

Laqgħa Numru 02/K7/2015

Introduzzjoni

It-Tieni Laqgħa tas-Seba' Legislatura tal-Kunsill Lokali Pembroke għas-sena 2015 li saret nhar it-Tlieta 3 ta' Frar 2015.

Il-Kunsill iltqa' fl-Ufficcju Amministrattiv tiegħu, Triq Alamein, Pembroke, fil-5.30pm.

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

Fuq talba tal-Kunsill kienet prezenti wkoll l-Accountant tal-Kunsill Romina Perici Ferrante.

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

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

Agenda

Il-Kunsill mexxa fuq l-avviz li gie ppubblikat fit-28 ta' Jannar 2015. L-Agenda kienet:

1. Approvazzjoni tal-Financial Statements għas-sena 2014

01. Approvazzjoni tal-Financial Statements għas-sena 2014.

- 1.01. Is-Sindku Dean Hili pprezenta l-Financial Statements għas-sena finanzjarja 2014 kif ippreparata mill-Accountant Romina Perici Ferrante. **(Ara Dok. 1)** Il-kelliem talab lill-Accountant biex tagħti l-ispejgħa tagħha.
- 1.02. L-Accountant Romina Perici Ferrante tat spjega dettaljata tal-Financial Statements fejn wiegħbet għall-mistoqsijiet tal-membri tal-Kunsill.
- 1.03. Is-Sindku Dean Hili ppropona l-approvazzjoni tad-dokument kif ipprezentat.
- 1.04. Il-Kunsillier Charles Cesare ssekonda.
- 1.05. Il-Kunsill qabel unanimament.
- 1.01. Is-Sindku Dean Hili għalaq il-laqgħa fis-6.00pm.

Avv. Dean Hili
Sindku

Kevin Borg
Segretarju Ezekuttiv

Sindku : L-Avv. Dean Hili Viċi 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 2014**

*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 2014**

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

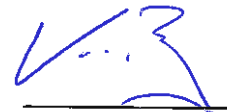
The Local Council (Financial) Regulations, 1993, require the Executive Secretary to prepare a detailed Annual Administrative Report, which includes a statement of the Local Council's comprehensive income for the year and of the Local Council's retained funds at the end of the year. By virtue of the same 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 Hill LLD
Mayor

Date: 02/02/2015



Kevin Borg
Executive Secretary

PEMBROKE LOCAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

		2014	2013
	Notes	Euro	Euro
INCOME			
Funds received from Central Government	3	397,575	368,783
Income raised under Law Enforcement system	4	4,601	3,564
Income raised under Local Council Bye Laws	5	109	153
General income	6	<u>13,671</u>	<u>122,084</u>
		<u>415,956</u>	<u>494,584</u>
EXPENDITURE			
Personnel emoluments	7	83,846	80,983
Operations and maintenance	8	197,067	190,359
Administration and other expenditure	9	<u>98,819</u>	<u>142,986</u>
		<u>379,732</u>	<u>414,328</u>
OPERATING PROFIT FOR THE YEAR		€36,224	€80,256
Finance Cost	10	0	(2,512)
Finance Income	11	<u>1,589</u>	<u>3,473</u>
PROFIT FOR THE YEAR		<u>€ 37,813</u>	<u>€ 81,217</u>

The notes on page 8 to 26 form an integral part of these financial statements

**PEMBROKE LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2014**

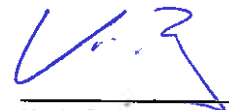
	Notes	31 Dec 2014	31 Dec 2013
		Euro	Euro
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	<u>336,531</u>	<u>327,337</u>
Current Assets			
Inventories	13	2,108	2,252
Trade and other receivables	14	55,710	67,103
Cash and cash equivalents	15	<u>315,737</u>	<u>237,440</u>
Total Current Assets		<u>373,555</u>	<u>306,795</u>
TOTAL ASSETS		<u>€ 710,086</u>	<u>€ 634,132</u>
RESERVES AND LIABILITIES			
Reserves			
Retained earnings		<u>592,543</u>	<u>554,730</u>
Non-Current Liabilities			
Deferred Income	16	<u>52,395</u>	<u>11,529</u>
Total Non-Current Liabilities		<u>52,395</u>	<u>11,529</u>
Current Liabilities			
Trade and other payables	17	37,670	21,517
Provisions	18	<u>27,478</u>	<u>46,356</u>
Total Current Liabilities		<u>65,148</u>	<u>67,873</u>
TOTAL RESERVES AND LIABILITIES		<u>€ 710,086</u>	<u>€ 634,132</u>

The notes on pages 8 to 26 form an integral part of these financial statements

These Financial Statements were approved by the Local Council on the 02/02/2015
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 2014**

	Retained Funds Euro
At 1 January 2013	473,513
Profit for the year	<u>81,217</u>
At 31 December 2013	<u>554,730</u>
At 1 January 2014	554,730
Profit for the year	<u>37,813</u>
At 31 December 2014	<u>592,543</u>

PEMBROKE LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	1 Jan 2013 – 31 Dec 2014	1 Jan 2012 – 31 Dec 2013
Notes	Euro	Euro
Net Profit for the year	37,813	81,217
Reconciliation to cash generated from operations:		
Depreciation	55,431	35,889
Interest Payable	0	1,171
Interest Receivable	(1,589)	(3,473)
Loss on disposal of fixed assets	6,939	27
Provision for Bad LES Debts	0	(167)
Operating Profit before Working Capital changes	98,594	114,664
Decrease in Inventories	144	197
Decrease in Trade and other receivables	11,393	75,718
Increase/(Decrease) in payables	35,137	(61,618)
Increase/(Decrease) in other payables	4,511	(128)
Government Grant released	<u>(21,014)</u>	<u>(1,346)</u>
Cash generated from operating activities	<u>128,765</u>	<u>127,487</u>
Cash flows from investing activities		
Interest Received	1,589	3,360
Acquisition of property, plant and equipment	<u>(71,564)</u>	<u>(1,728)</u>
Cash (used in)/generated from investing activities	<u>(69,975)</u>	<u>1,632</u>
Cash flows from financing activities		
Grant Received	19,507	0
New short-term bank borrowings	0	0
Repayment of short-term bank borrowings	<u>0</u>	<u>(151,675)</u>
Cash generated from/(used) in financing activities	<u>19,507</u>	<u>(151,675)</u>
Net increase/(decrease) in cash and cash equivalents	<u>78,297</u>	<u>(22,556)</u>
Analysis of changes in cash and cash equivalents during the year		
Cash and cash equivalents at beginning of year	237,440	259,996
Net increase/(decrease) in cash and cash equivalents	<u>78,297</u>	<u>(22,556)</u>
Cash and cash equivalents at end of year	15 <u>315,737</u>	<u>237,440</u>

The notes on page 8 to 26 form an integral part of these financial statements.

**PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014**

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 02/02/2015.

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 2014

A number of new and revised standard are effective for annual periods beginning on or after 1 January 2014. 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. The council members do not anticipate a material impact on the council's financial statements from these amendments.

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 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 2014	1 Jan-31 Dec 2013
	Euro	Euro
In terms of Section 55 of the Local Councils Act, 1993	354,083	354,401
Other Government Income	<u>43,492</u>	<u>14,382</u>
	<u>397,575</u>	<u>368,783</u>

4. LOCAL ENFORCEMENT INCOME

	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
	Euro	Euro
Administrative charges to Regional Committees	4,601	3,081
Share of Surplus from Joint Committee	<u>0</u>	<u>483</u>
	<u>4,601</u>	<u>3,564</u>

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

5. INCOME RAISED UNDER LOCAL COUNCIL BYE-LAWS

	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
	Euro	Euro
Sale of Pembroke books	<u>109</u>	<u>153</u>

6. GENERAL INCOME

	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
Tender Documents	2,042	3,925
Donations and Sponsorships	100	1,400
Contributions	2,018	5,059
Others	3,282	5,063
Income from permits	1,458	1,017
Income re Library	1,003	500
Insurance Claims	2,947	0
EU Funded Program	<u>821</u>	<u>105,273</u>
	<u>€ 13,671</u>	<u>€ 122,084</u>

7. PERSONNEL EMOLUMENTS

	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
Personnel Emoluments include, <i>inter alia</i>		
Mayor's Honoraria	6,868	6,703
Mayor's and Councillors' Allowances	6,400	6,400
Executive Secretary Salary and Allowances	26,909	26,277
Employees' Salaries	38,238	36,371
Social Security Contributions	<u>5,431</u>	<u>5,232</u>
	<u>€ 83,846</u>	<u>€ 80,983</u>
 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 2014	1 Jan – 31 Dec 2013
8. OPERATIONS AND MAINTENANCE EXPENSES	Euro	Euro
Operations and maintenance includes, <i>inter alia</i>		
REPAIRS AND UPKEEP		
Roads and street pavements (patching works)	25,823	16,725
Public Property	8,426	3,286
Office furniture & equipment	470	662
Street Signs	3,583	9,497
Other repairs & upkeep	1,456	31
Road Markings	5,157	13,364
	<u>€ 44,915</u>	<u>€ 43,565</u>
CONTRACTUAL SERVICES		
Refuse collection	57,790	55,308
Bulky refuse collection	10,580	10,641
Road and street cleaning	18,810	12,563
Cleaning and maintenance of non-urban roads	17,955	13,418
Cleaning and maintenance parks and gardens	16,171	16,112
Cleaning and maintenance of verges	17,955	11,712
Cleaning and maintenance council premises	1,748	2,307
Other Cleaning and maintenance	0	0
LES related expenditure	18	131
Street lighting	6,943	20,346
Other Contractual Services	4,182	4,256
	<u>€ 152,152</u>	<u>€ 146,794</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u>€ 197,067</u>	<u>€ 190,359</u>

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

	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
	Euro	Euro
9. ADMINISTRATIVE AND OTHER EXPENSES		
Depreciation	55,431	35,889
Water, Electricity & Telecommunications	5,871	6,689
Fuel	17	0
Rent	1,810	1,206
National and international memberships	1,010	925
Office Services	3,366	5,386
Insurance	1,686	1,643
Library expenses	1,139	1,770
Travel and EU Projects	0	53,899
Transport	755	1,256
Advertising & Public relations	1,813	4,120
Professional services	11,685	16,259
Provision for Bad Debts – LES & General	0	(167)
LES Bad Debts written off	0	4,367
Community and hospitality	6,196	9,193
Sundry minor expenses	408	259
Staff training	60	60
Loss on Disposal	6,939	27
Bank Charges	<u>633</u>	<u>205</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>€ 98,819</u>	<u>€ 142,986</u>
10. FINANCE COST		
	1 Jan-31 Dec 2014	1 Jan- 31 Dec 2013
Bank Interest on Loan	<u>€ 0</u>	<u>€ 2,512</u>
11. FINANCE INCOME		
	1 Jan-31 Dec 2014	1 Jan- 31 Dec 2013
Bank Interests	<u>€ 1,589</u>	<u>€ 3,473</u>

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture, Fixtures &	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	3,773	64,444	0	0	0	0	0	71,564
Transferred	0	0	0	0	0	0	0	0	0	0
Disposals	-2,625	-21,597	0	-7,372	-3,736	0	0	-1,185	0	-36,515
At 31st December 2014	24,583	45,367	15,560	389,310	547,060	653,660	18,091	6,481	0	1,700,112
Grants										
At 1 January 2014	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 2014	0	3,494	0	60,436	0	653,923	0	0	0	717,853
Depreciation										
At 1 January 2014	12,826	51,296	11,787	182,102	355,551	-263	0	6,574	0	619,873
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	-263	0	5,784	0	645,728
Net Book Value										
At 31st December 2014	12,702	8,659	3,773	118,058	174,551	0	18,091	697	0	336,531

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. 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 2013	26,314	62,870	11,787	332,238	550,796	653,660	18,091	7,666	0	1,663,422
Additions	550	1,178	0	0	0	0	0	0	0	1,728
Transferred	0	0	0	0	0	0	0	0	0	0
Disposals	0	(87)	0	0	0	0	0	0	0	(87)
At 31st December 2013	26,864	63,961	11,787	332,238	550,796	653,660	18,091	7,666	0	1,665,063
Grants										
At 1 January 2013	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 2013	0	3,494	0	60,436	0	653,923	0	0	0	717,853
Depreciation										
At 1 January 2013	11,700	48,527	11,787	172,135	333,857	-263	0	6,301	0	584,044
Transferred	0	0	0	0	0	0	0	0	0	0
Charge for the period	1,126	2,829	0	9,967	21,694	0	0	273	0	35,889
Released on Disposal	0	(50)	0	0	0	0	0	0	0	(50)
At 31st December 2013	12,826	51,296	11,787	182,102	355,551	-263	0	6,574	0	619,873
Net Book Value										
At 31st December 2013	14,038	9,171	0	89,700	195,245	0	18,091	1,092	0	327,337

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

13. INVENTORIES

	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
Books and other publications	<u>2,108</u>	<u>2,252</u>

14. TRADE AND OTHER RECEIVABLES

	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
	Euro	Euro
Amount invoiced but not yet settled	53,625	8,519
Provision for General Bad debts	(4,200)	(4,200)
Pre-Pooling LES Debtors	8,629	8,629
Provision for Bad LES debts	(8,629)	(8,629)
Other debtors	700	700
Prepayments and Accrued income	<u>5,585</u>	<u>62,084</u>
	<u>55,710</u>	<u>67,103</u>

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

Receivables

General receivables are analysed as follows:

	2014 Jan-Dec	2013 Jan-Dec
	Euro	Euro
Within credit period	45,380	826
Exceeded credit period but not impaired	4,045	3,493
Provision for doubtful debts	<u>4,200</u>	<u>4,200</u>
	<u>53,625</u>	<u>8,519</u>

15. 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 2014	1 Jan – 31 Dec 2013
	Euro	Euro
Petty cash	233	409
Bank balances – Ordinary Funds	<u>315,504</u>	<u>237,031</u>
	<u>€ 315,737</u>	<u>€ 237,440</u>

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

16. DEFERRED INCOME

	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
	€	€
Government Grants		
At beginning of year	12,747	14,093
Increase in period	<u>66,391</u>	<u>0</u>
	79,138	14,093
Released in period	<u>(21,014)</u>	<u>(1,346)</u>
At end of year	<u><u>58,124</u></u>	<u><u>12,747</u></u>
Current Deferred Income	<u>5,729</u>	<u>1,218</u>
Non-Current Deferred Income	<u>52,395</u>	<u>11,529</u>
Deferred Government Grants		
Deferred between one and two years	10,877	2,319
Deferred between two and five years	12,550	2,712
Deferred in five years or more	<u>34,697</u>	<u>7,715</u>
	<u>58,124</u>	<u>12,747</u>
Deferred after five years or more		
Government Grants	<u>34,697</u>	<u>7,715</u>

17. TRADE AND OTHER PAYABLES

	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
	Euro	Euro
Trade Payables	<u>37,670</u>	<u>17,770</u>
	<u>37,670</u>	<u>17,770</u>
Trade Payables are analysed as follows:		
	2014 Jan-Dec	2013 Jan-Dec
	Euro	Euro
Within credit period	29,081	8,285
Exceeded credit period	<u>8,589</u>	<u>9,485</u>
	<u>37,670</u>	<u>17,770</u>

During 2014, the Department of Local Government has paid Wasteserv Ltd. the amount of €14,157, which amount is included with Other Government Income.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. PROVISIONS

Provisions include estimates for goods and services received prior to 31 December 2014 and for which invoices have not yet been received by the Local Council.

	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
Accruals and Deferred Income	<u>€ 27,478</u>	<u>€ 46,356</u>

19. CONTINGENT LIABILITIES

The council has received goods and services that are being disputed. The total amount of these contingent liabilities amount to €3,538.

20. CAPITAL COMMITMENTS

	1 Jan – 31 Dec 2014	1 Jan – 31 Dec 2013
	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	<u>0</u>	<u>10,750</u>
	€ 0	€10,750

21. 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)

22. 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:

	2014	2013
	Euro	Euro
Annual Financial Allocation	354,083	354,401
<u>Key Management Emoluments</u>		
Executive Secretary	26,852	23,934
Mayor's Honoraria	6,868	6,703
Mayor & Councillors' Allowances	6,400	6,400

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

23. 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:

	2014	2013
	€	€
Classes of financial assets - carrying amounts		
Trade and other receivables	54,327	67,103
Cash and cash equivalents	<u>315,737</u>	<u>237,440</u>
	<u>370,064</u>	<u>304,543</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.

	2014	2013
	Euro	Euro
31-60 days	46,011	826
61-90 days	0	0
91-180 days	1,030	281
181-365 days	6,058	1,859
Over 365 days	<u>526</u>	<u>5,553</u>
	<u>53,625</u>	<u>8,519</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 € 315,737. 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 2014, 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	37,670	-	-
Accruals	<u>21,749</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	21,517	-	-
Accruals	<u>45,138</u>	<u>-</u>	<u>-</u>

24. 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:

	2014 €	2013 €
Current assets		
Loans and receivables:		
Trade and other receivables	54,327	67,103
Cash and cash equivalents	<u>315,737</u>	<u>237,440</u>
	<u>370,064</u>	<u>304,543</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	37,670	21,517
Accruals	<u>21,749</u>	<u>45,138</u>
	<u>59,419</u>	<u>66,655</u>