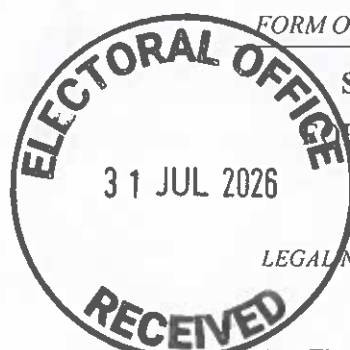


ABBA Party



FORM OF POLITICAL PARTY FINANCIAL STATEMENTS

[S.L. 544.02

1

SUBSIDIARY LEGISLATION 544.02

**FORM OF POLITICAL PARTY FINANCIAL
STATEMENTS REGULATIONS**

12th August, 2016

April 25 - March 26

LEGAL NOTICE 282 of 2016.

1. The title of these regulations is the Form of Political Party Financial Statements Regulations.

Citation.

2. The annual audited statements of accounts of political parties shall be made, and shall in terms of articles 28 and 29 of the Financing of Political Parties Act be presented to the Electoral Commission to be made available for public inspection and posted on the website of the Electoral Commission, in general, in the form stipulated in the Schedule.

Form of Political
Party Accounts.
Cap. 544.

**SCHEDULE
THE POLITICAL PARTY**

**Annual Report and Financial Statements
31 December 2016**

*(The dates mentioned in this document are
only quoted by way of example for guidance)*

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

CONTENTS

General Information
Administrators report
Statement of Administrators responsibilities
Independent Party Auditors' Report
Income and Expenditure Account
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

Party Registration Number

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016***GENERAL INFORMATION****Governance of the Party**

(Identify the authority by which the Party adopts the financial statements [(e.g. Executive Committee or similar body elected by the Party)].

Members of the Executive Committee (or similar body elected by the Party)

(Name 1) *(Chairman)*

(Name 2) *(Vice Chairman)*

(Name 3)

(Name 4)

(Name 5)

*Romina Magro
David Buttigieg*

Registered address

(Address 1)

(Address 2)

(Address 3)

(Address 4)

*Sacred Heart
San Anard Str.
Zabbar*

Auditors

(Name of auditor/audit firm)

(Address 1)

(Address 2)

(Address 3)

(Address 4)

Structure of the Party

Explain the structure of the party. This should include a summary description of the head office operations, central units of the party and the branch/constituency organisation. The geographical areas in which the party and/or units are operating should also be explained e.g. if restricted to certain constituencies, national units, cross-border. Relationships with foundations/bodies raising funds exclusively for party purposes (if they exist) should be explained.

THE POLITICAL PARTYAnnual Report & Financial Statements - ~~31st December 2016~~

April 25 - March 26

GENERAL INFORMATION - continued**Scope of the financial statements**

The scope of the financial statements (the parts of the party to which the financial statements relate) should be defined in this section. Reference may be made to the manner of accounting by accounting units not included within the scope of the financial statements.

Approved by the Executive Committee (or similar body elected by the Party) and signed on its behalf by:


(Name 1)

(Denomination)


(Name 2)

(Denomination)

Romina Magro

(Name 3)

(Treasurer)



(Date)

30/7/26

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

ADMINISTRATORS REPORT

<<The annual report of corporate entities generally include a report in the form of statement from the governing body, which provides an overview of the year under review, in terms of operations and financial results. Such report also provides scope for outlining the strategy of the organisation in the immediate and longer term. Typically, such statement is penned and signed by the Chairman and/or the Secretary of the governing body.>>

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

STATEMENT OF RESPONSIBILITIES OF THE ADMINISTRATORS

The administrators are required by the Financing of the Political Parties Act (Cap. 544) to prepare financial statements which give a true and fair view of the state of affairs of the Party as at the end of each reporting period and of the surplus or deficit for that period.

In preparing the financial statements, the administrators are responsible for:

- ensuring that the financial statements have been drawn up in accordance with the Accountancy Profession (General Principles for Small and Medium-Sized Entities) Regulations (S.L. 281.03) and the Schedule accompanying and forming an integral part of those Regulations as amended by the notes in these financial statements;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Party will continue in business as a going concern.

The administrators are also responsible for designing, implementing and maintaining internal control as the administrators determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Act. They are also responsible for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of the General Party for the year ended 31 December XXXX are included in the Annual Report XXX, which is published in hard-copy printed form and may be made available on the Party's website. The administrators are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the party's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

INDEPENDENT AUDITORS' REPORT

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016**April '25 - March '26***STATEMENT OF INCOME AND EXPENDITURE ACCOUNT**

	2016	2015
	€	€
Income		
Membership and subscriptions		
Monetary donations		
Sponsorships		
Income from fundraising activities		
Income from commercial activities		
Net fundraising income from ancillary events		
Other amounts remitted by branches		
Interest income		
Dividend income		
Income from legacies		
Share of results of controlled entities		
Gross fundraising income		
Other income		
Total income before notional income		
Notional income		
Total income		
Expenditure		
Staff costs		
Administrative expenses		
Cost of fundraising activities		
Cost of commercial activities		
Campaign and election costs		
Depreciation and amortisation		
Miscellaneous expenses		
Transfer expenses		
Interest payable		
Total expenditure before donations in kind		
Donations in kind and notional donations		

Total Expenditure		
Surplus/(deficit) for the financial year		
Transfers (to)/from controlled entities		
Amount transferred to accumulated fund		

The notes on pages x to xx are an integral part of these financial statements.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016**April '25 - March '26***STATEMENT OF FINANCIAL POSITION
At 31 December**

	2016	2015
	€	€
ASSETS		
Non-current assets		
Intangible assets		
Property, plant and equipment		
Investment property		
Investment in controlled entities		
Financial investments		
Current assets		
Inventories		
Other receivables		
Cash and cash equivalents		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity		
Revaluation reserve		
Other reserves		
Accumulated fund		
Total equity		
Non-current liabilities		
Borrowings		
Provisions		
Current liabilities		
Borrowings		
Other payables		
Total liabilities		
TOTAL EQUITY AND LIABILITIES		

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April '25 - March '26

STATEMENT OF FINANCIAL POSITION - continued

The financial statements in this document have been authorised for issue by the Executive Committee (or similar body elected by the Party) on (Date) and were signed on its behalf by:

(Name 1)
(Denomination)

(Name 2)
(Denomination)

Romina Magree
(Name 3)
(Treasurer)

(Date) 30/7/26

The notes on pages x to xx are an integral part of these financial statements.

THE POLITICAL PARTY*Annual Report & Financial Statements - ~~31st December, 2016~~***STATEMENT OF CHANGES IN EQUITY**

	Revaluation reserve	Other reserve	Accumulated fund	Total
	€	€	€	€
Financial year ending 31 December 2015				
Surplus/(deficit) for the year				
Transfers (to)/from controlled entities				
Balance at 31 December 2015				
Financial year ending 31 December 2016				
Surplus/(deficit) for the year				
Transfers (to)/from controlled entities				
Balance at 31 December 2016				

The notes on pages x to xx are an integral part of these financial statements.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016***STATEMENT OF CASHFLOWS**

	Year ended 31 December	
	Notes	
	2016	2015
	€	€
Cash flows from operating activities		
Cash generated (from/(used in) operations		
Interest received		
Interest paid		
Income tax paid		
Net cash generated from/(used in) operating activities		
Cash flows from investing activities		
Purchases of intangible assets		
Purchases of property, plant and equipment		
Proceeds from disposal of property, plant and equipment		
Purchases of investment property		
Loan to controller entities		
Purchases of other financial investments		
Proceeds from disposal of financial investments		
Dividends received from controlled entities		
Dividends received from investments		
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of borrowings		
Net cash used in financing activities		
Net movement in cash and cash equivalents		
Cash and cash equivalents at beginning of year		
Cash and cash equivalents at end of year		

The notes on pages x to xx are an integral part of these financial statements.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

NOTES TO THE FINANCIAL STATEMENTS**1 Summary of significant accounting policies**

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

1.1 Basis of preparation

These financial statements are prepared in accordance with the provisions of the Financing of Political Parties Act (Cap. 544) enacted in Malta, the guidelines issued by the Electoral Commission and in accordance with the Accountancy Profession (General Principles for Small and Medium-Sized Entities) Regulations (S.L. 281.03) and the Schedule accompanying and forming an integral part of those Regulations as amended by the notes in these financial statements

1.2 Functional and presentation currency**(a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Party's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income and expenditure.

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, comprising mainly the party headquarters, offices and clubs, are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016***Summary of significant accounting policies - continued**

Subsequent costs are included in the asset's carrying amount 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 Party and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to income or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited directly to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to income or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to income or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	x
Garage tools and equipment	xx - xx
Office furniture and equipment	xx - xx
Motor vehicles	xx

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note XX).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in income or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

Summary of significant accounting policies - continued**1.4 Investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Party. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Investment property is measured initially at its historical cost, including related transaction costs (and borrowing costs). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost in accordance with accounting policy 1.15. After initial recognition, investment property is carried at fair value, representing open market value determined annually, less subsequent depreciation for buildings. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Party uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

1.4 Investment property

These valuations are reviewed annually by professional valuers. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Party and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December 2016*

Summary of significant accounting policies - continued

Increases in the carrying amount arising on revaluation of investment property are credited directly in equity and shown as a revaluation reserve in the accumulated fund. Decreases that offset previous increases of the same asset are debited against the revaluation reserve directly in equity; all other decreases are charged to income or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to income or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is not depreciated as it is deemed to have an indefinite life. The capitalised cost of buildings is amortised using the straight-line method over a maximum of XXX years, in accordance with their useful lives. Useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Party decides to dispose of an investment property without development, the Party continues to treat the property as an investment property. Similarly, if the Party begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

1.5 Investments in controlled and jointly controlled entities

Investments in controlled entities are accounted for by the equity method of accounting and are initially recognised at cost.

Equity accounting involves recognising in the statement of income and expenditure, the controlled entity's share of the associate's profit or loss for the year and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st-December-2016*

Summary of significant accounting policies - continued

The Party's investment in associated undertaking is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill (net of any accumulated impairment loss) on acquisition. Equity accounting is discontinued when the carrying amount of an investment in an associated undertaking reaches zero, unless the Party has incurred obligations or guaranteed obligations in respect of the associated undertaking. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

1.6 Financial instruments

Financial instruments, other than investments in controlled entities, are classified in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Administrators determine the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

(b) Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. In the latter instance, the investment is classified within current assets.

1.6.1 Recognition and measurement

All investment securities are initially recognised at cost. Available-for-sale securities are subsequently re-measured at fair value based on the price appearing to be the latest available dealing price based on market quotations. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments, are included in the income and expenditure statement as gains and losses from investment securities.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016***Summary of significant accounting policies - continued**

All purchases and sales of investments are recognised on the trade date, which is the date that the entity commits itself to purchase or sell the asset. Cost of purchase includes transaction costs. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at fair value is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the current market rate of interest of similar financial assets.

1.6 Financial instruments**1.6.2 Impairment of financial assets**

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognised in the income and expenditure account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the income and expenditure account.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

THE POLITICAL PARTY*Annual Report & Financial Statements – 31st December, 2016*

Summary of significant accounting policies - continued

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be reclassified from equity to the income and expenditure account as a reclassification adjustment even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in the income and expenditure account shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account.

Impairment losses recognised in the income and expenditure account for an investment in an equity instrument classified as available-for-sale shall not be reversed through the income and expenditure account. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income and expenditure account, the impairment loss shall be reversed, with the amount of the reversal recognised in the income and expenditure account.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1.8 Receivables and loan to controlled entities

Receivables comprise amounts due for merchandise sold or services performed in the ordinary course of operations. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables and the loan to controlled entities are recognised initially at cost. After initial recognition, these are accounted for at amortised cost and remeasured to take cognisance of impairment losses. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

Summary of significant accounting policies - continued

A provision for impairment is established when there is objective evidence that the party will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in income and expenditure. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against income and expenditure.

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Party's cash management, are a component of cash and cash equivalents.

1.10 Financial liabilities

The Party recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at cost, net of transaction costs. These liabilities are subsequently measured at amortised cost. The Party derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.11 Other Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. 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.

THE POLITICAL PARTY*Annual Report & Financial Statements 31st December, 2016*

Summary of significant accounting policies - continued

Trade and other payables are recognised initially at cost, net of transaction costs incurred, and subsequently measured in accordance with the policy described above. On derecognition, any difference between the carrying amount and the redemption or settlement amount is recognised in income and expenditure.

1.12 Borrowings

Borrowings are recognised initially at cost, net of transaction costs incurred, and subsequently measured in accordance with the policy described in note Financial Liabilities. On derecognition, any difference between the carrying amount and the redemption or settlement amount is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Party has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.14 Leases**(a) The Party is the lessee**

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively 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 profit or loss on a straight-line basis over the period of the lease.

(b) The Party is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy Property Plant and Equipment. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016***Summary of significant accounting policies - continued****1.15 Borrowing costs**

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale are capitalised as part of its cost. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially ready for its intended use or sale is complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Party's interest-bearing borrowings.

1.16 Income recognition

Income is recognised in the financial statements when there is reasonable certainty that particular resource is receivable, the Party's right to it becomes legally enforceable and when its monetary value can be determined.

Monetary donations and membership income are accounted for when the funds are received which, in view of the nature of such income, is determined by the Party to be the point in time when there is a probability that the economic benefits associated with the revenue will flow to the entity.

When the risk and rewards pertaining to events of a fundraising nature do not attach to the Party, only the net surplus or deficit is accounted under the respective title in the financial statements.

Legacies are accounted for as income, during the period when the right to the asset transferred to the party by way of legacy becomes enforceable by the Party.

Loans payable that are waived are accounted for as donations in the period when such waiver becomes effective and enforceable by the party.

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

Summary of significant accounting policies - continued

When a third party bears the cost or refrains from charging part or all the fees connected to a commercial supply of a good or service that the Party would otherwise been liable for, the fair value attached to the commercial transaction which does not constitute an obligation for payment to the Party, is deemed as notional income and accounted under income in the Statement of Income and Expenditure. Services of volunteers and party members who provide the services free of charge is not treated as notional income, and accordingly not accounted for.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April 25 - March 26

2. MEMBERSHIP AND SUBSCRIPTIONS

Membership and subscriptions is made up of:

	2016 €	2015 €
Corporate memberships		
Individual subscriptions		

3. MONETARY DONATIONS

Total donations reported comprise:

	2016 €	2015 €
Corporate donations		
Individual donations		

All donations, including donations in kind, are subject to further reporting requirements as described in the Financing of Political Parties Act (Cap. 544).

4. NOTIONAL DONATIONS

Total notional donations reported comprise:

	2016 €	2015 €
Type 1		
Type 2		
Type 3		
Type 4		

As stated in the note 1.16 Income recognition, notional donations are valued at the equivalent commercial value.

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

April '25 - March '26

5. FUNDRAISING

Total main sources of fundraising income in the year were as follows:

	2016 €	2015 €
<i>Income</i>		
Category 1		
Category 2		
Category 3		
Category 4		

	2016 €	2015 €
<i>Expenditure</i>		
Category 1		
Category 2		
Category 3		
Category 4		

6. COMMERCIAL ACTIVITIES

Total main sources of commercial income organised by the Party in the year were as follows:

	2016 €	2015 €
<i>Income</i>		
Category 1		
Category 2		
Category 3		
Category 4		

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April '25 - March '26

	2016 €	2015 €
<i>Expenditure</i>		
Category 1		
Category 2		
Category 3		
Category 4		

7. OTHER AMOUNTS REMITTED BY BRANCHES

Membership and subscriptions remitted by branches are included in Note 2 to these financial statements. The balance of funding transferred to Head office by branches comprises:

	2016 €	2015 €
<i>Expenditure</i>		
Category 1		
Category 2		
Category 3		

(Note: the above table should categorise key components of income, if material. If not material, the above wording and table may be replaced with the words "The balance comprises miscellaneous amounts remitted to Head office by branches of the Party.")

8. FINANCE INCOME

	2016 €	2015 €
Interest receivable on bank deposits		
Investment income		

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

April '25 - March 26

9. MISCELLANEOUS INCOME

	2016 €	2015 €
Rental income		
Service income		
Other income		

10. SURPLUS/(DEFICIT)

The surplus/(deficit) is stated after charging:

	2016 €	2015 €
Staff costs (Note 11)		
Auditors' remuneration		
Depreciation of tangible fixed assets (Note 16)		
Depreciation of investment property (Note 17)		

11. STAFF COSTS

The staff costs incurred during the year were as follows:

	2016 €	2015 €
Wages and salaries		
Social security costs		

The average number of persons employed by the Party during the year was XX (2015: YY).

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April '25 - March '26

12. ADMINISTRATIVE EXPENSES

	2016 €	2015 €
Communication expenses		
Travelling and entertainment		
Legal and professional expenses		
Rental charges		
Water and electricity		
Auditors' remuneration		
Postages, printing and stationery		
General expenses (other categories as appropriate)		
Other administrative expenses		

13. TRANSFERS TO BRANCHES

Transfers to branches were made for the following purposes:

(Note: provide description, or categorise transfers by purpose if material)

14. CAMPAIGN AND ELECTION COSTS

Campaign costs include election expenses and other expenses incurred in relation to elections or referendum campaigns, or party/policy promotion and comprise:

(Note: details should be given for each different election, bye-election, referendum, etc.)

	2016 €	2015 €
General Election, 20XX		
Election expenses		
Other campaign expenses		
Donations in kind		

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April '25 - March '26

General party/policy promotion (conferences, publications, etc.)

	2016 €	2015 €
Expenses		
Donations in kind		

15. MISCELLANEOUS EXPENDITURE

	2016 €	2015 €
Expense Category 1		
Expense Category 2		
Expense Category 3		

16. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings €	Office fixtures & fittings €	Motor vehicles €	Total €
At 31 December 2016				
Opening net book				
Additions				
Depreciation charge				
Closing net book				
At 31 December 2016				
Cost or valuation				
Accumulated				
Net book amount				
At 31 December 2015				
Cost or valuation				
Accumulated				

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

April '25 - March '26

17. INVESTMENT PROPERTY

	Total €
At 31 December 2016	
Opening net book amount	
Additions	
Depreciation charge	
Closing net book amount	
At 31 December 2016	
Cost or valuation	
Accumulated depreciation	
Net book amount	
At 31 December 2015	
Cost or valuation	
Accumulated depreciation	

18. INVESTMENT IN CONTROLLED ENTITIES

As at 31 December 2015 and 2016, the Party held the following investment in controlled entities.

Entity	Registratio n Number €	Registere d office €	Class of shares held €	Percentage of shares held €
Entity 1				
Entity 2				
Entity 3				

The following financial information available to the Party relates to the investment in controlled entities as at the balance sheet date.

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April '25 - March '26

	Assets €	Liabilities €	Profit for the year €
2016			
Entity 1			
Entity 2			
2015			
Entity 1			
Entity 2			

Entity 1	2016 €	2015 €
Year ended 31 December		
At the beginning of year		
Share of results of controlled entity		
At the end of the year		
At 31 December		
Cost		
Share of results		
Closing cost and net book amount		

Entity 2	2016 €	2015 €
Year ended 31 December		
At the beginning of year		
Share of results of controlled entity		
At the end of the year		
At 31 December		
Cost		
Share of results		
Closing cost and net book amount		

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April '25 - March '26

19. FINANCIAL INVESTMENTS

The movements in investments which are classified as available for sale are summarised as follows:

	2016 €	2015 €
Year ended 31 December		
At the beginning of year		
Additions		
Disposals (sale and redemptions)		
Net fair value (losses)/gains		
At the end of the year		
At 31 December		
Cost		
Accumulated net fair value gains		
Net book amount		

20. OTHER RECEIVABLES

	2016 €	2015 €
VAT recoverable		
Prepayments		
Amounts owed by related undertaking		
Other receivables		

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents reconcile to the amounts shown in the balance sheet as follows:

	2016 €	2015 €
Cash at bank and in hand		
Bank overdraft		

THE POLITICAL PARTY

Annual Report & Financial Statements - 31st December, 2016

April 25 - March 26

22. RESERVES

Revaluation reserve

The revaluation reserve comprises revaluation gains and losses on the Party's property, net of any attributable taxation element.

Other reserve

The other reserve represents a reserve of a general nature.

23. BORROWINGS

	2016 €	2015 €
Falling due within one year		
Bank overdraft		
Bank loan		
Borrowings from third parties		
Falling due after one year		
Bank loan (Note ii)		
Borrowings from third parties		

Total Borrowings

- i. The bank overdraft facility was obtained to finance *(state reason)*. It bears interest at 4.0% *per annum* and is secured by general and special hypothecs over the Party's property.
- ii. The Party has two bank loans as follows:

Loan 1: The bank loan was obtained to *(state reason)*. The loan bears interest at 6.2% *per annum* and is secured by general and special hypothecs over the Party's property. It is repayable over quarterly instalments of €XXX inclusive of interest over a period of seven years from first drawdown. The loan is to be settled by April 2019.

Loan 2: The Party obtained this loan to *(state reason)*. The loan bears interest at 6.0% *per annum* and is secured by general and special hypothecs over the Party's property. It is repayable by monthly instalments of €XXX inclusive of interest over a period of three years from its first drawdown.

The average interest rate on the bank loans was XXX (2015: XXX)

Other loans have been obtained from third parties for the purpose of *(state reason)*

The average interest rate on the other borrowings was (2015: XXX)

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016*

April '25 - March '2

	2016 €	2015 €
Maturity of bank loans falling due after one year:		
Between 1 and 2 years		
Later than 2 years but not later than 5 years		
Later than 5 years		

24. PROVISIONS

The provision amounting to €XXX, relates to an amount that the Party has determined is likely to be settled in the next accounting period, following a claim made against it by one of its former employees.

25. OTHER PAYABLES

	2016 €	2015 €
Falling due within one year		
Creditors		
Accruals		
Social security contributions and indirect taxes		
Deferred income		

April 25 - March 26

THE POLITICAL PARTY*Annual Report & Financial Statements - 31st December, 2016***26. CASH GENERATED FROM OPERATIONS**

Reconciliation of surplus to cash generated from operations:

	2016 %	2015 %
Surplus for the year		
Adjustments for:		
Investment income		
Amortisation		
Depreciation		
Profit on disposal of property, plant and equipment		
Impairment of debtors		
Movements in:		
Debtors and prepayments		
Creditors and accruals		
Cash generated from operations		

27. COMMITMENTS AND CONTINGENCIES

As at 31 December 2016, the amount of contractual commitments for the acquisition of property, plant and equipment amounted to €XXX (2015: €XXX).

As of the same date, there were no contingent liabilities.

28. RELATED PARTY TRANSACTIONS

The following are related parties to the Party:

(Note: Provide names and relationship details. Furthermore, details of transactions as per below, if applicable, need to be disclosed.)

The Party has a related party relationship with XYZ Limited, a company owned by a key member of the Party's Executive Committee. During the year under review the Party forwarded advances of €X,XXX to this entity.

The outstanding amounts arising from transactions with XYZ Limited, and the terms relating to these balances are disclosed in Note XX to these financial statements.