



PARLAMENT TA' MALTA

IT-TNAX-IL LEGIŻLATURA

P.L. 7211

Dokument imqiegħed fuq il-Mejda tal-Kamra tad-Deputati fis-Seduta Numru 393 tal-24 ta' Mejju 2016 mill-Ministru għall-Edukazzjoni u x-Xogħol.

Raymond Scicluna
Skrivan tal-Kamra

FTS ANNUAL REPORT 2015

15TH ANNIVERSARY EDITION



FTS Fondazzjoni
għall-Iskejjel ta' Ghada
Foundation for Tomorrow's Schools



MINISTRY FOR EDUCATION AND EMPLOYMENT

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01

BOARD OF DIRECTORS

APPOINTED IN JUNE 2013.
(THE BOARD'S TERM RUNS
TO 14TH JUNE, 2016.)

ARCH. SAMUEL FORMOSA	CHAIRPERSON
ARCH. JESMOND MUGLIETT	DEPUTY CHAIRPERSON
MR HENRY ATTARD	DIRECTOR
ING. CHRISTOPHER BORG	DIRECTOR
MR CHARLES J. CHETCUTI	DIRECTOR
MR CLAUDE CUSCHIERI	DIRECTOR
NOT. FIONA ZAMMIT ARMENI	DIRECTOR
DR. MARIO CARUANA*	BOARD SECRETARY

**Dr Caruana was appointed in February 2016.*

EXECUTIVE MANAGEMENT TEAM

(EFFECTIVE APRIL 2016)

MR PHILIP RIZZO	CHIEF EXECUTIVE OFFICER
MR ANTHONY MUSCAT	CHIEF OPERATING OFFICER
ARCH. ANDREW ELLUL	HEAD OF DESIGN DIVISION
ING. PAUL BALDACCHINO	HEAD OF ENGINEERING SERVICES DIVISION
ARCH. LEONARD ZAMMIT	HEAD OF PROJECT MANAGEMENT
MR CHRISTOPHER PULLICINO	HEAD OF FINANCE DIVISION
MR JONATHAN BRIMMER	HEAD OF COMMUNICATIONS
MR FRANS GHIRXI	EMT BOARD SECRETARY

02

BACKGROUND

OUR MISSION AND OBJECTIVES

The Foundation for Tomorrow's Schools was set up fifteen years ago, in May 2001, to develop, build, upgrade, refurbish, maintain and manage state-owned schools as required from time to time by the education authorities, and in so doing, to convert them from 'today's schools' to 'tomorrow's schools'.

The original objectives included:

- To identify the number and location of new schools that will need to be constructed in the light of demographic trends.
- To identify and recommend which Government schools should be phased-out or re-developed completely.
- To ensure that individual projects are undertaken in the most cost-effective, expedient and efficient manner ensuring good value for money.

In the setting up of the FTS, the initial decision was for FTS to also be directly involved in facility management and maintenance by absorbing the Precinct Management Unit of the MEDE. This decision was subsequently aborted due to the difficulties faced by FTS to improve the work ethic of the employees of the PMU.

In recent years FTS has been handling projects which go beyond the mere building of schools. FTS undertook an impressive investment on interactive white boards, CCTV cameras, photovoltaic panels, laboratories and also on major sports facilities intended to serve not only students but whole regional populations. This resulted in doubling the number of tenders issued by FTS from an annual average of 87 tenders during each of the first twelve years to the level of 189 tenders in 2015.

Kulleġġ San Benedittu, Sekondarja Subien Hal Kirkop

Il-Kulleġġ San Benedittu Sekondarja Subien Hal Kirkop, li tinsab f'ambjent ta' natura ta' 100 ettaru, għall-1998, kienet l-ewwel sekondarja ta' tipu modernu u b'appart ta' l-ambjent ta' natura. L-iskola hi mgħammira b'ambjent ta' natura ta' 100 ettaru u b'ambjent ta' natura ta' 100 ettaru.

mill-aqwa li jinkludu 7-a-side pitch tal-futbol miksi bic-turf sintetiku. Madwaru ta' 200 metru. Fi zmien qasir il-Kulleġġ ta' għaww bil-bini taċ-centru sportivi regionali biswit l-iskola.

Il-Kulleġġ għe ddisinjat b'tali mod li jkun effiċjenti u ekonomiku fl-użu ta' l-ilma u l-elettriku. Il-bjar taht l-art inbnew b'tali mod biex jgħinu l-ilma tax-xita għall-irrigazzjoni fil-waqt li l-pannelli tax-xemx għew stallati fuq is-saqaf ta' l-iskola biex jipproducu aktar minn 10 fl-mija tal-konsum ta' l-elettriku ta' l-iskola.

Il-Kulleġġ San Benedittu għandu l-ahħar teknoloġija ta' l-informatika.

Il-kompjuters kollha fl-iskola huma kkollegati flimkien permezz ta' sistema ta' bla fili li tippermetti lill-istudenti u l-għalliema jgħaww il-kompjuter f'kull post fl-iskola mingħajr il-bżonn li jkun hemm piagg jew xi konnessjoni tal-kompjuter. B'dan il-mod għew iffrankati l-installazzjoni ta' aktar minn 10,000 metru ta' wajers.



03

PROJECTS

THE FIRST YEARS (2001 – 2013)

During its **first eleven and one-half years (11.5) years**, FTS completed projects aggregating in total costs of one hundred and thirteen (113) million euro (**an average annual investment of circa 10 million euro**); between 2001 and 2010 funded by directly by Government and between 2011 and 2013 funded by a revolving bank loan facility in turn serviced by Capital Votes from the annual National Budgets for those years.

The major projects delivered to the Ministry during the first part of FTS's first years (2001 to 2007) included:

- **St. Thomas Moore College Primary School, Marsaskala (2001-2005)**
Additional classes, structural refurbishment followed by a new third floor.
- **St. Claire College Secondary School, Pembroke (2001-2014)**
Major structural services and finishing works to convert a former military hospital into a school designed to take 750 students.
- **St. Theresa College Secondary School, Mrieħel (2003-2004)**
Extension of classrooms.
- **St. Nicholas College Primary School, Mġarr (2003-2005)**
A new hall and major refurbishment of both existing buildings and recreational areas.
- **St. Benedict College Primary School, Mqabba (2003-2007)**
Phased project covering additional class rooms, new hall and extension of recreational facilities.
- **St. Ignatius College Primary School, Luqa (2004)**
Doubling of the school size by adding a second floor and a comprehensive upgrading of both buildings and recreational areas.
- **St. Benedict College Boys' Secondary School, Kirkop (2005-2008)**
An entirely new three storey complex of 11,000m².
- **St. Thomas More College Adelaide Ċini Girls' Secondary School, Hamrun (2005-2006)**
Comprehensive structural services and finishing of all academic and recreational facilities.
- **St. George Preca College Boys' Secondary School, Hamrun (2003-2004)**
Complete refurbishment of existing buildings and recreational areas.

Kulleġġ Sant' Injazju, Primarja Hal Luqa

L-iskola Primarja ta' Hal Luqa reġġet inbniet mill-gdid minbarra l-qoxra ta' barra li thalliet kif kienet minhabba l-valur storiku tagħha. Ix-xogħol kien jinkludi tibdil fl-istruttura interna u l-bini ta' sular gdid. Bis-sahha ta' dan ix-xogħol il-klassijiet kien mifrux fuq 945 metru kwadru. Issa dan kiber għal 1,830 metru kwadru. Il-klassijiet kiberu minn 470 metru kwadru għal 1,045 metru kwadru. Il-facilijiet sanitarji għat-tfal zgurati supervizjoni kull klassi biex ikun zgurati supervizjoni aktar stretta.

Fi-iskola issa hemm sala principali, gym żgħir, kamra għall-arti, laboratorju għax-xjenza, librerija pubblika, kmamar għal kwiet, uffiċni moderni kif ukoll

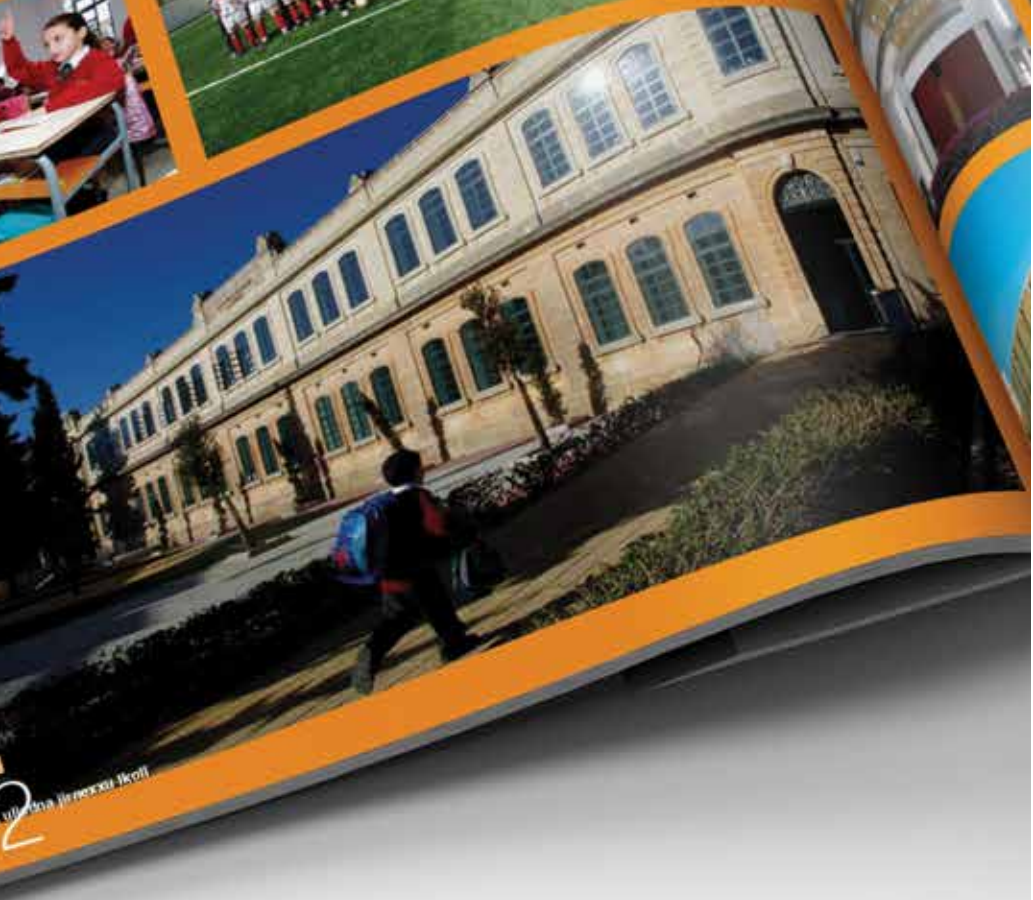
kmamar għall-ghallieqa u kmamar tar-rizorsi. Ma dawn ġew stallati wkoll lift, sistema moderna ta' public address, PABX għida, apparat għas-sigurtà u għat-tifi tan-nar u stallazzjoni ta' sub-station elettrika għida. Dan ix-xogħol sar kollu biex l-iskola tigi mmodernizzata bl-aħjar mod.

Fuq barra, partijiet mill-hajt inbnew mill-gdid, filwaqt li partijiet oħra ġew restawrawti. Saret kisja tarmak fuq il-parti ta' wara ta' l-iskola u sar grawnd bi-turf sintetiku tal-5-a-side. Fil-parti ta' quddiem ta' l-iskola tqiegħed tapit tas-sigurtà għall-uzu tat-tfal iż-żgħir li jattendu l-iskola. Sar xogħol ta' tsbieħ madwar l-iskola u tħawwlu numru ta' sigar indigeni biex il-proġett ikun aktar komplut.



Proġetti Ewlepin

12
biex tiffidna jirrexxu ikoll



-
- **St. Ignatius College Primary School, Siġġiewi (2006)**
Complete refurbishment of old school and construction of an additional floor over the entire school.
 - **St. Benedict College Primary School, Safi (2006-2008)**
New hall and library and upgrading of all areas.
 - **Giovanni Curmi Higher Secondary School, Naxxar (2006)**
New lecture block of 3,600m² indoor area and 1,800m² outdoors.
 - **St. Ignatius College Boys' Secondary School, Qormi (Tal-Ħandaq) (2007-2012)**
Completely new 8,000m² building on four floors with 12,000m² of recreational areas.
 - **Sports Complex, Kirkop (2008)**
Completely new 2,400m² sports facilities built on two floors and an open-plan structure hall.

The major projects delivered to the Ministry and to the Education Directorate during the second part of FTS's first years (2008 to early 2013) included:

- **St. Margaret College Boys' Secondary School, Bormla (Verdala) (2008)**
Complete reconstruction of the former Ġużeppi Despott Junior Lyceum.
- **Gozo College Boys' Secondary School, Victoria (2008-2009)**
Major new four storey school for 1,000 students.
- **Maria Reġina College Boys' Secondary School, Mosta (Ta' Żokrija) (2011)**
Major new school on 14,000m², including sports facilities.
- **St. Claire College Primary School, Pembroke (2009)**
New 3,500m² two storey building, 5,500m² recreational facility and a childcare centre.
- **St. Ignatius College Girls' Secondary School, Qormi (Tal-Ħandaq) (2010-2012)**
Major new school on 20,000m² for 1,000 students.
- **New facilities in Mqabba, Kirkop and Marsaxlokk.**
Projects included the building of new halls.
- **MCAST Campus, Paola (2011-2013)**
Government had engaged FTS as the designers and project managers of the MCAST Campus project which was intended to be constructed and finished in various phases. The first phase consisted of three new buildings: Institute of Applied Science, Institute of Business and Commerce, and students' facilities building. Also included in this project was an underlying one level carpark for 575 cars covering an area of 20,000m².
- **New Childcare Centre, San Ġwann (2013)**
FTS was involved in the refurbishment of state-owned and managed childcare centres in Siġġiewi, Qormi, St. Venera, Marsa, Gharghur, Luqa, Paola, Bormla and Naxxar.



BLOCK CONSTRUCTED TO CREATE
A NEW MIDDLE SCHOOL AT
ST. MARGARET COLLEGE, BORMLA (2014 - 2015).



A NEW GOVERNMENT DIRECTION (2013 - 2016)

In 2013-2014 the new Administration introduced two principles in education in Malta and Gozo, namely:

1. Co-education in all secondary schools.
2. The establishment of 'Middle Schools' within the secondary education level.

This policy direction in education required a number of changes within the existing educational buildings. Besides, the principle of co-education in Malta required alterations in all the existing schools to accommodate male and female students being educated together within the same premises.

The introduction of Middle Schools, [that is the first two years of secondary education] in order to have smaller educational buildings accommodating preferably not more than 550 students, gave rise to significant alterations, refurbishments and extensions and even the construction of additional blocks within school complexes to cater for these requirements. The direction to limit all primary and secondary schools to approximately 550 students also requires the construction of additional schools even within the primary and secondary sector. The preparation, design and construction of further additional primary/secondary schools are presently in hand; some are under construction, whilst others are in course of completion.

As a consequence, the major projects delivered by FTS to the Ministry and Education Directorate during these last three years (2013-2016) included:

- **Completion of other MCAST Blocks & carpark (MCAST Campus), Paola (2013)**
Completion of finishing works then in progress.
- **National Sports School, Pembroke (2014-2015)**
A completely new 'bespoke' school specialising in sports education with an interesting design layout with two very large multi-purpose halls.
- **St. Margaret College Middle School, Bormla (2014-2015)**
Significant additions, alterations and a new building constructed to create a new Middle School for 500 students.
- **St. Theresa College Middle School, Birkirkara (Ta' Paris) (2014)**
Significant extension and alterations to create a new Middle School for 550 students.
- **St. Nicholas College Middle School, Rabat, Malta (2014-2015)**
A significant refurbishment and reconstruction to convert the Kan. P. Pullicino Girls Secondary School into a co-ed school.
- **Maria Regina College Middle School, Naxxar (2014-2015)**
A new Middle School block was constructed and completed within the premises of Maria Regina. An extension to the secondary school of St. Nicholas Secondary School on the same campus was also constructed.
- **St Claire College Primary School, San Ġwann (2014-2015)**
Construction of a new kindergarten block.
- **Gozo Sixth Form**
Construction of a complete new block.
- **New Childcare Centre, Gzira (2014)**

REFURBISHMENT OF AN
EXISTING BUILDING TO CREATE THE
GOZO COLLEGE MIDDLE SCHOOL, VICTORIA (2014 - 2015).



In recent years, major refurbishment to existing various schools and educational buildings has become the order of the day. Such projects address issues emanating from progress done in the educational sector, such as the introduction of vocational subjects and other horizontal issues which address issues in relation to accessibility, open spaces, recreational areas, sports facilities, additional staff facilities and resource rooms and other necessities. Examples of such projects carried out are:

MCAST Campus, Għajnsielem, Gozo	2014	
New Learning Support Centre in Naxxar	2014	
Gozo College Middle School	2014 / 2015	Refurbishment of existing building
St. George Preca Middle School, Blata l-Bajda	2014 / 2015	Refurbishment of existing buildings including the extensive upgrading of laboratories
Aġenzija Żgħażaġh (Umberto Calosso Complex)	2015	Refurbishment of a complex which is now operating as a Youth Village
Gżira Gem 16+	2015	Refurbishment of existing building
Msida ESN	2015	Extension/Refurbishment of existing building
Naxxar Block B	2015	Extension/Refurbishment of existing building
Gozo College Primary School, Sannat	2015	Extensive refurbishment of the whole school
St. Ignatius College, Qormi (Tal-Handaq)	2015	Refurbishment of existing 'nissen huts'
Maria Reġina College Primary School, St. Paul's Bay	2015	Extension to existing school
School of Music	2015	Refurbishment of existing building as part of the Education Village
Tarxien Middle School	2015	Refurbishment of existing building
PV Panels	2015	Installation of PV Panels in 14 schools in Gozo
Naxxar Sports Facilities	2015	Construction of new sports facilities
St. Claire College Kindergarten, San Ġwann	2015	Construction of new kindergarten
Maria Reġina College Primary School, Mosta (Ta' Żokrija), Farmhouse	2015	Restoration of existing farmhouse
New Learning Support Centre in Hamrun	2015	
Refurbishment of Education Back Office in Xagħra, Gozo	2015/2016	

CONSTRUCTION OF A NEW SECONDARY SCHOOL AT KIRKOP, FORMING PART OF ST. BENEDICT COLLEGE. THE PROJECT, ESTIMATED TO COST €7M IS SET TO BE COMPLETED IN 2016



CURRENT PROJECTS (UNDER CONSTRUCTION)

PROJECT	TARGET COMPLETION DATE	ESTIMATED VALUE IN €
Construction of a new Secondary School, Kirkop.	September 2016	7.0M
Construction of a new Secondary School, Rabat [I/o Swatar].	September 2016	7.5M
Major facilities at the National Sports School, Pembroke.		
<ul style="list-style-type: none"> Multi-purpose hall flooring and seating. 	September 2016	0.8M
<ul style="list-style-type: none"> New indoor swimming pool. 	September 2017	0.75M
<ul style="list-style-type: none"> New sports track. 	September 2017	2.0M
Construction of a new block and refurbishment at the Sixth Form, Victoria, Gozo.	September 2016	1.5M
Sports facilities and an artificial turf football stadium, Santa Venera.	July 2016	1.5M
Refurbishment of Primary School, Xewkija.	September 2016	0.5M
Sports facilities at the Middle School, Rabat.	June 2016	0.2M
Major extension to Dun Manuel Attard Young Adult Education Resource Centre, Wardija.	September 2016	1.3M
Extension to the Primary School, Żebbuġ, Malta.	September 2016	0.8M
Extension to the Primary School, Gharghur.	December 2016	0.8M
Refurbishment of a childcare centre, Żebbuġ, Malta.	December 2016	0.2M
Installation of lifts in various schools.	2016	0.4M
Learning Support Centre in Bormla.	2016	Not yet available
Birkirkara Childcare Centre.	2016	Not yet available
Curriculum Department [EOS] Building at the Educational Village, Hamrun.	2017	Not yet available
Digital Literacy Block at the Educational Village, Hamrun.	2017	Not yet available
Pembroke Primary Extension.	2017	Not yet available

Whilst new schools are constantly being completed and inaugurated throughout current years, the FTS is constantly planning new projects, major refurbishments and extensions for the coming years. We design and engineer new buildings, significantly alter and extend existing educational facilities, submit applications to the Planning Authority for the relevant approvals, prepare and issue tenders, and we supervise and monitor construction with the ultimate aim of creating new learning environments for the current and future generations.

CONSTRUCTION OF A NEW SECONDARY SCHOOL AT RABAT (L/O SWATAR). THE PROJECT IS SET FOR COMPLETION IN 2016 AT AN ESTIMATED COST OF €7.5M



PHOTO TAKEN EARLY IN CONSTRUCTION



PHOTO TAKEN IN APRIL 2016

PLANNED PROJECTS (SOON IN HAND)

PROJECT	TARGET COMPLETION DATE	ESTIMATED VALUE IN €
Construction of a new Primary School, Marsaskala.	September 2017	4.0M
Construction of a new Primary School, Victoria, Gozo.	September 2017	7.0M
Construction of a new Primary School, Qawra.	September 2017	8.0M
Extension to the Primary School, Rabat, Malta.	September 2017	0.5M
New hall at the Secondary School, Santa Luċija.	September 2017	1.0M
Extension to the St. Claire College San Miguel Primary Education Resource Centre, Pembroke.	September 2017	1.0M
Visual Performing Arts School.	September 2017	Not yet available
St. Julian's Childcare Centre.	2017	Not yet available
Offices of the College Principals (St. Claire College and St. George Preca College).	2017	Not yet available
Learning Support Centre in Żebbug.	2017	Not yet available
Refurbishment and extension to Guardian Angel School.	2017	Not yet available

PLANNED PROJECTS (STILL UNDER REVIEW)

PROJECT	TARGET COMPLETION DATE	ESTIMATED VALUE IN €
Completion of the development of an 'Education Village' at Hamrun.	2018 / 2019	10M
Construction of a new Primary School, Mosta.	2018	3.0M
Major refurbishment of a Science Centre and the Institute for Education.	2018	0.5M
Refurbishment of the Santa Venera Primary School to integrate it into the existing Secondary School building.	2018	1.5M
Naxxar Campus.	2018 / 2019	Not yet available
Various Primary School extensions.	2018 / 2019	Not yet available

ARTISTIC IMPRESSION OF THE
NEW QAWRA (SPB) PRIMARY SCHOOL
PLANNED FOR COMPLETION IN 2017.





BLOCK AT THE MARIA REGINA COLLEGE MIDDLE SCHOOL, NAXXAR, CONSTRUCTED TO CREATE A NEW MIDDLE SCHOOL (2014 - 2015).



04

CONCLUSION

KEY PERFORMANCE INDICATORS

Rather than self-assess subjectively, the following provides a more credible 'at a glance' overview of FTS' performance over its 15 year life so far:

■ FTS - KEY PERFORMANCE INDICATORS

a) Construction/refurbishment of schools*

- i. FTS Projects
- ii. MCAST Project undertaken by FTS
- iii. Police Academy Projects undertaken by FTS

■ Average per Annum

■ b) Average annual number of staff

c) FTS' annual operating costs

- i. Total each year ***
- ii. Annual Operating Costs as a percentage of construction works

d) Productivity

- i. Annual value per employee
- ii. Average Annual number of tenders awarded

* Amounts include capitalised interest.

** Amounts excludes capitalised operating costs amounting to €1,852,544.

*** Average includes operating expenses duly capitalised.



	2001-04	2005-07	2008-12	2013	2014	2015	2016
	3 ^{1/2} years	3 years	5 years	1 year	1 year	1 year	1 year estimate
	€	€	€	€	€	€	€
TOTAL	30.8 M** - -	28.2 M - -	52.0 M 6.2 M 1.0 M	4.7 M 4.3 M 0.1 M	11.2 M - -	20.8 M - -	25.0 M - -
PER ANNUM	8.8 M	9.4 M	11.8 M	9.1 M	11.2 M	20.8 M	25.0 M
STAFF	9.2 pax	23 pax	22.2 pax	24 pax	30 pax	33 pax	37 pax
OPERATING COST	€818K	€782K	€760K	€927K	€1,092K	€1,395K	€1,600K
	9.3%	8.3%	6.4%	10.2%	9.8%	6.7%	6.4%
PRODUCTIVITY		€573K	€532K	€379K	€373K	€630K	€676K
		92.5	81	62	169	189	

THE NATIONAL SPORTS SCHOOL
AT PEMBROKE, COMPLETED IN 2015,
SPECIALISING IN SPORTS EDUCATION
WITH AN INTERESTING DESIGN
LAYOUT WITH TWO VERY LARGE
MULTI-PURPOSE HALLS



05

FINANCIAL STATEMENTS 2015

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Members of the Board present their report and the audited financial statements for the year ended 31 December 2015.

Principal Activity

The Foundation was set up in May 2001 with the aim to own, develop, build, upgrade, refurbish, maintain and manage state schools as required from time to time by the Education Authorities.

Post Balance Sheet Events

There were no particular important events affecting the Foundation which occurred since the end of the accounting period.

Future Developments

The Foundation intends to continue to operate in line with its current development and maintenance programmes in state-owned schools.

Members of the Board

The following have served as Members of the Board of the Foundation during the year under review:

Arch. Samuel Formosa	Chairperson
Arch. Jesmond Mugliett	Deputy Chairperson
Mr Henry Attard	Director
Ing. Christopher Borg	Director
Mr Charles J. Chetcuti	Director
Mr Claude Cuschieri	Director
Not. Fiona Zammit Armeni	Director
Dr. Mario Caruana*	Board Secretary

**Dr Caruana was appointed in February 2016.*

Board Members Responsibilities

Members of the Board are responsible for preparing financial statements for each financial year which give a true and fair view of the state of the affairs of the Foundation and of the surplus or deficit of the Foundation for that year. In preparing these the Members of the Board are required to:

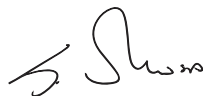
- adopt the going concern basis unless it is inappropriate to presume that the Foundation will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The Members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

3a have intimated their willingness to continue in office. A proposal to reappoint 3a as auditors of the Foundation will be put to the General Meeting.

This report was approved by the Board on 12 May 2016 and signed on its behalf by:



Samuel Formosa
Chairman



Jesmond Mugliett
Deputy-Chairman

INDEPENDENT AUDITORS' REPORT TO THE FOUNDATION MEMBERS

We have audited the accompanying financial statements of Foundation for Tomorrow's Schools, which comprise the statement of affairs on page 25 as of 31 December 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board's Responsibility for the Financial Statements

The Members of the Board are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. 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 generally accepted auditing standards. 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 judgment, 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 statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as of 31 December 2015 and of the results of its operations and its cash flows for the year then ended. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and comply with the Statute of the Foundation.

This copy of the audit report has been signed by Neville Cutajar [Partner] for and on behalf of 3a, Certified Public Accountants, Level 2, Palazzo Ca' Brugnera Valley Road, Birkirkara, BKR 9024

Date : 12 May 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

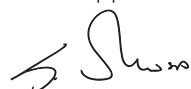
		2015	2014
	Notes	€	€
Income			
Recurrent Contribution from Government	2	300,000	300,000
Charge to Capital Vote	7	1,072,208	781,820
Other Income		22,451	10,650
		1,394,659	1,092,470
Expenditure			
Administrative expenses		[1,394,659]	[1,092,470]
Operating (deficit)		-	-
Funds receivable from government		12,107,973	8,715,118
ERDF and other government financing		3,319,806	1,088,111
Accumulated costs on completed projects transferred to government schools	3, 5	[15,427,779]	[9,803,229]
Surplus / (Deficit) for the year		-	-

The notes on pages 28 to 43 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		2015	2014
	Notes	€	€
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	6,868,083	1,541,006
Intangible assets	4	5,167	916
Loans and receivables	7	-	623,566
Trade and other receivables	7	61,154,141	60,737,660
		68,027,391	62,903,148
Current Assets			
Trade and other receivables	8	10,504,476	10,444,851
Cash and cash equivalents	9	1,617	1,697
		10,506,093	10,446,548
Total Assets		78,533,484	73,349,696
EQUITY			
Capital and Reserves			
Other reserves		[351,305]	-
Accumulated surplus/(deficit)		53,511	53,511
Total equity		[297,794]	53,511
LIABILITIES			
Non-Current Liabilities			
Long-term borrowings	11	67,074,554	63,216,748
Derivative financial instruments	6	351,305	-
		67,425,859	63,216,748
Current Liabilities			
Trade and other payables	10	1,026,112	1,346,023
Short-term borrowings	11	10,379,307	8,733,414
		11,405,419	10,079,437
Total Liabilities		78,831,278	73,296,185
Total equity and liabilities		78,533,484	73,349,696

The financial statements were approved by the Board on 12 May 2016 and signed on its behalf by:



Samuel Formosa
Chairman



Jesmond Mugliett
Deputy-Chairman

The notes on pages 28 to 43 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated Surplus	Cash flow hedging reserve	Total
	€	€	€
At 1 January 2014	53,511	-	53,511
At 1 January 2015	53,511	-	53,511
Cash flow hedge movement	-	(351,305)	(351,305)
At 31 December 2015	53,511	(351,305)	(297,794)
Total reserves	53,511	(351,305)	(297,794)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	2015		2014	
	€	€	€	€
Cash flow from operating activities				
Net surplus/(deficit)	-		-	
Reconciliation to cash generated from operations:				
Depreciation	36,631		33,472	
Expenditure on schools written off	15,427,779		9,803,229	
Fair value movement on derivative	[351,305]		-	
Profit on disposal of assets	-		519	
Operating surplus before working capital changes	15,113,105		9,837,220	
Decrease / Decrease in other debtors	147,460		[4,930,605]	
Increase in trade creditors	99,122		167,397	
Increase in other creditors	581,862		487,748	
Cash generated from operating activities		15,941,549		5,561,760
Cash flow from investing activities				
Purchase of intangible fixed assets	[5,600]		[1,145]	
Expenditure on schools and tangible fixed assets	[20,790,137]		[11,189,152]	
Cash generated from investing activities		[20,795,737]		[11,190,297]
Cash from financing activities				
New long term bank borrowings	17,226,306		9,730,678	
Repayment of short term bank borrowings	[12,781,458]		[4,150,740]	
Cash generated from financing activities		4,444,848		5,579,938
Net Decrease in cash in the year		[409,340]		[48,599]
Cash and equivalents at beginning of year		[53,218]		[4,619]
Cash and equivalents at end of year		[462,558]		[53,218]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting Policies

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 requirements of the International Financial Reporting Standards as adopted by the EU and the Statute of the Foundation.

The preparation of financial statements in conformity with the International Financial Reporting Standards as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statements date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Foundation charges up to a maximum of 10% on the capital additions in schools from the Capital Vote to cover the Foundation's expenses relating to capital projects. Such expenditure is included as an administration expense.

All tangible fixed assets which were constructed or purchased for the benefit of the various schools are transferred to the schools once they are finalised, certified and delivered/transferred to the respective schools.

There was no impact on the opening reserves at 1 January 2015 from the change in accounting policies.

During the year the Company has applied the following International Financial Reporting Standards as adopted by the EU which have become mandatorily effective for the year ending 31 December 2015:

In December 2013, the IASB issued Annual Improvements to IFRSs 2011-2013 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2011-2013 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2011, and that were subsequently included in the exposure draft of proposed amendments to IFRSs Annual Improvements to IFRSs 2011-2013 Cycle [published in November 2012]. The issues included in this cycle are Meaning of effective IFRSs (IFRS 1); Scope exceptions for joint ventures (IFRS 3); Scope of paragraph 52 [portfolio exception] (IFRS 13); and Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property (IAS 40). The amendments were effective for annual periods beginning on or after 1 July 2014.

New and revised IFRSs adopted by the EU that are not mandatorily effective for the year ending 31 December 2015:

Below is a list of amendments to IFRSs adopted by the EU that are not yet mandatorily effective [but allow early application] for the year ending 31 December 2015. The list below reflects a cut-off date of 31 December 2015:

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations [effective in the EU for annual periods beginning on or after 1 January 2016];
- Amendments to IAS 1 Disclosure Initiative [effective in the EU for annual periods beginning on or after 1 January 2016];
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation [effective in the EU for annual periods beginning on or after 1 January 2016];
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants [effective in the EU for annual periods beginning on or after 1 January 2016];
- Amendments to IAS 19 Defined Benefit plan: Employee Contributions [effective in the EU for annual periods beginning on or after 1 February 2015];
- Amendments to IAS 27 Equity Method in Separate Financial Statements [effective in the EU for annual periods beginning on or after 1 January 2016];
- Annual Improvements to IFRSs 2010 - 2012 Cycle [effective in the EU for annual periods beginning on or after 1 February 2015];
- Annual Improvements to IFRSs 2012 - 2014 Cycle [effective in the EU for annual periods beginning on or after 1 January 2016].

Standards and Interpretations issued by the IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards and amendments to the existing standards, which were not endorsed for use in the EU as at 31 December 2015 and cannot be applied by the entities preparing their financial statements in accordance with IFRS as adopted by the EU:

- IFRS 9 Financial Instruments [issued in July 2014];
- IFRS 14 Regulatory Deferral Accounts [issued in January 2014];
- IFRS 15 Revenue from Contracts with Customers [issued in May 2014];
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [issued in September 2014];
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception [issued in December 2014].

The Board is assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. It is anticipated that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

Intangible Fixed Assets

Computer Software and Website

Computer software and Website are valued at cost. They have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Cost includes expenditure directly attributable to the acquisition of the items as well as transfers from equity of any gains/losses on qualifying cashflow hedges of foreign currency purchases of property, plant and equipment. Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Tools, machinery and equipment	- 20% Straight Line
Furniture, fixtures and fittings	- 20% Straight Line

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 balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

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

Assets under construction refer to purchase of land and the construction and development of new schools. These are shown as pertaining to the Foundation until they are certified by the Foundation and eventually handed over to the respective school. Such assets are not depreciated but are shown in the income statement as expenditure incurred on schools once the work is completed and ownership transferred to the schools.

Tangible fixed assets which are constructed or purchased for the benefit of the various schools are initially accounted for and capitalised by the Foundation. Subsequently the cost of these assets is written off through the income statement once they are finalised and delivered/transferred to the respective schools.

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 costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the income statement. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Government grants

Government grants include assistance by government in the form of transfer of resources to the Foundation. These include grants related to income.

Government grants relating to income include recurrent contributions and are accounted for on a systematic basis in the income statement over the periods necessary to match them with the related costs which they are intended to compensate. When a government grant takes the form of a transfer of a non-monetary asset, the grant and the asset are measured at fair value.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a 'first in, first out' (FIFO) basis and includes freight and handling costs. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials. However, borrowing costs and foreign exchange differences are excluded. Net realisable value is the price at which stocks can be sold in the course of business less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stocks.

Amounts receivable

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

Related parties

Related parties are those persons or bodies of persons having relationships with the Foundation as defined in International Accounting Standard No. 24.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material in which case trade and other payables are measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. An assessment is made on an ongoing basis of whether the derivative that is used in hedging transactions is effective in offsetting cash flows of hedged items during the period for which the hedge is designated.

The fair value of the hedging derivative is classified as a non-current asset or liability when the maturity of the hedged item is more than twelve months and as current asset or liability when it is less than twelve months.

Cash flow hedge

The Foundation hedges its interest rate risk exposure through an interest rate swap which is designated as a cash flow hedge. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging is recognised in profit and loss within finance costs.

Income

Income represents the amounts recharged to related parties to cover the Foundation's expenses relating to capital projects.

Borrowing costs

Borrowing costs incurred in the construction of a qualifying asset, are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are recognised in the profit and loss account as incurred.

Profits and losses

Only profits that were realised at the statement of financial position date 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 Affairs at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the Statement of Affairs, bank overdrafts are included as borrowings under current liabilities.

Capital Management

The Foundation's capital consists of its net assets, including working capital, represented by its retained funds. The Foundation's objectives are to ensure:

- that the Foundation is able to continue as a going concern, so that it can continue to provide returns and benefits for its stakeholders, and
- that the Foundation maintains a positive working capital ratio.

To achieve the above, the Foundations carries out regular reviews of the working capital ratio. The Foundation also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments.



2. Recurrent contribution receivable from Government

	2015	2014
	€	€
Operating Grants received from Government	300,000	300,000
	300,000	300,000

3. Surplus / (deficit) for the year

	2015	2014
	€	€
Surplus/(deficit) for the year is stated after charging:		
Wages and salaries	948,894	743,657
Social security costs	53,046	45,045
Board honoraria	31,656	33,113
Depreciation of tangible assets	36,631	33,472
Expenditure transferred to schools	15,427,779	9,803,229
Loss on disposal of tangible fixed assets	-	519
Auditors' remuneration	3,025	3,186
and after crediting:		
Funds receivable from Government	15,427,779	9,803,229

Staff salaries

	2015	2014
	€	€
Wages and salaries	948,894	743,657
Social security costs	53,046	45,045
	1,001,940	788,702

Average number of people employed

Number of employees	33	30
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4. Intangible fixed assets

	Computer Software & Website	Total
	€	€
Cost		
At 1 January 2015	46,859	46,859
Additions	5,600	5,600
At 31 December 2015	52,459	52,459
Provision for diminution in value		
At 1 January 2015	45,943	45,943
Charge for year	1,349	1,349
At 31 December 2015	47,292	47,292
Net book values		
At 31 December 2015	5,167	5,167
At 31 December 2014	916	916

5. Property, plant and equipment

	Assets under construction	Tools, machinery & equipment	Furniture, fixtures & fittings	Total
	€	€	€	€
Cost				
At 1 January 2014	117,796,630	164,299	113,375	118,074,304
Additions	11,070,838	35,597	82,717	11,189,152
Disposals	-	[23,662]	-	[23,662]
At 31 December 2014	128,867,468	176,234	196,092	129,239,794
Transferred to schools				
At 1 January 2014	117,634,654	-	-	117,634,654
Transferred during year	9,803,229	-	-	9,803,229
At 31 December 2014	127,437,883	-	-	127,437,883
Depreciation				
At 1 January 2014	-	142,959	107,846	250,805
On disposals	-	[23,143]	-	[23,143]
Charge for the year	-	15,940	17,303	33,243
At 31 December 2014	-	135,756	125,149	260,905
Net book values				
At 31 December 2014	1,429,585	40,478	70,943	1,541,006
Cost				
At 1 January 2015	128,867,468	176,234	196,092	129,239,794
Additions	20,763,994	18,078	8,065	20,790,137
At 31 December 2015	149,631,462	194,312	204,157	150,029,931
Transferred to schools				
At 1 January 2015	127,437,883	-	-	127,437,883
Transferred during year	15,427,779	-	-	15,427,779
At 31 December 2015	142,865,662	-	-	142,865,662
Depreciation				
At 1 January 2015	-	135,755	125,149	260,904
Charge for the year	-	14,144	21,138	35,282
At 31 December 2015	-	149,899	146,287	296,186
Net book values				
At 31 December 2015	6,765,800	44,413	57,870	6,868,083

6. Derivative Financial Instruments

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	€	€	€	€
Interest rate swaps - cash flow hedges	-	351,305	-	-
Total	-	351,305	-	-

The Foundation has entered into an interest rate swap arrangement with its bankers with the aim of achieving interest rate stability on the lifetime of the loan which is to be repaid by the year 2026. The Foundation has designated this derivative contract as a hedging instrument in a cash flow hedge with the hedged risk being the Foundation's exposure to cash flow interest rate risk arising on the variable interest amounts payable with respect to the loan. Under the interest rate swap agreement the Foundation will at six monthly intervals exchange fixed interest amounts payable determined at the fixed interest rate of 0.76% over the margin of 1.83% with variable interest amounts based on 6 month floating EURIBOR. Fair value changes on this instrument are recognised in other comprehensive income directly in the cash flow hedging reserve.

7. Trade and Other Receivables: Non-Current

		2015	2014
		€	€
Amounts due from related parties	Note	-	623,566
Amounts receivable from Government	Note	61,154,141	60,737,660
		<u>61,154,141</u>	<u>61,361,226</u>
Total costs on completed projects transferred to schools		142,865,665	127,437,884
MCAST balance reassigned to Government		5,190,818	5,190,818
Less:			
Capital funds received from government brought forward		(61,154,033)	(56,834,034)
Capital funds received during the year		(13,069,993)	(4,319,999)
ERDF and other government financing		(3,319,806)	(1,088,111)
Amount transferred to income statement	Note	1,072,208	781,820
Transfer to current amounts receivable		(10,430,718)	(10,430,718)
		<u>61,154,141</u>	<u>60,737,660</u>

Amounts receivable from related parties

The amounts receivable from related parties at the end of 2014 represented amounts recoverable from Kunsill Malti għall-Ispirt, Ministry for Home Affairs, Corradino Correctional Facility, the Directorate for Educational Services and Ministry of Education and Employment. These amounts are unsecured and interest free and consisted of expenditure incurred by the Foundation on behalf of these entities. These balances were repaid during 2015.

Amounts receivable from Government

This amount is recoverable from government for expenditure that the Foundation incurred on the construction and improvement of schools. It represents expenditure in excess of the capital funds received that was financed through bank loans guaranteed by the government.

Amount transferred to income statement

The Foundation is charging up to a maximum of 10% on the capital additions in schools from the Capital Vote to cover the Foundation's expenses relating to capital projects. In calculating such recharge consideration is also given to the capital expenditure additions incurred at MCAST and also to capital additions financed through ERDF. The Foundation has been entrusted to manage such projects and therefore the Foundation is also charging a percentage of such capital additions from the capital vote.

8. Trade & Other Receivables

		2015	2014
		€	€
Amounts receivable from Government	Note	10,430,718	10,430,718
Amounts due from other related parties	Note	60,881	-
Prepayments and accrued income		12,877	14,133
		<u>10,504,476</u>	<u>10,444,851</u>

Amounts receivable from Government

This amount is recoverable within one year from government for expenditure that the Foundation incurred on the construction and improvement of schools.

Amounts owed by other related parties

These amounts are due from related parties of the Foundation mainly from the Education Division and are repayable within one year

9. Notes to the cashflow statement

Cash & cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2015	2014
	€	€
Cash at bank and in hand	1,617	1,697
Overdrawn bank balance	[464,175]	[54,915]
	[462,558]	[53,218]

10. Trade & other payables

	2015	2014
	€	€
Trade payables	793,829	694,707
Accruals and deferred income	232,283	651,316
	1,026,112	1,346,023

11. Borrowings

		2015	2014
		€	€
Non-current			
Bank borrowings	Note	67,074,554	63,216,748
Current			
Overdrawn bank balance	Note	464,175	54,915
Amounts owed to related parties	Note	748,380	98,788
Bank borrowings	Note	9,166,752	8,579,711
		10,379,307	8,733,414
Borrowings			
Repayable between one and two years		9,324,081	5,212,297
Repayable between two and five years		22,923,864	16,300,579
Repayable after five years or more		34,826,609	41,703,872
		67,074,554	63,216,748
Repayable after five years or more:			
Bank loans		34,826,609	41,703,872

Bank balance

The bank overdraft is secured by guarantees from the Government of Malta. The overdraft bears interest of 1.83% per annum over the 6-month EURIBOR rate.

Amounts owed to related parties

These represent amounts due to related parties being Ministry of Education, MEPA, Enemalta and the Treasury Department.

Bank borrowings

The bank loans are secured by guarantees from the Government of Malta. These loans bear interest of 1.83% per annum over the 6-month EURIBOR rate. The first loan is repayable in half yearly installments of €3,250,740 and is to be repaid by the year 2026. The second loan is repayable in half yearly installments of €1,964,619 starting from 2015 and is repayable by the year 2030. These facilities are secured by a guarantee of €123.2 million given by the Government of Malta.

12. Capital commitments

The Foundation was set up with the objective to own, develop, build, upgrade, refurbish, maintain and manage primary, secondary and post-secondary schools. In this respect the Foundation is expected to carry out capital expenditure on various state schools for the forthcoming years in accordance with the bank facilities already granted. As at 31 December 2015 the following capital expenditure was committed:

	€
Amounts approved but not yet contracted for	10,229,594
Amounts contracted, but not provided for in the Financial Statements	17,424,860
	<u>27,654,454</u>

13. Contingent liabilities

The Foundation has a number of claims against it by a number of contractors for work carried out in schools. The Foundation is disputing these amounts and stating that the amount is not due to the contractor due to bad workmanship or differences in the certified work. The outcome of such claims and the probability that the Foundation will be liable for payment is not yet clear and such claims have not been included as part of the payables in these financial statements. The potential liability arising from these claims could amount to €184,476.

14. Related party transactions

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Government of Malta	No control
Enemalta Corporation	No control
MCAST	No control
Ministry of Education and Employment Education	No control
Directorate for Educational Services	No control
MEPA	No control
Kunsill Malti għall-Isport	No control

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

	2015	2014
	€	€
Capital funds received from Government	13,069,993	4,320,000
Recurrent contribution received from Government	300,000	300,000



15. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks such as credit risk, liquidity risk and interest rate risk. The Foundation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the financial performance.

Credit risk

Financial assets which potentially subject the Foundation to concentrations of credit risk consist principally of cash at bank and loans receivable from government. The maximum exposure to credit risk is equivalent to the carrying amounts of these assets disclosed in the respective notes to the financial statements. With respect to cash at bank, the Foundation's cash is placed with quality financial institutions. The Foundation is supported from government and the loans receivable represent amounts recoverable from government for expenditure that the Foundation incurred on the construction and improvement of schools. It represents expenditure in excess of the capital funds received that was financed through bank loans guaranteed by the government. In view that these amounts are guaranteed by government, the Foundation does not expect and losses from default.

Interest rate risk

The Foundation's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Foundation to cash flow interest rate risk. The Foundation has opted to hedge by means of an interest rate swap to achieve interest rate stability throughout the life of the loan with a termination date of 31 December 2026.

Liquidity risk

The Foundation is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities which comprise of borrowings and trade and other payables. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and credit lines to ensure the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

Fair values of financial instruments

The Foundation's financial instruments which are carried at fair value consist of an interest rate swap designated as a cash flow hedge. The fair value of the interest rate swap was determined by use of a valuation obtained from a reputable financial institution. The fair value of the interest rate swap was derived from proprietary models based upon recognised financial principles and reasonable estimates about relevant future market conditions and reflect certain other financial factors such as anticipated profit or hedging, transactional and other costs.

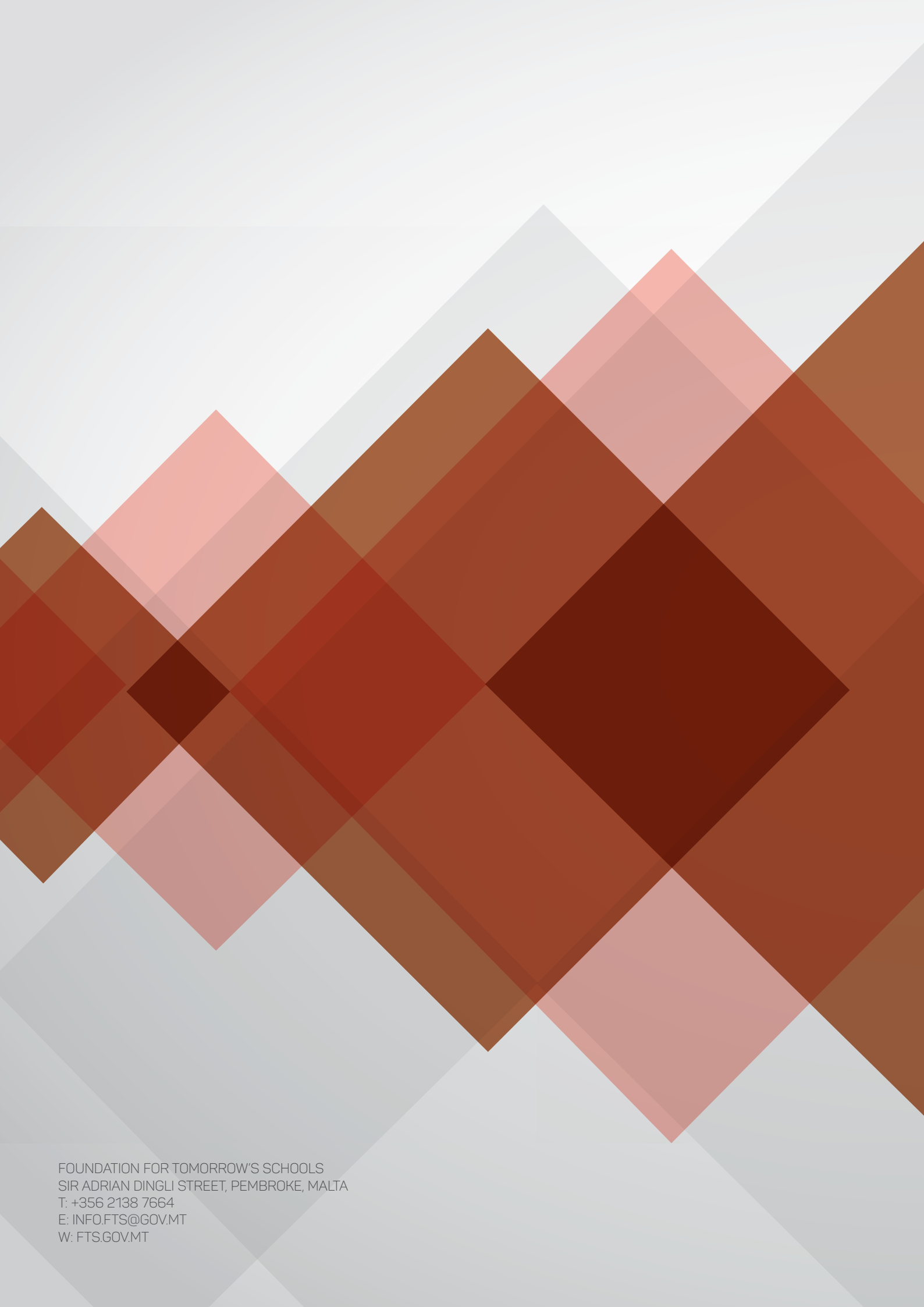
16. Fair values estimation

The nominal values less estimated credit adjustments of trade receivable and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

This page does not form part of the statutory financial statements.

Administrative Expenses for the year ended 31 December 2015

	2015	2014
	€	€
Administrative expenses		
Wages salaries and employee benefits general	948,894	743,657
Board Honoraria	31,656	33,113
Employer's share of social security compensation	53,046	45,045
Staff training & education	442	213
Insurance	16,575	16,116
Water and electricity	8,086	9,187
Cleaning expenses	747	2,235
Repairs and maintenance - general	4,589	1,544
Office expenses - general	4,136	1,694
Office stationery & supplies	16,446	17,111
Advertising and promotion - general	2,020	3,750
Telephone & telecommunications	12,930	17,041
Motor vehicles running costs	44,947	36,738
Business travelling	1,521	64
Legal & professional fees	49,026	17,072
Professional fees - Capital projects	125,917	71,769
IT Computer fees and e mail expenses	9,620	5,024
Audit fees	3,025	3,186
Bank charges	22,643	27,466
General and administrative expenses	110	5,217
Subscriptions	1,652	1,237
Depreciation of tools, machinery & equipment	36,631	33,472
Profits/losses on disposal of tangibles	-	519
	1,394,659	1,092,470



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