement requires that such loans and receivables are accounted for at amortized cost. The Council accounted for this long term liability by arriving at their present value after applying a discount rate of 5.2 % (equivalent to the cost of debt).

ii) Change in accounting estimate

In 2013, the Council provided for an estimate for credit notes to be received from the PPP contractor for works related to Water Services Corporation and GO plc and their respective Contract Management Fees. The estimate amounted to EUR 34,719.

In 2014, the Council obtained a more accurate estimate. The revised estimates amount to EUR 65,922. As at 31st December 2014, the PPP contractor had not yet issued the respective credit notes. The Council, however deemed appropriate to account for the revised estimate. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting estimate was applied prospectively.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

**3. Judgments in applying accounting policies and key sources of estimation
Uncertainty cont....**

iii) Change in accounting policy – Joint Venture

The Council previously accounted for the Joint Venture it has with Cassar Ship for the operation of a 5 a side football pitch under IAS 31 – Interests in Joint Ventures as a Jointly Controlled Asset. With effect as from 1 January 2013, IFRS 11 – Joint Arrangements became effective and replaced IAS 31. IFRS 11 prescribed different classifications and accounting methods for Joint Ventures.

The Council has assessed the 5 a side Joint Venture as falling within the classification of a Joint Venture under IFRS 11. This classification prescribes a different accounting treatment to that applicable under IAS 31 – Interests in Joint Ventures. Resultantly, the prescribed accounting treatment changed from the proportionate line by line consolidation to the equity method.

This change in classification is considered by the Council as a change in accounting policy. The effect of this change has been accounted under the transitional provisions of IFRS 11, as prescribed by IAS 8 – Accounting Policies, changes on accounting estimates and errors.

	31 st December 2014 EUR	31 st December 2013 EUR	1 st January 2013 EUR
Property, Plant and Equipment recognized in Statement of Financial Position as reported, prior change in accounting policy.	1,244,354	1,384,697	1,021,871
Revised Property, Plant and Equipment recognized in Statement of Financial Position	1,244,354	1,382,993	1,013,353
Adjustment to Line Item	<u>-</u>	<u>(1,704)</u>	<u>(8,518)</u>
	31 st December 2014 EUR	31 st December 2013 EUR	1 st January 2013 EUR
Investment in Joint Venture recognized in Statement of Financial Position as reported, prior change in accounting policy.	-	-	-
Revised Investment in Joint Venture recognized in Statement of Financial Position	-	-	2,942
Adjustment to Line Item	<u>-</u>	<u>-</u>	<u>2,942</u>

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)
iii) Change in accounting policy – Joint Venture cont...

	31 st December 2014 EUR	31 st December 2013 EUR	1 st January 2013 EUR
Receivables recognized in Statement of Financial Position as reported, prior change in accounting policy.	79,091	66,926	156,691
Revised Receivables recognized in Statement of Financial Position	79,091	66,926	156,567
Adjustment to Line Item	<u>-</u>	<u>-</u>	<u>(124)</u>

	31 st December 2014 EUR	31 st December 2013 EUR	1 st January 2013 EUR
Cash & Cash Equivalents recognized in Statement of Financial Position as reported, prior change in accounting policy.	35,780	72,000	31,284
Revised Cash & Cash Equivalents recognized in Statement of Financial Position	35,131	71,720	29,877
Adjustment to Line Item	<u>(649)</u>	<u>(280)</u>	<u>(1,407)</u>

	31 st December 2014 EUR	31 st December 2013 EUR	1 st January 2013 EUR
Payables recognized in Statement of Financial Position as reported, prior change in accounting policy.	68,272	173,427	120,768
Revised Payables recognized in Statement of Financial Position	67,609	171,436	113,650
Adjustment to Line Item	<u>(663)</u>	<u>(1,991)</u>	<u>(7,118)</u>

During the year, the Council adopted the new accounting policy. As a result, there is no effect on the current year results.

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

4. Assessment of going concern

The Statement of Financial Position on page 5 and the notes thereto, suggest that the going concern assumption used in the preparation of these financial statements is dependent on the annual financial allocation by Central Government, the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above would not let the Council able to meet its financial obligations as they fall due without curtailing its future commitments.

5. Funds received from central government

	2014 EUR	2013 EUR
In terms of section 55 of the Local Councils Act (Cap 363)	447,619	448,276
Government grant income released	49,857	28,314
Other Grant Income received	33,089	45,013
	<u>530,565</u>	<u>521,603</u>

6. Local enforcement income

	2014 EUR	2013 EUR
Income raised from LES – Southern Joint Committee	988	1,000
Commission Income for contraventions paid at Council's premises	5,678	5,039
	<u>6,666</u>	<u>6,039</u>

Notes to the Financial Statements for the year ended 31 December 2014 (cont....)

10. Operations and Maintenance

	2014 EUR	2013 EUR
Repairs and upkeep:		
Road and street pavements (patching works)	23,563	23,615
Road markings and street signs	10,268	4,303
	<u>33,831</u>	<u>27,918</u>
Contractual Services:		
Refuse collection	74,240	70,659
Landfill tipping fees	57,032	51,897
Bulky refuse collection (including open skips)	5,634	6,260
Road and street cleaning (mechanical and manual)	42,542	41,945
Cleaning and maintenance of public conveniences	6,267	8,154
Cleaning and maintenance of parks and gardens	13,300	13,300
	<u>199,015</u>	<u>192,215</u>
	<u>232,846</u>	<u>220,133</u>

11. Administration and other expenditure

	2014 EUR	2013 EUR
Utilities	10,016	10,464
Other repairs and upkeep	330	146
Maintenance of Housing Authority blocks	-	18,018
Rent and other leases	11,690	11,523
National and international memberships	734	781
Office services	10,721	8,240
Transport	3,072	2,396
Information services	487	6,434
Other contractual services	4,380	5,200
Professional services	8,875	14,714
Community and hospitality	7,091	13,877
Depreciation and amortization	126,267	109,327
Bank charges	291	42
PPP Loan – implicit interest charge	10,000	-
Cost of books	56	62
	<u>194,010</u>	<u>201,224</u>