

THE HERITAGE PARKS FEDERATION
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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THE HERITAGE PARKS FEDERATION

Report of the Executive Committee for the year ended 31 December 2015

The Executive Committee of the Federation reports as follows for the activities held during the year ended 31 December 2015.

Principal Activity

The Heritage Parks Federation was set up to manage heritage parks in the Maltese Islands.

Results

Income

The results reflect the income generated and receivable from grants received as a result of management agreements signed with the Ministry for Rural Affairs and the Environment and the Malta Environment and Planning Authority, with the Federation to manage the area known as the Majjistral Nature and History Park. The agreement was valid for a term of five years which ended on the 26th January 2013, and was renewed for a further five years. Other income includes funds generated from related activities.

Expenditure

Expenditure for the year is divided between operational costs and administrative costs and expenses and reflects the expenses to run the organization and the project entrusted by the Ministry and MEPA. The results are shown in the schedule attached to the accounts.

Excess of Income over expenditure

The surplus for the year is shown on page 5. The operations generated a surplus of €7,912 (2014 - surplus of €52,660) for the year. This was added to the accumulated favourable fund brought forward of €188,676 leaving an accumulated favourable balance at the end of the year of €196,588.

Members of the Executive Committee

The members of the Executive Committee who served during the year were:

Dr. Rodolfo Ragonesi - President
Ms. Simone Mizzi - Secretary
Mr. Jeffrey Sciberras - Treasurer

In accordance with the Statute, the three members are to remain in office.

Financial reporting framework

The Executive Committee have resolved to prepare the Federation's financial statements for the year ending 31 December 2015 in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations.

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Report of the Executive Committee for the year ended 31 December 2015 (cont.)

Auditors

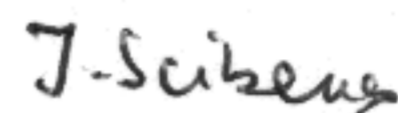
Mercieca Azzopardi & Co. have expressed their willingness to continue in office and a resolution proposing their reappointment will be put before the Executive Committee at the next Annual general meeting.

Approval of financial statements

These financial statements were approved by the Executive Committee of the Federation and authorised for issue on the 26 October 2016 and signed on behalf of the Federation by:



Dr. Rodolfo Ragonese LL.D
President



Mr. Jeffrey Sciberras
Treasurer

26 October 2016

THE HERITAGE PARKS FEDERATION

Statement of responsibilities of the Executive Committee of the Federation Year ended 31 December 2015

The members of the Executive Committee of the Federation are required to prepare financial statements, which give a true and fair view of the state of affairs of the organisation at the end of each financial year and of its profit or loss for that year. In preparing the financial statements, the Executive Committee of the Federation should:

- Select sustainable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Federation will continue to operate.

The members of the Executive Committee of the Federation are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Federation. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They have to report as per the statute of the Federation.

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Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of The Heritage Parks Federation set out on pages 5 to 11, which comprise the balance sheet as at 31 December 2015, and the income statement, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive Committee's Responsibility

As also described in the statement of responsibilities of the Executive Committee on page 3, the board members are responsible for the preparation and fair presentation of these financial statements in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

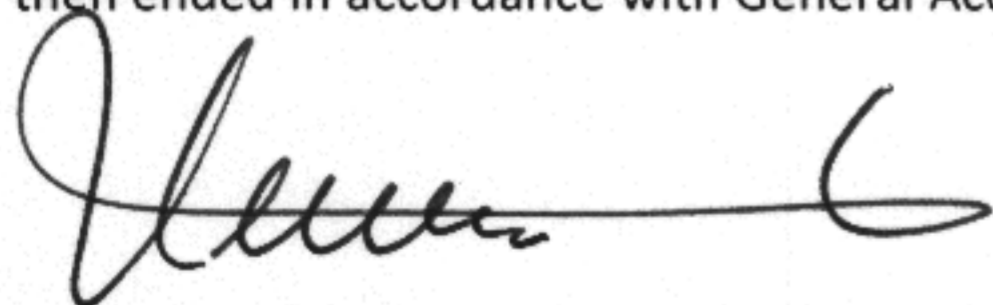
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 significant estimates made by the management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Heritage Parks Federation as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with General Accounting Principles for Smaller Entities.



Ray Mercieca (Partner) for and on behalf of

Mercieca, Azzopardi & Co.
Certified Public Accountants

San Gwann
Malta

26 October 2016

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Income statement for the year ended 31 December 2015

| | Notes | 2015 € | 2014 € |
|---|-------|---------------------|----------------------|
| Grants income | 4 | 69,876 | 69,881 |
| Other income – donations and activities | | <u>11,472</u> | <u>55,911</u> |
| Total income | | 81,348 | 125,792 |
| Operational costs | | <u>(67,188)</u> | <u>(65,495)</u> |
| Surplus | 5 | 14,160 | 60,297 |
| Administrative costs | | <u>(6,309)</u> | <u>(7,737)</u> |
| Bank interest received | 6 | <u>61</u> | <u>100</u> |
| Surplus for the year | | <u>7,912</u> | <u>52,660</u> |

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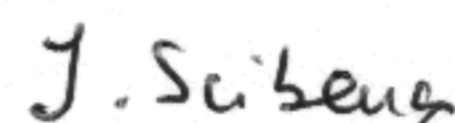
Balance sheet as at 31 December 2015

| | Notes | 2015 € | 2014 € |
|-------------------------------|-------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | <u>84,703</u> | <u>90,132</u> |
| Current assets | | | |
| Receivables | 8 | <u>93,879</u> | <u>85,798</u> |
| Cash and bank balances | | <u>48,498</u> | <u>51,759</u> |
| | | <u>142,377</u> | <u>137,557</u> |
| Total assets | | <u>227,080</u> | <u>227,689</u> |
| Current liabilities | | | |
| Payables | 9 | <u>30,492</u> | <u>39,013</u> |
| Net assets | | <u>196,588</u> | <u>188,676</u> |
| Accumulated fund | | | |
| as at 1 January | | <u>188,676</u> | <u>136,016</u> |
| Surplus for year | | <u>7,912</u> | <u>52,660</u> |
| As at 31 December | | <u>196,588</u> | <u>188,676</u> |

The financial statements on pages 5 to 11 were approved on 26 October 2016 and signed by:



Dr. Rodolfo Ragonesi LL.D
President



Mr Jeffrey Sciberras
Treasurer

THE HERITAGE PARKS FEDERATION

Cash flow statement for the year ended 31 December 2015

| | Notes | 2015 € | 2014 € |
|---|-------|-----------------------|----------------------|
| Cash flows from operating activities | | | |
| Surplus for the year | | 7,912 | 52,660 |
| <i>Adjustment for</i> | | | |
| Depreciation | | <u>5,429</u> | <u>5,429</u> |
| Surplus on operations before working capital movements | | 13,341 | 58,089 |
| Receivables | | (8,081) | (14,467) |
| Other current liabilities | | - | (46,507) |
| Payables | | <u>(8,521)</u> | <u>29,135</u> |
| Cash flows (used in)/generated from operations | | <u>(3,261)</u> | <u>26,250</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | <u>-</u> | (91,764) |
| Movements in cash and cash equivalents | | (3,261) | (65,514) |
| Cash and cash equivalents at beginning of year | | <u>51,759</u> | <u>117,273</u> |
| Cash and cash equivalents at end of year | 10 | <u>48,498</u> | <u>51,759</u> |

THE HERITAGE PARKS FEDERATION

Notes to the accounts for the year ended 31 December 2015

1 Basis of preparation

1.1 Statement of compliance

The financial statements of the Federation have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSE"). The Federation's most recent previous financial statements, for the year ended 31 December 2014, were prepared in accordance with GAPSE.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis.

1.3 Functional and presentation currency

The financial statements are presented in Euro, which is the Federation's functional currency.

A summary of the more important accounting policies, which have been applied consistently, is set out below:

2 Significant accounting policies

Property, plant and equipment

The Federation's property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Federation and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in income statement in the period of derecognition.

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Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to income statement so as to write off the cost (or revalued) amount, less any estimated residual value, over their estimated useful lives, using the straight line method at the following rates:

| | % |
|------------------------------|------|
| Improvements to premises | 1 |
| Motor vehicles | 20 |
| Computer equipment | 33.3 |
| Office equipment | 10 |
| Furniture & fittings | 15 |
| Audio and Security equipment | 25 |
| Information boards | 10 |

Financial instruments

Financial assets and financial liabilities are recognised on the Federation's balance sheet position when the Federation has become a party to the contractual provisions of the relative instruments. Financial assets and financial liabilities are initially recognized at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through income statement.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Federation has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognized when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

a. Receivables

Receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in income statement when there is objective evidence that an asset is impaired.

b. Bank balances

Subsequent to initial recognition, interest bearing bank accounts are carried at their face value in view of their short-term maturities.

c. Payables

Payables are classified with current liabilities and are stated at their nominal value.

d. Impairment

All assets are tested for impairment except for financial assets measured at fair value through income statement. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

The Federation reviews the carrying amount of its assets by assessing the greater of their net selling price or value in use in order to determine whether such assets have suffered an impairment loss.

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2 Significant accounting policies (cont.)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of value added tax and discounts, where applicable.

Taxation

The Federation has been exempted from income tax in terms of Article 12 (1) (e) of the Income Tax Act (Cap. 123).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand less advances from banks repayable within three months of the date of the advance.

3 Adoption GAPSE

In the current year, as explained in note 1, the Federation has adopted GAPSE in these financial statements. The Company's most recent previous financial statements, for the year ended 31 December 2014, were prepared in accordance with GAPSE.

4 Revenue recognition

Revenues earned by the Federation are recognised on the following basis:
Income from grants and Management fees on accrual basis as per agreements signed.
All income related to projects and other income accounted for as and when received.

5 Surplus for the year

Surplus is stated after charging:

| | 2015 | 2014 |
|--------------|--------------|--------------|
| | € | € |
| Audit fee | 1,500 | 600 |
| Depreciation | <u>5,429</u> | <u>5,429</u> |

6 Bank interest received

The interest received on bank account balances.

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7 Property, plant and equipment

| | 01.01.15 | additions | 31.12.15 |
|----------------------------|----------------|--------------|----------------|
| | € | € | € |
| Cost | | | |
| Improvements to premises | 58,299 | - | 58,299 |
| Motor vehicle | 10,715 | - | 10,715 |
| Computer equipment | 2,599 | - | 2,599 |
| Office equipment | 2,297 | - | 2,297 |
| Information boards | 5,091 | - | 5,091 |
| Furniture & Fittings | 28,767 | - | 28,767 |
| Audio & Security Equipment | <u>4,028</u> | <u>-</u> | <u>4,028</u> |
| | <u>111,796</u> | <u>-</u> | <u>111,796</u> |
| Depreciation | | | |
| Improvements to premises | 583 | 583 | 1,166 |
| Motor vehicle | 10,715 | - | 10,715 |
| Computer equipment | 2,153 | 223 | 2,376 |
| Office equipment | 1,275 | 230 | 1,505 |
| Information boards | 3,054 | 509 | 3,563 |
| Furniture and fittings | 2,877 | 2,877 | 5,754 |
| Audio & Security Equipment | <u>1,007</u> | <u>1,007</u> | <u>2,014</u> |
| | <u>21,664</u> | <u>5,429</u> | <u>27,093</u> |
| Net Book Value | <u>90,132</u> | | <u>84,703</u> |

8 Receivables

| | 2015 | 2014 |
|---------------------------------------|---------------|---------------|
| | € | € |
| Vat refund | 17,245 | 15,917 |
| Amounts receivable from MRAE and MEET | <u>76,634</u> | <u>69,881</u> |
| | <u>93,879</u> | <u>85,798</u> |

9 Payables

| | 2015 | 2014 |
|------------------------|---------------|---------------|
| | € | € |
| Amounts payable | 2,395 | 4,199 |
| Accruals | 28,097 | 16,954 |
| Advance Deposit - MEET | <u>-</u> | <u>17,860</u> |
| | <u>30,492</u> | <u>39,013</u> |

10 Cash and cash equivalents

| | 2015 | 2014 |
|------------------------|---------------|---------------|
| | € | € |
| Cash and bank balances | <u>48,508</u> | <u>51,759</u> |

THE HERITAGE PARKS FEDERATION**Schedule of operational costs
Year ended 31 December 2015**

| | 2015 | 2014 |
|---|----------------------|----------------------|
| | € | € |
| Depreciation of property, plant and equipment | 5,429 | 5,429 |
| Maintenance works | 4,773 | 4,091 |
| Skip hire | 796 | 3,198 |
| Courses and activities | 1,852 | 471 |
| Motor vehicle costs | 1,783 | 3,001 |
| Rent Ghajn Tuffieha Barracks | 3,000 | 3,000 |
| Salaries | 45,290 | 43,768 |
| Water and electricity | 2,202 | 2,537 |
| Volunteers and interns refreshments | <u>2,063</u> | <u>-</u> |
| | <u>67,188</u> | <u>65,495</u> |

THE HERITAGE PARKS FEDERATION**Schedule of administrative expenses
Year ended 31 December 2015**

| | 2015 | 2014 |
|-------------------------------|---------------------|--------------|
| | € | € |
| Audit fee | 1,500 | 600 |
| Bank charges | 145 | 772 |
| Communications and website | 1,526 | 2,885 |
| Computer expenses | 1,141 | - |
| Europarc membership | 200 | 313 |
| General expenses and cleaning | 73 | 861 |
| Insurance | 125 | 124 |
| Publications | - | 695 |
| Stationery | 1,114 | 994 |
| Staff uniforms | <u>485</u> | <u>493</u> |
| | <u>6,309</u> | <u>7,737</u> |