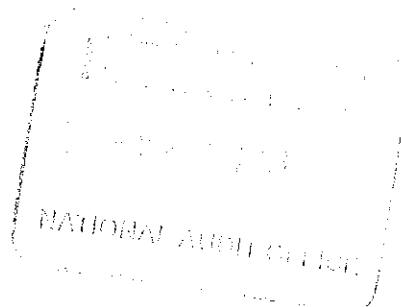


Local Council Zurrieq
Annual Audit Report
for the year ended 31 December 2015

Prepared by:
P & D Consultancy Services



Contents


	Page
Statement of Local Council Members' and Executive Secretary's Responsibilities	1
Report of the Local Government Auditor to Auditor General	2 - 3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 28

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

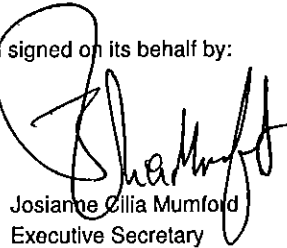
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of comprehensive income for the year, and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Council on 20 April 2016 and signed on its behalf by:



Ignatius Farrugia
Mayor



Josiane Cilia Mumford
Executive Secretary

ZURRIEQ LOCAL COUNCIL

Financial statements for the year ended 31 December 2015 Report of the Local Government Auditor to the Auditor General

Report on the Financial Statements for the year ended 31 December 2015

We have audited the accompanying financial statements of Zurrieq Local Council, which comprise the statement of financial position as at 31 December 2015, and the statement of Profit or Loss and other 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 from 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 director, 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 qualified audit opinion.

Basis for Qualified Opinion

The Council's fixed asset register is not in agreement with the amount presented in these financial statements. The aggregate Net book value included in the fixed asset register is €144,161 less than the Net book value included in these financial statements. This is not in accordance with the Local Council (Procedures) Regulations. This has the effect on depreciation for the year ended 31 December 2015, which effect cannot be quantified.

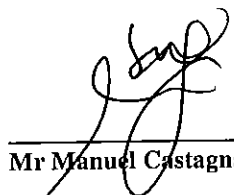
In view of the matters explained above we could not satisfy ourselves as to the existence, completeness and valuation of the carrying amount of property, plant and equipment at 31 December 2015 amounting to €1,901,414.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the financial statements give a true and fair view of the financial position of the Zurrieq Local Council as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory requirements

In our opinion, the financial statements do not comply fully with the Local Councils Act, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures, as the financial statements exclude the budgeted figures for the year and due to the matter described in the Basis for Qualified Opinion paragraph.



Mr Manuel Castagna
For and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date: 30th April 2016

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2015**

	Notes	2015 €	2014 €
Revenue			
Funds received from Central Government	3	817,884	816,972
Income raised under Local Enforcement System	4	8,933	10,190
General Income	6	42,712	42,253
		<u>869,529</u>	<u>869,415</u>
Expenditure			
Personal Emoluments	7	(125,027)	(117,393)
Operations and maintenance	8	(330,144)	(300,031)
Administration and other expenditure	9	(366,388)	(324,255)
		<u>(821,559)</u>	<u>(741,679)</u>
Operating profit for the year		47,970	127,736
Finance income	5	<u>1,215</u>	<u>1,644</u>
Profit for the year		<u>49,185</u>	<u>129,380</u>
Total comprehensive income		<u><u>49,185</u></u>	<u><u>129,380</u></u>

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

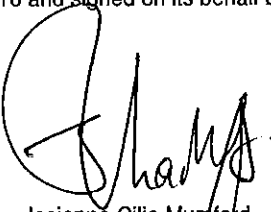
Statement of Financial Position
as at 31 December 2015

	Notes	2015 €	2014 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	1,901,414	2,015,523
		<u>1,901,414</u>	<u>2,015,523</u>
Current Assets			
Receivables	11	26,026	22,730
Cash and cash equivalents	12	452,423	355,901
		<u>478,449</u>	<u>378,631</u>
Total Current Assets		<u>478,449</u>	<u>378,631</u>
Total Assets		<u><u>2,379,863</u></u>	<u><u>2,394,154</u></u>
RESERVES			
Retained earnings		1,535,296	1,486,111
Total reserves		<u>1,535,296</u>	<u>1,486,111</u>
Non-Current Liabilities			
Long-term borrowings	14	33,348	72,827
Non-current Deferred Income	15	637,998	644,365
		<u>671,346</u>	<u>717,192</u>
Current Liabilities			
Trade and other payables	13	134,205	118,711
Short-term borrowings	14	39,016	72,140
		<u>173,221</u>	<u>190,851</u>
Total Liabilities		<u><u>844,567</u></u>	<u><u>908,043</u></u>
Total reserves and liabilities		<u><u>2,379,863</u></u>	<u><u>2,394,154</u></u>

These financial statements were approved by the Local Council on 20th April 2016 and signed on its behalf by:



Ignatius Farrugia
Mayor



Josianne Cilia Munford
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 2015**

	Retained Funds	Total
	€	€
At 1 January 2014	1,356,731	1,356,731
Profit for the year	129,380	129,380
Total comprehensive income	<u>129,380</u>	<u>129,380</u>
At 31 December 2014	<u>1,486,111</u>	<u>1,486,111</u>
 At 1 January 2015	 1,486,111	 1,486,111
Profit for the year	49,185	49,185
Total comprehensive income	<u>49,185</u>	<u>49,185</u>
At 31 December 2015	<u>1,535,296</u>	<u>1,535,296</u>

Statement of Cash Flows
for the year ended 31 December 2015

	2015		2014	
	€	€	€	€
Net profit for the year	49,185		129,380	
Reconciliation to cash generated from operations:				
Amortisation and Depreciation	234,539		232,586	
Movement in Provision for Doubtful Debts	402		(1,688)	
Government grants released	87,095		61,837	
Interest receivable	(1,215)		(1,644)	
Operating surplus before working capital changes	195,816		296,797	
(Increase) / Decrease in receivables	(114)		141,872	
(Increase) in other receivables	(3,584)		-	
Increase / (decrease) in payables	13,860		(219,053)	
Increase in other payables	1,781		-	
Cash generated from operating activities		207,759		219,616
Cash flow from Investing activities				
Interest received	1,215		1,644	
Purchase of property, plant & equipment	(120,430)		(131,623)	
Grants received	80,581		-	
Cash (used in) Investing activities		(38,634)		(129,979)
Cash from financing activities				
Repayment of short term related party borrowings	(1,725)		-	
Repayment of short term third party borrowings	(66,695)		-	
Receipt from grants	-		58,500	
Cash (used in)/generated from financing activities		(68,420)		58,500
Net Increase in cash in the year		100,705		148,137
Cash and equivalents at beginning of year		351,718		203,581
Cash and equivalents at end of year	Note 12	452,423		351,718

1. General Information

The Zurrieq 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 Centru tal-Komunita' Joe Cassar, Triq Pietru Pawl Saydon, Zurrieq ZRQ 1030. These financial statements were approved for issue by the Council Members on 20 April 2016. The Local Council's company's presentation as well as functional currency is €.

2. Accounting Policies and Reporting Procedures

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

Accounting convention

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

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

New and amended standards adopted by the Local Council

In the current year the Council has applied the below new and revised IFRS issued by IASB that is mandatory effective for financial year beginning 1st January 2015.

IFRS 13 – Fair value measurement : Annual Improvements 2010 – 2012 Cycle - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). Applicable to annual periods s periods beginning on or after 1 July 2014.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets : Annual Improvements 2010 – 2012 Cycle – Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistence with a revaluation of the carrying amount. Applicable to annual periods s periods beginning on or after 1 July 2014.

New standards and Interpretatlons not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Local Council.

IAS 1 -'Presentation of financial statements' The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. Subject to adoption by the EU, amendments will be effective for annual periods beginning on or after 1 January 2016. The council does not expect to have a significant effect on the financial statements of the Local Council.

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.

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.

IFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and replaces the multiple classification and measurement tools in IAS 39 with a single model that only has two classification categories: amortised cost and fair value. Classification under IFRS 9 will be driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Subject to adoption by the EU, IFRS 9 will be effective for financial periods beginning on, or after, 1 January 2018. The Council is considering the implications of the standard and its impact on the Council's financial results and position.

IFRS 15, 'Revenue from Contracts from Customers' requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. Subject to adoption by the EU, IFRS 15, will be effective for financial periods beginning on, or after, 1 January 2018.

IFRS 16, 'Leases', introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. Subject to adoption by the EU, IFRS 16, will be effective for financial periods beginning on, or after, 1 January 2019.

The Councillors 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 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 Assets

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 end of the reporting period. 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 income statement on a straight-line basis over the period of the lease.

Related parties

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Revenue

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

Local Enforcement System

Up till August 2011, the Council used to manage the the Local Enforcement System in its locality and used to receive all the income generated from the fines. As from 1 September 2011, the Council started to form part of the Southern Region, which took over the management of Local Enforcement System and the Council is receiving a 10 % administration fee on every fine paid at the Council.

Government grants

Government grants relating to costs are deferred and recognised in the income statement 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 profit or loss over the expected lives of the related assets.

Profits and losses

Only losses 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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and balances held with banks.

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 risks 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.'

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 Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Capital management policies

The Council's objectives when managing capital are:

- to safeguard the council's ability to continue as a going concern, so that it can continue to provide services and benefits to its local community

The Council sets the amount of capital in proportion to risk. The Council manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Council monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises of retained earnings.

3. Funds received from central government

	2015	2014
	€	€
In terms of section 55 of the Local Councils Act	709,245	720,812
Supplementary Government Income	9,667	-
Other Government Income	98,972	96,160
	<u>817,884</u>	<u>816,972</u>

4. Local Enforcement Income

	2015	2014
	€	€
Contraventions & other fines	8,933	10,190
	<u>8,933</u>	<u>10,190</u>

5. Investment Income

	2015	2014
	€	€
Bank Interest	1,215	1,644
	<u>1,215</u>	<u>1,644</u>

6. General Income

	2015	2014
	€	€
Community Services	26,292	20,435
General Income	466	-
Tender Documents/Info. Charges	2,020	1,797
Income from Permits	13,934	20,021
	<u>42,712</u>	<u>42,253</u>

7. Profit for the year

	2015	2014
	€	€
Profit for the year is stated after charging:		
Staff salaries	125,027	117,393
Depreciation of non-current assets	234,539	232,586
	<u></u>	<u></u>

*Note***Personal Emoluments**

	2015	2014
	€	€
Mayor's Allowance	11,747	11,676
Councillors' Allowance	12,000	15,139
Executive Secretary Salary and Allowances	33,385	23,913
Employees' Salaries	60,862	59,972
Social Security Contributions	7,033	6,693
	<u>125,027</u>	<u>117,393</u>

8. Operations and Maintenance

	2015	2014
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	8,330	133
Road/Street Pavements	81,024	43,431
Signs	4,657	-
Road Markings	8,985	8,094
Other repairs and Upkeep	17,619	14,465
Council Property	826	-
	<u>121,441</u>	<u>66,123</u>

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

Contractual Services:

Refuse Collection	133,699	140,807
Bulky Refuse Collection	8,975	7,919
Hiring of Skips - Bins on Wheels	60	-
Road & Street Cleaning	29,042	40,348
Cleaning & Maintenance Non-Urban Roads	4,496	7,469
Cleaning - Public Conveniences	7,225	7,080
Cleaning - Council Premises	527	7,489
Cleaning & Maintenance Parks & Gardens	11,280	9,214
Clean. & Maint. Soft Areas	1,826	4,300
Street Lighting	8,735	7,801
Studies & Consultations	2,805	-
Local Enforcement Expenses	33	1,481
	<u>208,703</u>	<u>233,908</u>
	<u>330,144</u>	<u>300,031</u>

9. Administration and other expenditure

	2015	2014
	€	€
Utilities	12,969	10,191
Uniforms	610	648
Operating materials & supplies	1,970	
Sundry materials & supplies	11	2,197
Rent	2,691	2,976
National/International Memberships	181	6,312
Participation fees - Int. Mtg	110	-
Participation fee - Nat. Mtg.	214	-
Membership - Local Organisations	142	-
Printing	1,877	-
Stationery	3,890	-
Postages	822	-
Other Office Services	20	6,377
Transport	760	3,578
Travel	558	-
Information Services	10,169	7,312
Insurance Coverage	4,622	4,411
Bank Charges	147	252
IT Development Services	3,927	3,728
Legal services	2,074	-
Accountancy services	2,205	-
Architect fees	20,974	-
Consultancy services	5,040	-
Professional services	1,150	24,231
Other support services	9,157	-
Other Hospitality Costs	1,540	-
Social Events	35,449	21,060
Community Services	8,168	-
Provision for doubtful debtors	623	-
Sundry Minor Expenses	-	35
Provision for LES receivables	(221)	(1,688)
Bad debts written off	-	49
Amortisation and Depreciation	234,539	232,586
	<u>366,388</u>	<u>324,255</u>

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

10. Property, plant and equipment											
	Trees	Property	Construction Works	New Street Signs	Urban Improvements	Plant and Machinery	Office Equipment	Office Furniture & fittings	Special Programmes	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2014	35,545	176,229	272,150	26,636	255,158	3,656	24,000	49,222	1,873,519	493,859	3,209,974
Additions	-	-	-	-	-	-	6,374	-	125,249	-	131,623
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Adjustment (*)	-	-	-	-	-	-	-	-	213,310	-	213,310
Disposals	-	-	-	-	-	-	-	-	462,000	(462,000)	-
At 31 December 2014	35,545	176,229	272,150	26,636	255,158	3,656	30,374	49,222	2,674,078	31,859	3,554,907
Grants											
At 1 January 2014	-	-	-	-	-	-	-	-	360,281	-	360,281
At 31 December 2014	-	-	-	-	-	-	-	-	360,281	-	360,281
Depreciation											
At 1 January 2014	16,453	29,474	179,262	26,636	169,855	1,450	16,365	19,480	274,232	-	733,207
Adjustment (*)	-	-	-	-	-	-	-	-	213,310	-	213,310
Charge for the year	-	3,469	3,383	-	13,789	369	2,353	1,705	207,518	-	232,586
At 31 December 2014	16,453	32,943	182,645	26,636	183,644	1,819	18,718	21,185	695,060	-	1,179,103
Net book values											
At 31 December 2014	19,092	143,286	89,505	-	71,514	1,837	11,656	28,037	1,618,737	31,859	2,015,523

(*) This was a reversal made in 2013 which had cancelled out a previous accounting adjustment made on 31 December 2012 in the Council's ledgers. The necessity to re-adjust these figures was required in order that these financial statements agree with the Council's books as 31st December 2014.

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

10. Property, plant and equipment	Trees	Property	Construction Works	New Street Signs	Urban Improvements	Plant and machinery	Office Equipment	Office Furniture & fittings	Special Programmes	Assets under construction	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2015	35,545	176,229	272,150	26,636	255,158	3,656	30,374	49,222	2,674,078	31,859	3,554,907
Additions	-	-	-	-	8,021	5,314	-	-	122,749	9,926	146,010
Disposals	-	-	-	-	-	-	-	-	1,607	(27,187)	(25,580)
At 31 December 2015	35,545	176,229	272,150	26,636	263,179	8,970	30,374	49,222	2,798,434	14,598	3,675,337
Grants											
At 1 January 2015	-	-	-	-	-	-	-	-	360,281	-	360,281
At 31 December 2015	-	-	-	-	-	-	-	-	360,281	-	360,281
Depreciation											
At 1 January 2015	16,453	32,943	182,645	26,636	183,644	1,819	18,718	21,185	695,060	-	1,179,103
Charge for the year	-	1,433	8,951	-	7,954	1,430	2,331	2,103	210,337	-	234,539
At 31 December 2015	16,453	34,376	191,596	26,636	191,598	3,249	21,049	23,288	905,397	-	1,413,642
Net book values											
At 31 December 2015	19,092	141,853	80,554	-	71,581	5,721	9,325	25,934	1,532,756	14,598	1,901,414

11. Receivables

		2015	2014
		€	€
Receivables	<i>Note</i>	5,215	5,724
Related party balances		6,612	7,096
Accrued income		4,288	6,410
Financial assets		<u>16,115</u>	<u>19,230</u>
Prepayments		9,911	3,500
		<u>26,026</u>	<u>22,730</u>

Receivables

General receivables are analysed as follows:

	2015	2014
	€	€
Within credit period	<u>5,215</u>	<u>5,724</u>

Receivables are stated after a specific provision for doubtful debts amounting to € 623 (2014: € 0).

LES Debtors

LES debtors are stated after a specific provision for doubtful debts amounting to € 306,204 (2014: € 306,425).

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

	2015	2014
	€	€
Balance at 1 January	306,425	308,113
(Decrease)/Increase in provision for LES Debtors	(221)	(1,688)
Increase in provision for Other Debtors	-	-
Balance at 31 December	<u>306,204</u>	<u>306,425</u>

12. Cash and equivalents

	2015	2014
	€	€
Bank Balances	452,229	355,491
Cash in Hand	194	410
Cash at bank and in hand	<u>452,423</u>	<u>355,901</u>
Bank balance overdrawn	-	(4,183)
Cash and cash equivalent	<u><u>452,423</u></u>	<u><u>351,718</u></u>

13. Payables

	2015	2014
	€	€
Payables	23,088	9,228
Other payables	25,000	28,127
Accruals	15,832	10,924
Financial Liabilities	<u>63,920</u>	<u>48,279</u>
Deferred income	70,285	70,432
	<u><u>134,205</u></u>	<u><u>118,711</u></u>

14. Long-term Borrowings

		2015	2014
		€	€
Non-current			
Third party borrowings	<i>Note</i>	33,348	72,827
Current			
Bank balance overdrawn		-	4,183
Related party balances		5,669	7,394
Third party borrowings	<i>Note</i>	33,347	60,563
		<u>39,016</u>	<u>72,140</u>
Third Party Borrowings			
Repayable between one and two years		30,282	33,347
Repayable between two and five years		3,066	39,480
		<u>33,348</u>	<u>72,827</u>

Third party loan

Third party borrowings represent dues to the public private partnership creditor. The Council entered into this agreement to carry out road resurfacing works. These amounts are unsecured, interest free and are repayable within 3 years.

15. Deferred Income

	2015	2014
	€	€
Government grants		
Balance at the beginning of the year	714,797	793,634
Increase during year	80,581	8,000
Released during year	(87,095)	(61,837)
Other movement		(25,000)
	<u>708,283</u>	<u>714,797</u>
Current Deferred Income	<u>70,285</u>	<u>70,432</u>
Non-Current Deferred Income	<u>637,998</u>	<u>644,365</u>
Deferred Government Grants		
Deferred between one and two years	63,227	70,432
Deferred between two and five years	154,108	107,222
Deferred in five years or more	420,663	466,711
	<u>637,998</u>	<u>644,365</u>

16. Capital commitments

	2015	2014
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	268,993	-
Contracted for but not provided in the financial statements	14,000	290,881
These could be analysed as follows:		
<i>(i) Approved but not yet contracted for:</i>		
Construction	259,993	-
Urban Improvements	5,000	-
Office equipment	3,000	-
Trees	1,000	-
	<u>268,993</u>	<u>-</u>
<i>(ii) Contracted for but not provided in the Financial Statements:</i>		
Construction	-	158,819
Urban Improvements	14,000	132,062
	<u>14,000</u>	<u>290,881</u>

17. 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>
Department of Local Councils	Significant control
Regional Committee (Local Enforcement)	Joint control
Fgura Joint Committee (Local Enforcement)	Joint control
LESA	No control
Gozo Regional Committee	No control
North Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Public General Head Quarters	No control
Local Councils' Association	No control
Malta Information Technology Agency	No control
Malta Tourism Authority	No control
Department of Lands	No control
Director of Inland Revenue	No control
Permanent Secretary - Ministry of Education	No control
Permanent Secretary - Ministry for Family & Social Solidarity	No control
Bank of Valletta plc	No control
Arms Limited	No control
Malta Environment & Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Commissioner for Data Protection	No control

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

	2015	2014
	€	€
Annual Financial Allocation	709,245	720,812

Key management compensation

Transactions with key management personnel are disclosed in note 7.

18. Financial Risk Management

The exposure to risk and the way risks arise, together with the Local Council's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Local Council's exposure to financial risks or manner in which the council manages and measures these risks are disclosed below.

Where possible, the Local Council aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

<i>Categories of financial instruments</i>	2015	2014
<i>Financial assets</i>	€	€
Cash and bank balances	452,423	355,901
Receivables	21,635	19,230
	<u>474,058</u>	<u>375,131</u>
<i>Financial liabilities</i>		
Trade payables and other payables	63,920	48,279
Borrowings - current	39,016	74,089
Borrowings - long term	33,348	72,827
	<u>136,284</u>	<u>195,195</u>

The Council is exposed to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the Council members and focuses on actively securing the Council's short to medium term cash flows by minimising the exposure to financial risks.

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

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, as summarised below:

	2015	2014
	€	€
Classes of financial assets - carrying amounts		
Receivables	21,635	19,230
Cash and cash equivalents	452,423	351,718
	<u>474,058</u>	<u>370,948</u>

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal only with creditworthy counterparties. Receivables are presented net of provision for doubtful debts. A provision for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

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

Liquid funds are placed with reputable banks with high quality external credit ratings, therefore credit risk is considered negligible.

Liquidity risk

The Council's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the Council's obligations when they become due.

The Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. At the end of the reporting period, the Local Council's net current asset position amounted to € 305,228 (2014 : € 187,780). However the Council's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

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

	Current		Non- Current	
	Payable within 1 year	Payable within 1 & 2 years	Payable within 2 & 5 years	Payable after more than 5 years
	€	€	€	€
31 December 2015				
Payables	23,088	-	-	-
Other payables	25,000	-	-	-
Accruals	15,832	-	-	-
Third party borrowings	39,016	30,282	3,066	-
	<u>102,936</u>	<u>30,282</u>	<u>3,066</u>	<u>-</u>
31 December 2014				
Payables	9,228	-	-	-
Other payables	28,127	-	-	-
Accruals	10,924	-	-	-
Bank balance overdrawn	4,183	-	-	-
Third party borrowings	67,957	33,347	39,480	-
	<u>120,419</u>	<u>33,347</u>	<u>39,480</u>	<u>-</u>

19. 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.

20. Comparative Figures

Certain amounts have been re-classified to conform with the current year's presentation.