



Laqgha Numru 02/K7/2016

Introduzzjoni

It-Tieni laqgha tas-Seba' Legislatura tal-Kunsill Lokali Pembroke ghas-sena 2016 li saret nhar it-Tlieta 26 ta' Jannar 2016.

Il-Kunsill iltaqa' fl-Ufficcju Amministrattiv tieghu, Triq Alamein, Pembroke, fis-6.00pm.

Prezenti: Is-Sindku Dean Hili, il-Vici Sindku Raymond Lanzon, il-Kunsillier Evelyn Vella Brincat, il-Kunsillier Mark Causon, il-Kunsillier Charles Cesare u s-Segretarju Ezekuttiv Kevin Borg.

Fuq talba tal-Kunsill ghal-laqgha kienet prezenti l-accountant tal-Kunsill Mrs. Romina Perici Ferrante.

Is-Segretarju Ezekuttiv Kevin Borg informa lill-Kunsill li l-laqgha kienet qed tigi streamed online.

Is-Sindku Dean Hili qara t-talba ta' qabel il-laqgha u wara ppresieda l-laqgha.

Agenda

Il-Kunsill mexxa fuq l-avviz li gie ppubblikat fl-20 ta' Jannar 2016. L-Agenda kienet:

1. Approvazzjoni tal-Financial Statements ghas-sena 2015.

01. Approvazzjoni tal-Financial Statements ghas-sena 2015.

- 1.01. Is-Sindku Dean Hili ipprezenta kopja tal-Financial Statements ghas-sena 2015 u talab lill-Accountant tal-Kunsill biex taghmel l-ispjega taghha. **(Ara Dok. 1)**
- 1.02. Wara l-ispjega tal-Accountant, is-Sindku Dean Hili ppropona l-approvazzjoni tal-Financial Statements ghas-sena 2015 kif ipprezentati.
- 1.03. Il-Kunsillier Charles Cesare ssekonda.
- 1.04. Il-Kunsill qabel unanimament.
- 1.05. Is-Sindku Dean Hili ghalaq il-laqgha fis-6:15pm.

Avv. Dean Hili
Sindku

Kevin Borg
Segretarju Ezekuttiv

Sindku : L-Avv. Dean Hili Vici Sindku : Raymond Lanzon
Kunsilliera : Evelyn Vella Brincat, Mark Causon u Charles Cesare
Segretarju Ezekuttiv : Kevin Borg

Sok 1



**PEMBROKE LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2015**

*Prepared by Romina Perici Ferrante B. Com, B.A. Hons (Mgt), F.I.A., C.P.A.
Certified Public Accountant
16, St. John Street,
Mosta MST 3603*

**PEMBROKE LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2015**

CONTENTS	PAGE
Statement of Local Council Members' and Executive Secretary's Responsibilities	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 27

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

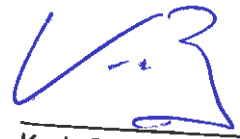
The Local Council (Financial) Regulations, 1993, require the Executive Secretary to prepare a detailed Annual Administrative Report, which includes a statement of the Local Council's comprehensive income for the year and of the Local Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year ended and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

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



Dr. Dean Hili LLD
Mayor

Date: 26/01/2016



Kevin Borg
Executive Secretary

PEMBROKE LOCAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

		2015	2014
	Notes	Euro	Euro
INCOME			
Funds received from Central Government	3	423,780	397,938
Income raised under Law Enforcement system	4	6,154	4,601
Income raised under Local Council Bye Laws	5	1,855	627
General income	6	<u>15,437</u>	<u>12,653</u>
		<u>447,226</u>	<u>415,819</u>
EXPENDITURE			
Personnel emoluments	7	86,946	83,846
Operations and maintenance expenses	8	199,072	197,603
Administration and other expenditure	9	<u>127,974</u>	<u>98,819</u>
		<u>413,992</u>	<u>380,268</u>
OPERATING PROFIT FOR THE YEAR		€33,234	€35,551
Finance Income	10	<u>368</u>	<u>1,622</u>
PROFIT FOR THE YEAR		<u>€ 33,602</u>	<u>€ 37,173</u>


The notes on page 10 to 29 form an integral part of these financial statements

**PEMBROKE LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2015**

	Notes	31 Dec 2015	31 Dec 2014
		Euro	Euro
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	<u>344,583</u>	<u>335,433</u>
Current Assets			
Inventories	12	1,980	2,108
Trade and other receivables	13	12,104	54,244
Cash and cash equivalents	14	<u>367,905</u>	<u>315,737</u>
Total Current Assets		<u>381,989</u>	<u>372,089</u>
TOTAL ASSETS		<u>€ 726,572</u>	<u>€ 707,522</u>
RESERVES AND LIABILITIES			
Reserves			
Retained earnings		<u>625,505</u>	<u>591,903</u>
Non-Current Liabilities			
Deferred Income	15	<u>46,132</u>	<u>51,033</u>
Total Non-Current Liabilities		<u>46,132</u>	<u>51,033</u>
Current Liabilities			
Trade and other payables	16	<u>54,935</u>	<u>64,586</u>
Total Current Liabilities		<u>54,935</u>	<u>64,586</u>
TOTAL RESERVES AND LIABILITIES		<u>€ 726,572</u>	<u>€ 707,522</u>

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

These Financial Statements were approved by the Local Council on the 26/01/2016
and signed on its behalf by:


Dr. Dean Hilli LLD
Mayor


Kevin Borg
Executive Secretary

**PEMBROKE LOCAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015**

	Retained Funds Euro
At 1 January 2014	554,730
Profit for the year	<u>37,173</u>
At 31 December 2014	<u>591,903</u>
At 1 January 2015	591,903
Profit for the year	<u>33,602</u>
At 31 December 2015	<u>625,505</u>

**PEMBROKE LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the year ended 31 December 2015**

	Notes	1 Jan 2015 – 31 Dec 2015 Euro	1 Jan 2014 – 31 Dec 2014 Euro
Net Profit for the year		33,602	37,173
Reconciliation to cash generated from operations:			
Depreciation		78,008	55,431
Interest Receivable		(368)	(1,622)
Loss on disposal of fixed assets		57	6,939
Provision for Bad LES Debts		0	0
Operating Profit before Working Capital changes		111,299	97,921
Decrease in Inventories		128	144
Decrease in Trade and other receivables		42,140	12,892
Increase/(Decrease) in payables		(8,258)	33,576
Increase/(Decrease) in other payables		(697)	4,511
Government Grant released		(46,726)	(21,377)
Cash generated from operating activities		<u>97,886</u>	<u>127,667</u>
Cash flows from investing activities			
Interest Received		368	1,589
Acquisition of property, plant and equipment		(87,215)	(70,466)
Cash (used in)/generated from investing activities		<u>(86,847)</u>	<u>(68,877)</u>
Cash flows from financing activities			
Grant Received		41,129	19,507
New short-term bank borrowings		0	0
Repayment of short-term bank borrowings		0	0
Cash generated from/(used) in financing activities		<u>41,129</u>	<u>19,507</u>
Net increase/(decrease) in cash and cash equivalents		<u>52,168</u>	<u>78,297</u>
Analysis of changes in cash and cash equivalents during the year			
Cash and cash equivalents at beginning of year		315,737	237,440
Net increase/(decrease) in cash and cash equivalents		52,168	78,297
Cash and cash equivalents at end of year	14	<u>367,905</u>	<u>315,737</u>

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

**PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015**

1. GENERAL INFORMATION

Pembroke Local Council is the local authority of Pembroke setup in accordance with the Local Councils Act 1993. The office of the Council is at Triq Alamein, Pembroke.

The financial statements were authorised for issue by the Council on the 26/01/2016.

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES

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

Accounting convention

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

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

New and revised standards that are effective for annual periods beginning on or after 1 January 2015

A number of new and revised standard are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Council.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

Council members anticipate that all of the relevant pronouncements will be adopted in the council's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the council's financial statements is provided below. Certain other new standards and interpretations have been issued but are not relevant and therefore are not expected to have a material impact on the council's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2015)

The IASB aims to replace *IAS 39 Financial Instruments. Recognition and Measurement* in its entirety with IFRS 9. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- The meaning of 'currently has a legally enforceable right of set-off'
- That some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2015 and are required to be applied retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

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

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

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts or recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The amendments are effective for annual reporting periods beginning on or after 1 January 2013 and interim periods within those annual periods. The required disclosures should be provided retrospectively.

IAS 1 Presentation of Financial Statements

Disclosure initiative to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes. Clarification that information should not be obscured by the aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and event when a standard required a specific disclosure, materiality consideration do apply; clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 to IAS 1. Effective for annual periods beginning on or after 1 January 2016.

The council members do not anticipate a material impact on the council's financial statements from these amendments.

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

Property, plant and equipment

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

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

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each Statement of Financial Position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Related parties

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

Impairment of Assets

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

Leases

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

Amounts Receivable

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

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

Revenue recognition

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

Payables and Borrowings

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

Government Grants

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

Foreign Currencies

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

Inventories

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

Profits and losses

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

Cash and Equivalents

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

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

Local Enforcement System

Pembroke Local Council formed part of the Group H Joint Committee from September 2002 until August 2011. As from September 2011, Pembroke Local Council forms part of the North Region. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses. As from September 2011, the Council receives 10% administrative fees on fines collected.

Critical Accounting Estimates and Judgements

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

Capital Management Policies and Procedures

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

Financial Instruments

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

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

Financial Assets

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

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

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 counter party and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial Liabilities

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

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

3. FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
	Euro	Euro
In terms of Section 55 of the Local Councils Act, 1993	366,389	354,083
Supplimentary Government Income	10,665	14,157
Other Government Income	<u>46,726</u>	<u>29,698</u>
	<u>423,780</u>	<u>397,938</u>

4. INCOME RAISED UNDER LOCAL ENFORCEMENT INCOME

	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
	Euro	Euro
Administrative charges to Regional Committees	5,843	4,601
Share of Surplus from Joint Committee	<u>311</u>	<u>0</u>
	<u>6,154</u>	<u>4,601</u>

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INCOME RAISED UNDER LOCAL COUNCIL BYE-LAWS

	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
	Euro	Euro
Sale of Pembroke books and Contributions	<u>1,855</u>	<u>627</u>

6. GENERAL INCOME

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
Tender Documents	355	2,042
Donations and Sponsorships	2,550	100
Contributions	1,500	1,500
Others	5,005	3,282
Income from permits	3,909	1,458
Income re Library	554	503
Insurance Claims	1,564	2,947
EU Funded Program	<u>0</u>	<u>821</u>
	€ 15,437	€ 12,653

7. PERSONNEL EMOLUMENTS

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
Personnel Emoluments include, <i>inter alia</i>		
Mayor's Honoraria	7,048	6,868
Mayor's and Councillors' Allowances	6,400	6,400
Executive Secretary Salary and Allowances	27,936	26,909
Employees' Salaries	39,940	38,238
Social Security Contributions	<u>5,622</u>	<u>5,431</u>
	€ 86,946	€ 83,846

Average number of people employed

Employees	3	3
Mayor & Councillors	5	5

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
8. OPERATIONS AND MAINTENANCE EXPENSES	Euro	Euro
Operations and maintenance includes, <i>inter alia</i>		
REPAIRS AND UPKEEP		
Roads and street pavements (patching works)	28,960	25,261
Public Property	1,957	9,524
Office furniture & equipment	935	470
Street Signs	3,177	3,583
Other repairs & upkeep	26	1,456
Road Markings	5,889	5,157
	<u>€ 40,944</u>	<u>€ 45,451</u>
CONTRACTUAL SERVICES		
Refuse collection	58,963	57,790
Bulky refuse collection	12,088	10,580
Road and street cleaning	20,505	18,810
Cleaning and maintenance of non-urban roads	17,813	17,955
Cleaning and maintenance parks and gardens	16,208	16,171
Cleaning and maintenance of verges	17,813	17,955
Cleaning and maintenance council premises	2,279	1,748
Cleaning and maintenance public conveniences	4,187	0
LES related expenditure	26	18
Street lighting	3,601	6,943
Other Contractual Services	4,645	4,182
	<u>€ 158,128</u>	<u>€ 152,152</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u>€ 199,072</u>	<u>€ 197,603</u>

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

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	Euro	Euro
9. ADMINISTRATIVE AND OTHER EXPENSES		
Depreciation	78,008	55,431
Water, Electricity & Telecommunications	4,645	5,871
Fuel	0	17
Rent	1,456	1,810
National and international memberships	500	1,010
Office Services	3,078	3,366
Insurance	1,787	1,686
Library expenses	2,384	1,139
Transport	947	755
Advertising & Public relations	538	1,813
Professional services	22,457	11,685
Provision for Bad Debts – LES & General	0	0
LES Bad Debts written off	0	0
Community and hospitality	11,274	6,196
Sundry minor expenses	547	408
Staff training	0	60
Loss on Disposal	57	6,939
Bank Charges	<u>296</u>	<u>633</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>€ 127,974</u>	<u>€ 98,819</u>

10. FINANCE INCOME

	1 Jan-31 Dec 2015	1 Jan– 31 Dec 2014
Bank Interests	<u>€ 368</u>	<u>€ 1,622</u>

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

11. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture, Fixtures & Fittings €	Office Equipment €	New Street Signs €	Urban Improvements €	Construction & Street Paving €	Special Programmes €	Trees €	Plant & Machinery €	Asset not yet capitalised €	Total €
Cost										
At 1 January 2015	24,583	45,367	11,787	393,979	547,060	653,660	16,097	6,481	0	1,699,014
Additions	0	495	0	44,555	42,115	0	50	0	0	87,215
Transferred	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	-181	0	-181
At 31st December 2015	24,583	45,862	11,787	438,534	589,175	653,660	16,147	6,300	0	1,786,048
Grants										
At 1 January 2015	0	3,494	0	60,436	0	653,923	0	0	0	717,853
Transferred during the year	0	0	0	0	0	0	0	0	0	0
At 31st December 2015	0	3,494	0	60,436	0	653,923	0	0	0	717,853
Depreciation										
At 1 January 2015	11,881	33,214	11,787	210,816	372,509	-263	0	5,784	0	645,728
Transferred	0	0	0	0	0	0	0	0	0	0
Charge for the period	955	2,205	0	54,390	20,317	0	0	141	0	78,008
Released on Disposal	0	0	0	0	0	0	0	-124	0	-124
At 31st December 2015	12,836	35,419	11,787	265,206	392,826	-263	0	5,801	0	723,612
Net Book Value										
At 31st December 2015	11,747	6,949	0	112,892	196,349	0	16,147	499	0	344,583

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Office Furniture, Fixtures & Fittings €	Office Equipment €	New Street Signs €	Urban Improvements €	Construction €	Special Programmes €	Trees €	Plant & Machinery €	Asset not yet capitalised €	Total €
Cost										
At 1 January 2014	26,864	63,961	11,787	332,238	550,796	653,660	18,091	7,666	0	1,665,063
Additions	344	3,003	0	67,119	0	0	0	0	0	70,466
Transferred	0	0	0	0	0	0	0	0	0	0
Disposals	-2,625	-21,597	0	-5,378	-3,736	0	-1,994	-1,185	0	-36,515
At 31st December 2014	24,583	45,367	11,787	393,979	547,060	653,660	16,097	6,481	0	1,699,014
Grants										
At 1 January 2014	0	3,494	0	60,436	0	653,660	0	0	0	717,590
Transferred during the year	0	0	0	0	0	0	0	0	0	0
At 31st December 2014	0	3,494	0	60,436	0	653,660	0	0	0	717,590
Depreciation										
At 1 January 2014	12,826	51,296	11,787	182,102	355,551	0	0	6,574	0	620,136
Transferred	0	0	0	0	0	0	0	0	0	0
Charge for the period	1,048	2,556	0	32,148	19,482	0	0	197	0	55,431
Released on Disposal	-1,993	-20,638	0	-3,434	-2,524	0	0	-987	0	-29,576
At 31st December 2014	11,881	33,214	11,787	210,816	372,509	0	0	5,784	0	645,991
Net Book Value										
At 31st December 2014	12,702	8,659	0	122,727	174,551	0	16,097	697	0	335,433

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

12. INVENTORIES

	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
Books and other publications	<u>1,980</u>	<u>2,108</u>

13. TRADE AND OTHER RECEIVABLES

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
	Euro	Euro
Amount invoiced but not yet settled	12,490	52,126
Provision for Bad debts	(4,200)	(4,200)
Pre-Pooling LES Debtors	8,629	101,437
Provision for Bad LES debts	(8,629)	(101,437)
Other debtors	700	700
Prepayments and Accrued income	3,114	5,618
	<u>12,104</u>	<u>54,244</u>

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

Receivables

General receivables are analysed as follows:

	2015 Jan-Dec Euro	2014 Jan-Dec Euro
Within credit period	5,356	43,881
Exceeded credit period but not impaired	2,934	4,045
Provision for doubtful debts	<u>4,200</u>	<u>4,200</u>
	<u>12,490</u>	<u>52,126</u>

14. CASH AND CASH EQUIVALENT

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

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
	Euro	Euro
Cash in hand	233	233
Bank balances – Ordinary Funds	<u>367,672</u>	<u>315,504</u>
	<u>€ 367,905</u>	<u>€ 315,737</u>

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

15. DEFERRED INCOME

	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
	€	€
Government Grants		
At beginning of year	56,762	12,747
Increase in period	<u>41,128</u>	<u>65,029</u>
	97,890	77,776
Released in period	<u>(46,726)</u>	<u>(21,014)</u>
At end of year	<u>51,164</u>	<u>56,762</u>
Current Deferred Income	<u>5,032</u>	<u>5,729</u>
Non-Current Deferred Income	<u>46,132</u>	<u>51,033</u>
Deferred Government Grants		
Deferred between one and two years	9,556	10,695
Deferred between two and five years	11,036	12,337
Deferred in five years or more	<u>30,573</u>	<u>33,730</u>
	<u>51,164</u>	<u>56,762</u>
Deferred after five years or more		
Government Grants	<u>30,573</u>	<u>33,730</u>

16. TRADE AND OTHER PAYABLES

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
	Euro	Euro
Trade Payables	15,129	37,108
Accruals and Deferred Income	<u>39,806</u>	<u>27,478</u>
	<u>54,935</u>	<u>64,586</u>

Trade Payables are analysed as follows:

	2015 Jan-Dec Euro	2014 Jan-Dec
Within credit period	7,811	28,519
Exceeded credit period	<u>7,318</u>	<u>8,589</u>
	<u>15,129</u>	<u>37,108</u>

Accruals include estimates for goods and services received prior to 31 December 2015 and for which invoices have not yet been received by the Local Council.

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

17. CONTINGENT LIABILITIES

The council has received goods and services that are being disputed. The total amount of these contingent liabilities amount to €1,100.

18. CAPITAL COMMITMENTS

	1 Jan – 31 Dec 2015	1 Jan – 31 Dec 2014
	Euro	Euro
- Capital expenditure that has been approved but not provided for in the Financial Statements		
(i) Street Lighting	0	0
- Capital expenditure that has been approved but not yet contracted for.		
(ii) General upgrading works	0	0
	<u>€ 0</u>	<u>€ 0</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.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RELATED PARTY TRANSACTIONS

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

- i. Significant Control – The Department of Local Government
- ii. Joint Control – Group H Joint Committee for Local Enforcement and North Regional Committee for Local Enforcement
- iii. No Control – Arms Ltd., Water Services Corporation, Enemalta Corporation, WasteServ Malta Ltd., Malta Information Technology Agency, Northern Harbour District Joint Committee, Malta Tourism Authority, Bank of Valletta plc., South Regional Committee, Gozo Regional Committee, South Eastern Regional Committee, Central Regional Committee, Police General Head Quarters, Malta Environment and Planning Authority and the Department of Lands.

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

	2015	2014
	Euro	Euro
Annual Financial Allocation	366,389	354,083
<u>Key Management Emoluments</u>		
Executive Secretary	27,876	26,852
Mayor's Honoraria	7,048	6,868
Mayor & Councillors' Allowances	6,400	6,400

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

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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

Market Risk

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

Credit Risk

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

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

	2015 €	2014 €
Classes of financial assets - carrying amounts		
Trade and other receivables	8,990	54,244
Cash and cash equivalents	<u>367,905</u>	<u>315,737</u>
	<u>376,895</u>	<u>369,981</u>

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

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

	2015	2014
	Euro	Euro
31-60 days	4,228	44,512
61-90 days	0	0
91-180 days	1,127	1,030
181-365 days	2,935	6,058
Over 365 days	<u>4,200</u>	<u>526</u>
	<u>12,490</u>	<u>52,126</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 currency transactions.

Interest Rate Risk

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

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Council has as cash and cash equivalents the amount of € 367,905. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

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

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

	Current within 1 year €	Non-Current 1 to 5 years €	Non-Current later than 5 years €
Payables	15,129	-	-
Accruals	<u>34,774</u>	<u>-</u>	<u>-</u>

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

	Current Within 1 year €	Non-Current 1 to 5 years €	Non-Current later than 5 years €
Payables	37,108	-	-
Accruals	<u>27,478</u>	<u>-</u>	<u>-</u>

22. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES

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

	2015 €	2014 €
Current assets		
Loans and receivables:		
Trade and other receivables	8,990	54,244
Cash and cash equivalents	<u>367,905</u>	<u>315,737</u>
	<u>376,895</u>	<u>369,981</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	15,129	37,108
Accruals	<u>34,774</u>	<u>21,749</u>
	<u>49,903</u>	<u>58,857</u>