

Ghasri Local Council

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2015



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& Registered Auditor

Ghasri Local Council

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2015

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Ghasri Local Council

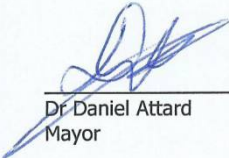
Financial Statements for the year ending 31 December 2015

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

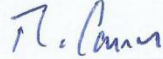
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it 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 Councils (Financial) Regulations, and the Local Councils (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 Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. 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.

Approved by the Council and signed on its behalf on *27th April* 2016 by:



Dr Daniel Attard
Mayor



Ruben Cassar
Executive Secretary


Ghasri Local Council

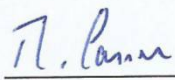
STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 €	2014 €
ASSETS			
Non Current Assets			
Property, plant and equipment	3a	<u>350,453</u>	<u>356,119</u>
		350,453	356,119
Current assets			
Inventories	4.	2,019	1,891
Receivables	5.	1,622	15,611
Cash and Cash Equivalents	6.	<u>35,398</u>	<u>22,692</u>
		39,039	40,194
TOTAL ASSETS		€ 389,492	€ 396,313
RESERVES AND LIABILITIES			
Reserves			
Retained Fund		331,090	331,355
Non-Current Liabilities			
Deferred income - grants	7.	25,622	28,322
Current Liabilities			
Payables	8.	<u>32,780</u>	<u>36,636</u>
TOTAL RESERVES AND LIABILITIES		€ 389,492	€ 396,313

The said financial statements were approved by the Local Council on

27th April 2016.


Dr Daniel Attard
Mayor


Ruben Cassar
Executive Secretary

The notes on pages 8 to 21 are an integral part of the financial statements.

Ghasri Local Council

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Notes	2015 €	2014 €
INCOME			
Funds received from central government	9.	169,921	173,517
General Income	10.	1,912	1,691
Income raised under the Local Enforcement System	11.	390	319
		<hr/> 172,223	<hr/> 175,527
EXPENDITURE			
Personal emoluments	12.	(53,140)	(51,555)
Operations and maintenance	13.	(68,024)	(58,292)
Administration and other expenditure	14.	(51,440)	(52,770)
		<hr/> (172,604)	<hr/> (162,617)
Operating (deficit)/surplus for the year		(381)	12,910
Investment income	15.	116	84
		<hr/> (265)	<hr/> 12,994
Total Comprehensive (loss)/income for the year		<hr/> (265)	<hr/> 12,994

The notes on pages 8 to 21 are an integral part of the financial statements.

Ghasri Local Council

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Retained funds
	Account
	€
Balance as at 1 January 2014	318,361
Total Comprehensive Income for the year	12,994
	<hr/>
Balance as at 31 December 2014	331,355
Total Comprehensive Loss for the year	(265)
	<hr/>
Balance as at 31 December 2015	€ 331,090
	<hr/> <hr/>

The notes on pages 8 to 21 are an integral part of the financial statements.

Ghasri Local Council

STATEMENT OF CASH FLOW STATEMENT
Year ended 31 December 2015

	Notes	2015 €	2014 €
Cash Flows from Operating Activities			
Total comprehensive (loss)/income for the year		(265)	12,994
Adjustments for:			
Depreciation		25,437	24,405
Grants released		(3,195)	(731)
Interest received		(116)	(84)
		<hr/>	<hr/>
Operating profit before Working Capital Changes		21,861	36,584
Movement in working capital:			
(Increase) in inventories		(128)	(792)
Decrease/(Increase) in receivables		13,989	(12,476)
(Decrease) in payables		(3,524)	(1,580)
		<hr/>	<hr/>
Net cash flow from operating Activities		32,198	21,736
Cash flows from Investing Activities			
Purchase of Property, Plant and Equipment		(19,771)	(36,333)
Grants received		163	32,242
Interest received		116	84
		<hr/>	<hr/>
Cash flow used in Investing Activities		(19,492)	(4,007)
Net increase in Cash and Cash Equivalents		12,706	17,729
Cash and Cash Equivalents at the beginning of year		22,692	4,963
		<hr/>	<hr/>
Cash and Cash Equivalents at the end of year	6.	€ 35,398	€ 22,692

The notes on pages 8 to 21 are an integral part of the financial statements.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

1. General Information

Ghasri Local Council is the local authority of Ghasri setup in accordance with the Local Councils Act. The office of the Local Council is situated at Triq Dun Karm Caruana Ghasri.

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.

(a) Accounting convention

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).

The 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 to 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.

(b) Standards, amendments and interpretations to existing standards

During the year, the Local Council has adopted a number of new standards and interpretations, or amendments thereto, issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the European Union. The Council is of the opinion that the adoption of these standards, interpretations or amendments thereto, does not have material impact on these financial statements.

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the European Union, but not yet effective for the current financial year. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The Council anticipates that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

2. Accounting policies and Reporting Procedures (Continued)

(c) Revenue recognition

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues.

(d) Local Enforcement System

Ghasri Local Council forms part of the Gozo Regional committee. During 2015 the amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is chargeable to the Regional Committees for contraventions paid at the Council.

(e) Tangible fixed assets

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:

Land	0%
Trees	0%
Buildings	1%
Furniture, fixtures & 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%
Road and traffic 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 financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

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

(f) Government Grants

Government grants are accounted for on the Income Approach according to IAS 20. They are accounted for on a systematic basis in the Statement of 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 cost, then the grant is accounted for when it becomes receivable.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

2. Accounting policies and Reporting Procedures (Continued)

(g) 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.

(h) 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 amounts 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 Comprehensive Income.

(i) 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 Euro, which is the Council's functional and presentation currency.

(j) Surplus and deficits

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these Financial Statements. All foreseeable liabilities and potential deficits 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.

(k) 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.

(l) Related parties

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

During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Gozo Joint Committee.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

2. Accounting policies and Reporting Procedures (Continued)

(m) Payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the council.

(n) 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.

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

2. Accounting policies and Reporting Procedures (Continued)

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'.

(o) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the council members, 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 (revised).

(p) Inventories

Inventories are shown in the financial statements at the lower of cost and net realisable value. The inventories consist of stamps and vouchers with a face value which is the cost and selling price of these items. The stock valuation at the end of the period is equivalent to the actual cost of the inventory items.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

3a Tangible fixed assets

	Cost 01-Jan-15	Additions / (disposal) for the year	Cost 31-Dec-15
	€	€	€
Cost			
Property	129,040	-	129,040
Furniture, fixtures & fittings	18,624	-	18,624
Plant and machinery	487	-	487
Computers and electronic equipment	7,918	760	8,678
Office Equipment	14,182	-	14,182
Urban Improvements	24,430	481	24,911
New Street Signs	2,115	-	2,115
Construction	543,718	18,530	562,248
	<u>740,514</u>	<u>19,771</u>	<u>760,285</u>
Depreciation			
Property	18,783	1,107	19,890
Furniture, fixtures & fittings	11,822	511	12,333
Plant and machinery	463	-	463
Computers and electronic equipment	6,940	337	7,277
Office Equipment	10,537	728	11,265
Urban Improvements	16,829	772	17,601
New Street Signs	2,115	-	2,115
Construction	257,995	21,982	279,977
	<u>325,484</u>	<u>25,437</u>	<u>350,921</u>
Grants			
Property	-	-	-
Furniture, fixtures & fittings	-	-	-
Plant and machinery	-	-	-
Computers and electronic equipment	-	-	-
Office Equipment	-	-	-
Urban Improvements	-	-	-
New Street Signs	-	-	-
Construction	58,911	-	58,911
	<u>58,911</u>	<u>-</u>	<u>58,911</u>
Net book value		2015	2014
		€	€
Property		109,150	110,257
Furniture, fixtures & fittings		6,291	6,802
Plant and machinery		24	24
Computers and electronic equipment		1,401	978
Office Equipment		2,917	3,645
Urban Improvements		7,310	7,601
New Street Signs		-	-
Construction		223,360	226,812
Total fixed assets		<u>€ 350,453</u>	<u>€ 356,119</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

3b Tangible fixed assets (Continued)

	Cost 01-Jan-14	Additions / (disposal) for the year	Cost 31-Dec-14
Cost	€	€	€
Property	129,040	-	129,040
Furniture, fixtures & fittings	18,624	-	18,624
Plant and machinery	487	-	487
Computers and electronic equipment	7,000	918	7,918
Office Equipment	11,906	2,276	14,182
Urban Improvements	23,368	1,062	24,430
New Street Signs	2,115	-	2,115
Construction	511,641	32,077	543,718
	<u>704,181</u>	<u>36,333</u>	<u>740,514</u>
Depreciation			
Property	17,664	1,119	18,783
Furniture, fixtures & fittings	11,272	550	11,822
Plant and machinery	457	6	463
Computers and electronic equipment	6,808	132	6,940
Office Equipment	9,943	594	10,537
Urban Improvements	15,985	844	16,829
New Street Signs	2,115	-	2,115
Construction	236,835	21,160	257,995
	<u>301,079</u>	<u>24,405</u>	<u>325,484</u>
Grants			
Property	-	-	-
Furniture, fixtures & fittings	-	-	-
Plant and machinery	-	-	-
Computers and electronic equipment	-	-	-
Office Equipment	-	-	-
Urban Improvements	-	-	-
New Street Signs	-	-	-
Construction	58,911	-	58,911
	<u>58,911</u>	<u>-</u>	<u>58,911</u>
Net book value		2014	2013
		€	€
Property		110,257	111,376
Furniture, fixtures & fittings		6,802	7,352
Plant and machinery		24	30
Computers and electronic equipment		978	192
Office Equipment		3,645	1,963
Urban Improvements		7,601	7,383
New Street Signs		-	-
Construction		226,812	215,895
		<u>€ 356,119</u>	<u>€ 344,191</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

4. Inventories

	2015 €	2014 €
Ghasri Sub-post office: Inventories of stamps and cards	<u>€ 2,019</u>	<u>€ 1,891</u>

5. Receivables

	2015 €	2014 €
Amounts receivable	701	3,339
Prepayments and accrued income	921	12,272
	<u>1,622</u>	<u>15,611</u>

Receivables

Within the credit period	1,062	12,579
Exceeded credit period but not yet impaired	560	3,032
	<u>1,622</u>	<u>15,611</u>

6. Cash and Cash Equivalents

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

	2015 €	2014 €
Bank Balances	€	€
Bank Current accounts	5,975	1,822
Savings Account	28,101	19,815
Current Account - Ghasri sub-post office	1,122	855
Cash in hand	200	200
Cash at bank and in hand	<u>€ 35,398</u>	<u>€ 22,692</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

7. Deferred income grants

	2015	2014
	€	€
Between 1 and 2 years	2,557	2,851
Between 2 and 5 years	4,483	6,890
Over 5 years	18,582	18,581
	<u>€ 25,622</u>	<u>€ 28,322</u>

	2015	2014
	€	€
Opening balance	31,511	-
Increase in grants	163	32,242
Release of grants	(3,195)	(731)
Closing balance	<u>28,479</u>	<u>31,511</u>
Less Current portion	<u>(2,857)</u>	<u>(3,189)</u>
Non Current portions	<u>25,922</u>	<u>28,322</u>

8. Payables

	2015	2014
	€	€
Accruals	3,979	4,672
Accounts payable	25,944	28,775
Deferred income - Grant	<u>2,857</u>	<u>3,189</u>
	<u>€ 32,780</u>	<u>€ 36,636</u>

9. Funds received from Central Government

	2015	2014
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	163,698	157,804
Other Government Income	<u>6,223</u>	<u>15,713</u>
	<u>€ 169,921</u>	<u>€ 173,517</u>

10. General Income

	2015	2014
	€	€
Income from tender documents	723	620
Income from permits	695	381
Income from SPO Services	369	462
Insurance Claims	125	-
Contributions and donations	-	228
	<u>€ 1,912</u>	<u>€ 1,691</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

11. Income raised under Local Enforcement System

	2015	2014
	€	€
Administration income from contraventions	390	319
	<u>€ 390</u>	<u>€ 319</u>

12. Personal Emoluments

	2015	2014
	€	€
Personal Emoluments include, inter alia:		
Mayor's Allowance	7,048	6,868
Councillors' Allowance	6,400	6,400
Executive Secretary salary and allowances	27,668	26,909
Employees' salary	8,984	8,373
Social Security Contributions	3,040	3,005
	<u>€ 53,140</u>	<u>€ 51,555</u>

13. Operations and Maintenance

Operations and maintenance includes, inter alia:

Repairs and Upkeep:

	2015	2014
	€	€
Road and Street Pavements (patching works)	27,594	10,865
Sundry Repairs	188	130
Public Property	6,600	4,935
Restoration works	-	7,412
Signs and markings	750	1,266
	<u>€ 35,132</u>	<u>€ 24,608</u>

Contractual Services:

	2015	2014
	€	€
Refuse Collection	11,996	12,028
Bulky Refuse Collection	1,862	2,556
Road and Street Cleaning	11,358	11,358
Cleaning and Maintenance - Public Conveniences	2,571	2,571
Cleaning and Maintenance - Soft areas	180	90
Cleaning - Council premises	520	570
Street Lighting	2,098	2,138
Other	2,307	2,373
	<u>€ 32,892</u>	<u>€ 33,684</u>

Total Operations and Maintenance Expenses

<u>€ 68,024</u>	<u>€ 58,292</u>
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Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

14. Administration and other expenditure	2015	2014
	€	€
Utilities	2,099	2,594
Materials and supplies	227	90
National and International Memberships	600	500
Office Services	1,928	910
Transport	1,445	1,170
Rent	396	396
Information services	1,327	1,556
Professional Services	5,169	4,570
Community services and events	12,062	16,549
Training costs	-	30
Depreciation	25,437	24,405
Bad debt written off	750	-
	<u>€ 51,440</u>	<u>€ 52,770</u>
15. Investment Income	2015	2014
	€	€
Bank Interest Receivable	116	84
	<u>€ 116</u>	<u>€ 84</u>
16. Capital Commitments		
The Councils's Capital commitments are as follows:	2015	2014
	€	€
Approved but not yet contracted for:		
Construction	10,000	10,000
Improvements	5,000	5,000
Equipment	1,000	1,500
Special Programmes	8,000	8,000
	<u>€ 24,000</u>	<u>€ 24,500</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

17. Related Parties Disclosures

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Regional Committees	No Control
Malta Environment and Planning Authority	No Control

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

	2015	2014
	€	€
Significant control:		
Revenue:		
Annual Financial allocation	<u>€ 163,698</u>	<u>157,804</u>

The ultimate controlling party of the Local Council is the Central Government since the Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

18. Risk management objectives and policies

The Council's activities expose it 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 flow by minimising exposure to financial risks.

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

18.1 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
	€	€
Class of financial assets - carrying amounts		
Trade and other receivables	1,622	15,611
Cash and Cash Equivalents	<u>35,398</u>	<u>22,692</u>
	<u>€ 37,020</u>	<u>€ 38,303</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

18. Risk management objectives and policies (Continued)

18.1 Credit risk (Continued)

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 with only creditworthy counterparties.

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. See note 5 for further information on financial assets that are past due.

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

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high

The company exercises a prudent credit control policy and accordingly it is not subject to any significant exposure or concentration of credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

18.2 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 funds to meet the council's obligations when they become due.

The council manage its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity is deemed to be sufficient in view of an excess of financial assets.

	2015	2014
	€	€
Payables	<u>32,780</u>	<u>36,636</u>
	<u>€ 32,780</u>	<u>€ 36,636</u>

18.3 Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 6), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

18. Risk management objectives and policies (Continued)

18.4 Summary of the financial assets and liabilities by category

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

	2015	2014
	€	€
Current Assets		
Loans and receivables :		
Trade and other receivables	1,622	15,611
Cash and Cash Equivalents	35,398	22,692
	37,020	38,303
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	32,780	33,447
	32,780	33,447

19. Capital risk management

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 a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Council.

20. Fair Value estimation

At 31 December 2015 and 31 December 2014, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.



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LOCAL COUNCIL GHASRI

Report of the Local Government Auditor to the Auditor General

We have audited the accompanying financial statements of Local Council Ghasri set out on pages 4 to 21, which comprise the statement of financial position as at 31st December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Local Council for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council Responsibilities for the Financial Statements

As described on page 3, the Executive Secretary and the Council are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Local Government Auditor's 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 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 internal control of the Local Council. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of the accounting estimates made by the Executive Secretary and the Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

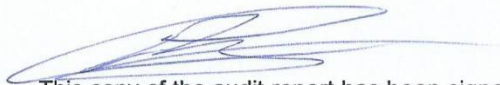
In our opinion, the financial statements give a true and fair view of the financial position of the Council as of 31 December 2015 and of the Council's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Local Councils Act, (CAP 363); the Financial Regulations issued in terms of the said Act; and the Local Councils (Financial) Procedures.

Other Matter

The financial statements of the Local Council Ghasri for the year ended 31 December 2014 were audited by Spiteri Bailey & Co. who expressed an unqualified opinion on those financial statements on 22 April 2015. As from 1 January 2016, Spiteri Bailey & Co. merged its practice with the incoming auditors, RSM Malta.

A handwritten signature in blue ink, appearing to be 'Conrad Borg', written over a horizontal line.

This copy of the audit report has been signed by
Conrad Borg (Partner)
for and on behalf of

RSM Malta
Certified Public Accountants

27/04/16