

PAOLA LOCAL COUNCIL

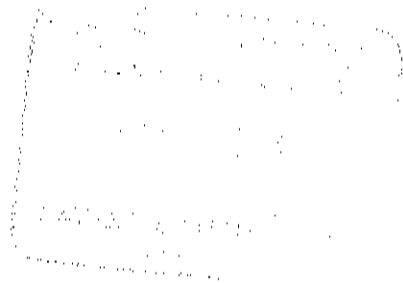


PAOLA LOCAL COUNCIL
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Annual Audit Report

For the year ended 31 December, 2015

Prepared by Mr Anthony Chircop



PAOLA LOCAL COUNCIL

Financial Statements

For the year ended 31 December 2015

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PAOLA LOCAL COUNCIL

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 of the Paola Local Council for the year and the 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 the accounting policies applicable to Local Councils, the Statement of Comprehensive Income of the Local Council for the year and its retained funds at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, the Local Council (Financial) Procedures issued in terms of the Act., and the International Financial Reporting Standards.

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

This statement was approved by the Council on the 3rd May 2016 and signed on its behalf by:-



Dominic Grima
Mayor



Kurt Scerri
Executive Secretary

Paola Local Council

Financial statements for the year ended 31 December 2015

Report of the Local Government auditor to the Auditor General

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

Respective responsibilities of the Local Council and Local Government auditor

As described in page 3, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the council, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

1. Included with receivables in note 13 is an amount of € 11,646 representing accrued income receivable from the Water Service Corporation. According to the previous audit report this amount was understated by € 7,354. During the audit for the current year we could not apply any satisfactory audit procedures to confirm that the amount of € 11,646 is not materially misstated.
2. Payables in note 16 do not include a balance € 24,403 which a supplier is claiming as due to it. We were not provided with any explanations as to why this amount has not been accounted for by the council.
3. The accounting treatment applied to measure long-term creditors relating to PPP projects does not satisfy the requirements of IAS 39 *Financial Instruments: Recognition & Measurement*, which requires that such creditors are accounted for at amortised cost.
4. Our work on bank balances revealed that the list of unrepresented cheques includes a number of stale cheques totalling € 38,022. Some of these were cancelled or replaced by new cheques but the original cheques issued were not reversed in the council's accounting system. As a result the bank balance and amounts due to creditors are understated. The amount of understatement cannot be determined.

Paola Local Council

Financial statements for the year ended 31 December 2015

Report of the Local Government auditor to the Auditor General

5. These financial statements do not include all:

- a. the disclosure requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* regarding new and amended IFRSs that have been adopted by the council
- b. the disclosure requirements on the objectives, policies and processes for managing capital as required by IAS 1 *Presentation of financial statements*
- c. the quantitative disclosures required by IFRS 7 *Financial Instruments: Disclosures* relating to the council's maximum exposure to credit risk, the contractual maturities of the council's liabilities, details of any receivables that are past due but not impaired and categories of financial assets and liabilities at the end of the reporting period.

Qualified opinion

In our opinion, except for the effects of the matters described in paragraphs 1 to 4 above, the financial statements give a true and fair view of the financial position of Paola Local Council as at 31 December 2015, and of the results of its operations, changes in net assets/equity and its cash flows for the period then ended in accordance with the accounting policies set out on pages 9 to 11.

Because of the matters set out in paragraph 5 (a) to (c) above, these financial statements do not comply fully with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 and have not been prepared in accordance with International Financial Reporting Standards.



Mark Bugeja
f/Grant Thornton
Certified Public Accountants

Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013

3 May 2016

PAOLA LOCAL COUNCIL

Statement of Comprehensive Income for the year ended 31 December 2015

	Budget	Notes	2015 €	2014 €
Income				
Funds received from government	625,000	3a	651,523	644,691
Income received under Local Council Bye Law	500	4	413	548
Income raised under Law Enforcement system	12,000	5	16,782	7,640
EU Funding	75,000	3b	174,032	32,707
Investment Income	500	6	392	1,036
Fair value through Profit & Loss	0	6	0	337
Release of Gov. Grants on amortization	20,000	7a	19,959	-3,705
General Income	10,000	7	24,211	6,412
	743,000		887,312	689,666
Expenditure				
Personal emoluments	133,000	8	133,826	109,809
Operations and maintenance	282,930	9	323,187	334,324
Administration and other expenditure	274,060	10	265,231	328,528
Financial costs	3,400	11	2,469	3,106
	692,690		724,713	775,767
Profit for the year	50,310		162,599	(86,101)

The notes on pages 9 to 21 form an integral part of these Financial Statements

PAOLA LOCAL COUNCIL

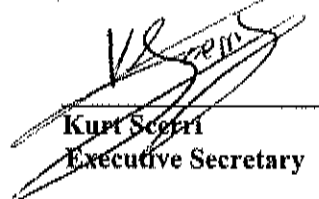
Statement of Financial Position as at 31 December, 2015

		2015	2014
Assets			
Non-current assets			
Property, plant and equipment	12	786,855	846,019
Current assets			
Receivables	13	40,225	118,539
Cash and cash equivalents	15	564,559	303,149
		604,784	421,688
Total assets		1,391,639	1,267,707
Reserves and Liabilities			
Reserves			
Retained earnings		850,239	688,140
Non-current liabilities			
Long term borrowing	14	29,094	40,870
Accruals and Gov. Grants	16.b	293,254	313,999
		322,348	355,869
Current Liabilities			
Payables and accruals	16	207,224	212,443
Short term borrowing	14	11,828	11,755
Total liabilities		219,052	224,198
Total reserves and Liabilities		1,391,639	1,267,707

These financial statements were approved by the Local Council on the 3rd May 2016 and signed on its behalf by:



Dominic Grima
Mayor



Kurt Scerri
Executive Secretary

The notes on pages from 9 to 21 form an integral part of these financial statements

PAOLA LOCAL COUNCIL

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

	Accumulated Fund €	Profit & Loss for year €	Total €
Balance as at 01st January 2014	565,940	195,642	761,582
Profit for financial year	0	(86,101)	(86,101)
Other comprehensive income			
Prior year adjustment	0	12,159	12,159
Balance as at 31 st December 2014	<u>565,940</u>	<u>121,700</u>	<u>687,640</u>
Balance as at 01st January 2015	565,940	121,700	687,640
Profit for financial year	0	162,599	162,599
Balance as at 31 st December 2015	<u>565,940</u>	<u>284,299</u>	<u>850,239</u>

PAOLA LOCAL COUNCIL
Statement of Cash Flows
for the year ended 31 December 2015

	2015		2014	
	€	€	€	€
Cash flow from operating activities				
Profit (Loss) for year	162,599		-86,101	
Reconciliation to cash generated from operations:-				
Grants released	-19,959		3,706	
Depreciation	101,729		83,452	
Bank interest receivable	-392		-1,036	
Fair value through Profit & loss	0		-337	
Interest payable	2,469		3,106	
		246,446		2,790
Operating surplus before working capital changes				
(Increase) in Receivables	4,482		47,180	
(Decrease) in payables	-103,333		76,292	
			0	
Cash generated in operating activities		-98,851		126,262
Cash flow from investing activities				
Interest received	392		1,036	
Fair value through Profit & Loss	0		77,542	
Purchase of property, plant & equipment	-42,564		-172,166	
Cash generated from investing activities		-42,173		-93,588
Cash from financing activities				
Interest paid on borrowings	-2,469		-3,106	
Loan repayments	-11,703		-11,066	
Government grants received during the year	113,834		2,300	
Cash generated from financing activities		99,662		-11,872
Net increase in cash during the year		205,084		23,592
Cash and cash equivalents at end of year		279,479		255,887
Cash and cash equivalents at end of year		<u>484,563</u>		<u>279,479</u>

PAOLA LOCAL COUNCIL

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

1, General information

The Local Council is the local authority of Malta set up in accordance with the Local Councils Act of 1993. The office of the Local Council is situated at Gnien Pawlu Boffa, Church Street, Paola. These financial statements were approved for issue by the Council Members on the 3rd May 2016. The Local Council's presentation as well as functional currency are denominated in Euro.

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.

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 Ministry 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 and comply with the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Council (Financial) Procedures 1996.

Accounting Standards adopted.

The following accounting standards and amendments to existing standards that have been published and which are mandatory for the Local Council's accounting periods with effect from 1st January 2011 which the Paola Local Council has adopted:

IAS 24 -- Related party disclosure, which was effective from 1 January 2011, as provided for disclosure requirements for government –related entities, as included herewith in these Financial Statements.

Newly introduced accounting standards.

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

a) Revenue recognition

Revenue is recognized when there are no significant uncertainties concerning the deviation of consideration or associated costs. Interest income is recognized in the income statement as it accrues.

PAOLA LOCAL COUNCIL

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

b. 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 the residual value of the asset over the expected useful life as follows:-

Asset:	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Work	10
Urban Improvements (Street Furniture)	10
Special projects	10
Street paving	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Traffic Signs	100
Road Signs	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 value and useful lives of the assets are reviewed and adjusted as appropriate, at each of the Statement of Financial Position. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

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

c. Government Grants

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

d. Amounts receivable

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

Paola Local Council

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

e. Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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 recognized 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 recognized as an expense in the Statement of Comprehensive Income.

f. Foreign Currencies

No transactions were denominated in a foreign currency. All transactions for the period under review were inputted in Euro (€).

g. Profit and Losses

Only the profits that were realized at the date of the Statement of Financial Position are recognized 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.

h. Cash and Cash Equivalents

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

3. a. Funds received from Central Government

	Budget	2015	2014
	€	€	€
In terms of section 55 of the Local Councils Act (Cap 363)	620,000	643,203	622,656
Other Government income	7,500	8,320	10,443
Government supplementary income		0	11,592
	<u>627,500</u>	<u>651,523</u>	<u>644,691</u>

3.b. EU Funding

	Budget	2015	2014
	€	€	€
EU Funding received for projects	75,000	174,032	32,707
	<u>75,000</u>	<u>174,032</u>	<u>32,707</u>

Paola Local Council
Notes to the Financial Statements
for the year ended 31 December 2015

4. Fees from permits

	Budget	2015	2014
	€	€	€
Fees from Bye Laws	500	413	548
	<u>500</u>	<u>413</u>	<u>548</u>

5. Local Enforcement Income

	Budget	2015	2014
	€	€	€
Fines and Penalties (10% on Contraventions)	12,000	11,509	7,640
LES Income distribution		5,273	0
	<u>12,000</u>	<u>16,782</u>	<u>7,640</u>

6. Investment income

	Budget	2015	2014
	€	€	€
Bank Interest	500	392	1,036
Fair value through Profit and Loss	0	0	337
	<u>500</u>	<u>392</u>	<u>1,373</u>

Income

7. General

	Budget	2015	2014
	€	€	€
Other income	2,000	2,455	4,930
Donations	1,200	2,200	0
Parking	800	945	832
Community services	11,000	18,611	65
	<u>15,000</u>	<u>24,211</u>	<u>6,412</u>

7.a. Release of Government Grants

	Budget	2015	2014
	€	€	€
Release of Government Grants	20,000	19,959	-3,705
	<u>20,000</u>	<u>19,959</u>	<u>2,707</u>

8. Personal Emoluments

	Budget	2015	2014
	€	€	€
Mayor's allowance	10,000	10,572	9,362
Executive Secretary	28,000	31,883	22,441
Employees' salaries	80,000	73,564	61,266
Councilors' Honoraria	7,000	8,700	8,800
Social Security Contributions	8,000	9,107	7,940
	<u>133,000</u>	<u>133,826</u>	<u>109,809</u>

Paola Local Council

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

Operations and Maintenance

9. Repairs & Upkeep

	Budget €	2015 €	2014 €
Public Property	250	1,323	182
Road/ Street pavements	6,450	2,983	7,560
Road Markings	2,600	2,171	2,623
Street signs	4,300	1,987	6,447
Street lighting maintenance	8,850	11,034	10,749
Sundry repairs	300	1,922	798
Other repairs & maintenance	2,250	301	0
	25,000	21,721	28,359

Contractual Services

	Budget €	2015 €	2014 €
Waste Disposal	54,000	57,825	78,018
Refuse collection	81,580	93,792	91,667
Bulky refuse collection	6,650	7,800	8,342
Road & Street Cleaning	42,000	47,437	47,172
Cleaning of Public Convenience.	17,500	19,798	19,798
Cleaning of Council's Office	2,250	82	1,693
Provision of skips	3,300	1,699	3,050
Washing of Paola Market	6,550	0	4,925
Other Contractual Services	0	3,081	2,402
Cleaning & Main Parks & Gardens	26,500	28,682	29,113
Cleaning & M. Soft Areas	15,600	16,111	17,575
Studies & Consultations	500	25,021	525
Local Enforcement System	1,500	138	1,685
	257,930	301,466	305,965

Total Operations and Maintenance Costs

	282,930	323,187	334,324
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Paola Local Council

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

10. Administration and Other Expenditure

	Budget €	2015 €	2014 €
Utilities	10,000	10,232	9,895
Operating materials /General supplies	13,500	15,182	15,297
Rent	4,200	4,407	4,629
Stationery, Postage etc.	6,500	6,003	5,253
Hire of equipment	100	460	77
Transport	3,700	2,413	3,623
Public Relations	2,100	6,861	5,224
Insurance and Charges	2,500	3,490	2,775
Professional services	20,000	4,586	9,498
Conferences / Training	360	2,357	993
Bank Interest and charges	100	68	416
Hire Purchase Interest	0	195	0
Travel	0	2,839	0
Community & Hospitality	20,000	29,094	22,714
E. U. Projects	100,000	72,819	164,479
Permits (MEPA)	1,000	0	180
Penalties	0	166	23
Bad debts written off	0	2,330	0
Depreciation	90,000	101,729	83,452
	274,060	265,231	328,528

11. Finance cost

	Budget €	2015 €	2014 €
Interest on Bank loan	3,400	2,469	3,106
	3,400	2,469	3,106

Paola Local Council
Notes to the Financial Statements
For year ending 31st December, 2015

12. Property, Plant and Equipment

At Cost	Property Office Bldg	Furniture & Fixtures	Office Equipmt	Computer system	Plant & Machinery	Motor Vehicle	New Str Signs	Trees	Constm. & Urban Improvmt	Total
€	€	€	€	€	€	€	€	€	€	€
As at 1 January 2015	97,834	33,803	25,554	22,981	17,577	9,600	15,148	2,849	1,874,890	2,100,436
Additions during year	-	1,186	3,298	364	100	-	-	14,157	23,459	42,564
At 31 December 2015	97,834	34,989	28,852	23,345	17,677	9,600	15,148	17,006	1,898,349	2,143,000
Depreciation										
As at 1 January, 2015	8,203	19,366	20,575	17,888	7,716	5,384	15,148	-	904,779	999,059
Charge for year 2015	892	1,108	1,385	1,161	1,808	745	-	1,005	93,625	101,729
At 31 December, 2015	9,095	20,474	21,960	19,049	9,524	6,129	15,148	1,005	998,404	1,100,788
Accumulated Deprec On Special Projects b/f Projects completed 2011/2014	0	0	0	0	0	0	0	0	225,696	225,696
	0	0	0	0	0	0	0	0	29,661	29,661
	0	0	0	0	0	0	0	0	255,357	255,357
Written Down Values										
At 31 December 2015	88,739	14,515	6,892	4,296	8,153	3,671	0	16,001	644,588	766,855
At 31 December 2014	89,631	14,436	4,979	5,093	9,861	4,416	0	2,849	714,754	846,019

Paola Local Council
Notes to the Financial Statements
For year ending 31st December, 2014

12. Property, Plant and Equipment

At Cost	Property Office Bldg	Furniture & Fixtures	Office Equipmt	Computer system	Plant & Machinery	Motor Vehicle	New Str Signs	Trees	Constrcn & Urban Imp	Total
€	€	€	€	€	€	€	€	€	€	€
As at 1 January 2014	97,834	33,477	24,563	20,040	16,480	9,800	15,148	2,849	1,477,514	1,897,705
Additions during year	-	326	991	2,941	1,097	-	-	-	397,376	402,731
At 31 December 2014	97,834	33,803	25,554	22,981	17,577	9,800	15,148	2,849	1,874,890	2,100,436
Depreciation										
As at 1 January, 2014	7,302	18,243	19,638	16,484	5,521	4,397	15,148	-	828,875	915,808
Charge for year 2014	901	1,124	937	1,404	2,195	987	-	-	75,904	83,452
At 31 December, 2014	8,203	19,367	20,575	17,888	7,716	5,384	15,148	-	904,779	999,060
Accumulated Deprec On Special Projects b/f Projects completed 2011/ 2014	0	0	0	0	0	0	0	0	225,696	225,696
	0	0	0	0	0	0	0	0	29,661	29,661
	0	0	0	0	0	0	0	0	255,357	255,357
Written Down Values										
At 31 December 2014	89,631	14,436	4,979	5,093	9,861	4,416	0	2,849	714,754	846,019
At 31 December 2013	90,532	15,234	4,925	3,556	10,959	5,403	0	2,849	393,282	526,740

PAOLA LOCAL COUNCIL

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

13. Receivables

	2015	2014
	€	€
Debtors	151,699	144,957
Other debtors- Deposits	5,726	12,395
Provision for bad and doubtful debts	(144,957)	(144,957)
Other Regional offices	6,743	10,064
	<u>19,211</u>	<u>22,459</u>
Prepayments & accrued income	21,014	96,080
	<u>40,225</u>	<u>118,539</u>

Receivables

General receivables are analysed as follows:

	2015	2014
	€	€
Within credit period	15,000	10,000
Exceed credit period but not impaired	25,225	10,000
Impaired and provided for	144,957	114,957
Provision for doubtful debts	(144,957)	(114,957)
	<u>40,225</u>	<u>20,000</u>

Local Enforcement System (LES Debtors)

The stated figure of €151,699 the sum of €144,957 refers to pre-pooling, whereas the balance is current.

14. Borrowings

	2015	2014
	€	€
Non current		
Bank Loan	<u>29,094</u>	<u>40,870</u>
Current		
Bank loan	<u>11,828</u>	<u>11,755</u>
Borrowings		
Repayable between one and two years	10,815	10,000
Repayable between two and five years	30,107	32,000
Repayable in five years or more	0	10,625
	<u>40,922</u>	<u>52,625</u>

Bank loan

The Bank loan is secured by General Hypotech over all the assets of the Paola Local Council, and pledges on the Council's Insurance Policy. The loan bears an interest rate of 5.5 % per annum and is repayable within ten years, that is by the year 2019.

PAOLA LOCAL COUNCIL

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

15. Cash and Cash Equivalents

	2015 €	2014 €
Ordinary Bank balances	564,187	303,114
Cash	372	35
	<u>564,559</u>	<u>303,149</u>

16. Payables

	2015 €	2014 €
a) Current		
Bank overdraft	79,998	23,670
Trade creditors	27,650	73,141
Other creditors	3,696	4,100
Accruals	75,592	94,120
Deferred income	20,288	17,394
Current liabilities	<u>207,224</u>	<u>212,445</u>
b) Non Current		
Accruals	116,677	155,569
Government grants	176,577	159,430
	<u>293,254</u>	<u>314,999</u>

The Council has started accounting for Government Grants relating to Special Projects by applying the method of deferring the income, which is recognized as income, on a systematic basis over the useful life of the asset, in line with IAS 20. The remaining balance will be included as 'Deferred Government Grants' under Payables.

17. Deferred income

	2015 €	2014 €
Government grants:-		
Gnien Boffa	56,923	62,936
Valletta Road/ Paola Hill	21,050	23,274
Energy Scheme – 2010	3,837	4,694
Live Steaming Scheme	1,645	1,819
PPP Scheme re	60,333	66,707
Full Electric Van	10,000	0
Green Urban Areas	22,789	0
	<u>176,577</u>	<u>159,430</u>
	2015 €	2014 €
Grants released during the year	19,959	(3,705)
	<u>19,959</u>	<u>(3,705)</u>

PAOLA LOCAL COUNCIL

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

18. Capital Commitments

	2015 €	2014 €
Details of capital commitments at the accounting date are as follows:		
Approved but not accounted for		0
Contracted for but not provided for in Financials Statements.		0
Contracted for and approved in Financial Statements	75,000	388,923
Purchase of an electric driven van.	36,000	0
	<u>111,000</u>	<u>388,923</u>
a. Commitments approved and contracted for		
Resurfacing of roads (Melita Street, Paola)	75,000	388,923
Electric driven van	36,000	0
	<u>111,000</u>	<u>388,923</u>
b. Resurfacing of roads repayment contracted as follows:-		
Payment on completion of works		
1st year (2015)	168,620	168,620
2nd year (2016)	54,842	54,842
3rd year to 8th year (2017 to 2022)	24,421	24,421
	<u>141,040</u>	<u>141,040</u>
	<u>388,923</u>	<u>388,923</u>

19. Prior year adjustments

	2015 €	2014 €
Expenses incurred in prior year/s and which were not included under 'accruals'		
Expenses incurred re Christmas festivities (prior year)	0	950
Salaries (arrears approved by H.O.)	0	(4,686)
Stale cheques	0	(4,279)
Adjustment re Wasteserv account	0	(6,693)
Audit adjustments	0	(4,024)
Underpayment of FSS to CIR	0	860
Reversal of a Prior Year Adjustment	0	5,270
Professional fees & charge on Cultural Events	0	444
	<u>0</u>	<u>(12,158)</u>

PAOLA LOCAL COUNCIL

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

20. Financial Instruments

The Council's activities and operation are exposed to various financial risks as well as to Market risks, Liquidity risks as well as risks from interest rate fluctuations. The overall risk management program focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

The objective of the Market Risk management is to manage and control market risk exposure within acceptable parameters, while obtaining best possible prices through tendering procedures. The Liquidity risks, that the Council will not be able to meet its financial obligations as they fall due, is managed by ensuring, as far as possible, that it would have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risks.

21. Contingent liabilities

The Council has been involved in two court cases, both are being processed in the "Small Cases Court" and therefore the maximum liability of each case cannot exceed Eur 3,000.

	2015 €	2014 €
a) Fogg vs Paola Local Council – Case was won by Council	3,000	3,000
b) Untours Insurance vs Paola Local Council – Case was lost	3,200	3,200
	<u>6,200</u>	<u>6,200</u>

PAOLA LOCAL COUNCIL

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

22. Related party transactions

The only significant transactions carried out by the Council with related parties having significant control was the following:-

	2015 €	2014 €
Department of Local Councils - Annual Financial Allocation	643,203	622,656
	<u>643,203</u>	<u>622,656</u>

The number of related parties or bodies in terms of IAS 24, that the Paola Local Council had carried out transactions with during the year under review are the following:-

Name of body or entity	Type of relationship
Accountant General	No control
Bank of Valletta	No control
Central Joint Committee	No control
Cleansing Services Dept	No control
Commissioner of Inland Revenue	No control
Corradino Correction Facility	No control
Enemalta Corporation	No control
Department of Information	No control
Department of Land	No control
Department of Local Councils	No control
ETC – Employment Training Corporation	No control
Enemalta Corporation	No control
Gozo Regional Committee	No control
Local Councils Association	No control
Malta Environment and Planning Authority	No control
Malta Transport Authority	No control
North Regional Committee	No control
Northern Harbour District Joint Committee	No control
Regional Councils	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Wasteserv Malta	No control
Water Services Corporation	No control
Zejtun Joint Committee	No control