

25th
Anniversary
Issue



ANNUAL
REPORT

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BOARD OF DIRECTORS

CALENDAR YEAR 2015

Mr Clyde Caruana	Chairperson
Ms Pauline Miceli	Deputy Chairperson
Ms Gabriella Calleja	Director
Mr James Henry Pearsall	Director
Mr Anglu Fenech	Director
Dr Marie Elise Agius	Director
Ms Alexandra Gatt	Director
Mr David Bonello*	Director
Ms Claudine Cassar**	Director
Dr Mario Brincat	Director
Mr Emanuel Darmanin	Director
Mr Frank V. Farrugia	Director
Mr Gejtu Tanti	Director
Mr Josef Bugeja	Director
Mr Joseph Farrugia	Director
Ms Marie Grech Caruana	Director
Mr Andrew Triganza Scott	Secretary

**Mr David Bonello resigned from the Board on 13/02/2015 upon accepting a senior management position within ETC.*

***Ms. Claudine Cassar resigned from the Board on 15/12/2015 for personal reasons.*

EXECUTIVE MANAGEMENT TEAM CALENDAR YEAR 2015

Mr Philip Rizzo	Chief Executive and Acting Head of the Training Services Division.
Mr Felix Borg	Deputy to Chief Executive and Head of the Corporate Planning Division.
Mr Mario Xuereb	Head of the Employment Services Division.
Ms. Olivia Farrugia	Head of EU Funded Schemes Division and Acting Head of Inclusive Employment Services Division (the latter post with effect from 01/05/2015).
Mr Marcel Bonnici	Head of the Gozo Services Division.
Mr David Bonello	Head of the Finance and Corporate Services Division (with effect from 04/02/2015 in replacement of Mr John Trapani).
Mr John Trapani	Internal Auditor (with effect from 04/02/2015).

THE ETC AS ONE OF THE MEMBERS OF THE EUROPEAN NETWORK OF PUBLIC EMPLOYMENT SERVICES

The EU/EEA Public Employment Service (PES) Network Mission Statement signed by all Heads of PES in December 2006 states that:

"Public Employment Services as public services have a specific role in the labour market: they deliver services free of charge to Jobseekers (both unemployed and jobchangers) as well as to Employers, which aim to bring Jobseekers and vacancies together, and also contribute to improved transparency in the labour market. They play this specific role among other actors."

In improving the functioning of the labour market within which it operates, any PES shall set national targets and outcomes which will benefit directly their Jobseeker and Employer customers, and which meet the requirements established by Government. **A PES should contribute to:**

- the development of labour market policy through the provision and analysis of relevant labour market information and trends
- the appropriate implementation of labour market policies
- improved dissemination of employment opportunities
- a decrease in unemployment through active engagement with Jobseekers
- a reduction in bottlenecks and mismatches in the labour market
- an increase in labour market participation rates and employment
- helping the disadvantaged and the more marginalised Jobseekers into the active labour market
- engage in partnerships with other relevant organisations
- engage in continuous development of staff skills.

The PES mission statement identifies the strategies to be adopted to reach the above objectives as being: customer focus, early identification and intervention to reduce unemployment spells, modernising service delivery through self-service facilities, partnerships and networking, effectiveness and quality of services.

ETC AT 25: AN UPDATED MISSION



The Employment and Training Corporation has been in existence for 25 years.

The current scenario of recording the lowest registered unemployment levels ever since the Corporation was established 25 years ago, plus the results being obtained from a buoyant economy, call for a review and updating of the Corporation's functions to better address current and future labour market needs. **The Corporation has the opportunity to now focus on increasing employment rather than decreasing unemployment.**

The mission that will guide the Corporation for the next three years is to provide an enhanced and easier access to jobs and the labour market, designed for the success of Jobseekers, Employees and Employers.

The renewal of ETC requires a **new corporate identity** and **an update of functions**. Hence, legal amendments are currently being drawn up to the Employment and Training Services Act (Chapter 343) to change the name of the Corporation to 'Jobsplus', reflecting the new vision of being guided by an innovative, dynamic, sustainable, and fresh perspective towards employment. Changes to the functions will also be implemented. The proposed changes will first be disclosed in a Consultation Paper which will be made available to the public for feedback and comments.

The Corporation aims to remain a key contributor to the setting of national employment and training policies and to provide the required support to the line Ministry. It is committed to increase the taxpayers value for money through the provision of effective services and an effective use of the budget allocated to it. This will be achieved through:

- consultation with stakeholders prior to the introduction of new initiatives.
- being an innovative organisation which continuously develops and implements new active labour market measures;
- engaging fast with Jobseekers to limit their unemployment spell;
- acting professionally in providing good and timely vocational guidance to Jobseekers;
- matching job vacancies with Jobseekers efficiently and effectively;
- refocusing its training functions to provide well-designed training measures aimed at enhancing the employability of the Trainees and that appropriately address labour market needs;
- increased level of support in the provision of its services to Disadvantaged Persons and Persons with Disabilities;
- involving other players in the undertaking of its functions through contracting out;
- proposing and implementing projects by utilising the European Social Fund;
- undertaking labour market research to understand needs and determine trends and disseminating labour market information to the general public apart from to Government and established stakeholders;
- being on the forefront of offering services through on-line facilities which do not necessitate the presence of clients at any of its physical centres.





LABOUR MARKET BACKGROUND: DEVELOPMENTS IN 2015



Full-time employment

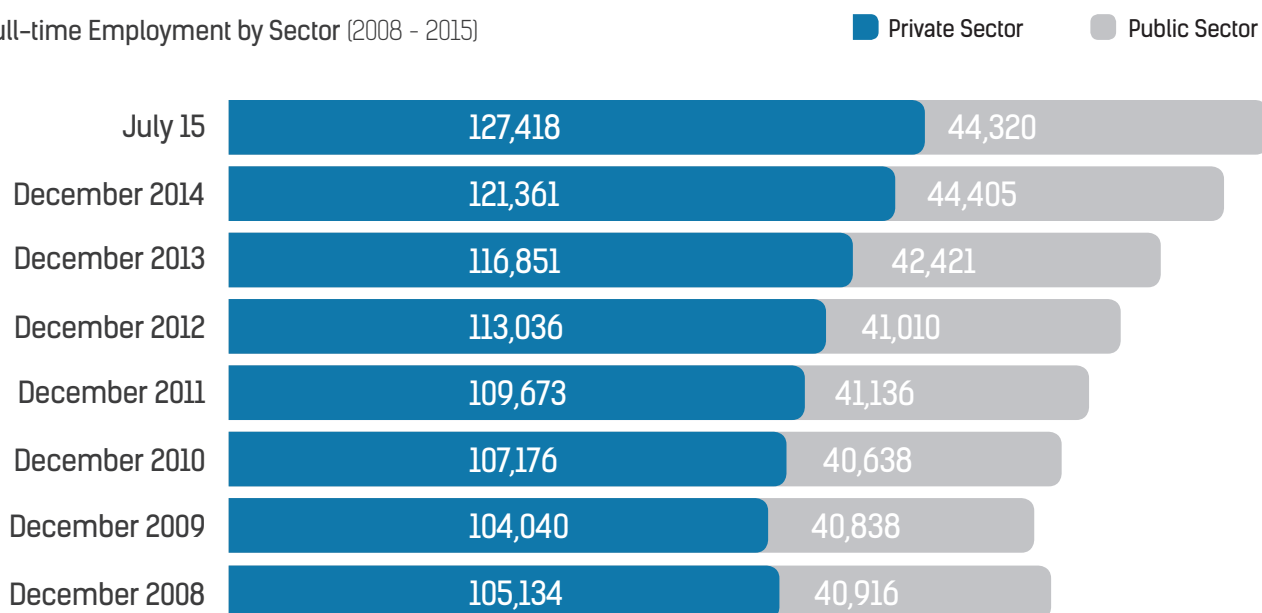
The number of full-time employees at end July 2015 stood at 171,738. This represents an increase of 6,637 persons in full-time employment over July 2014, that is, an increase of 4%. The number of persons in full-time employment is the highest ever achieved in Malta and Gozo. As full-time employment in the direct production sector of the economy increased only marginally, all the growth in employment has come from the market services sector.

Part-time employment

Part-time employment also continued to expand at similar pace. There were 60,890 persons in part-time employment at end July 2015, which is an overall increase of 3.4% over the same month of 2014. For 36,572 persons, the part-time job was their primary job; for the other 24,318 persons, it was their secondary employment.

A detailed breakdown of the trends in employment by sector can be found in the NSO release NR006/2016.

Full-time Employment by Sector (2008 - 2015)



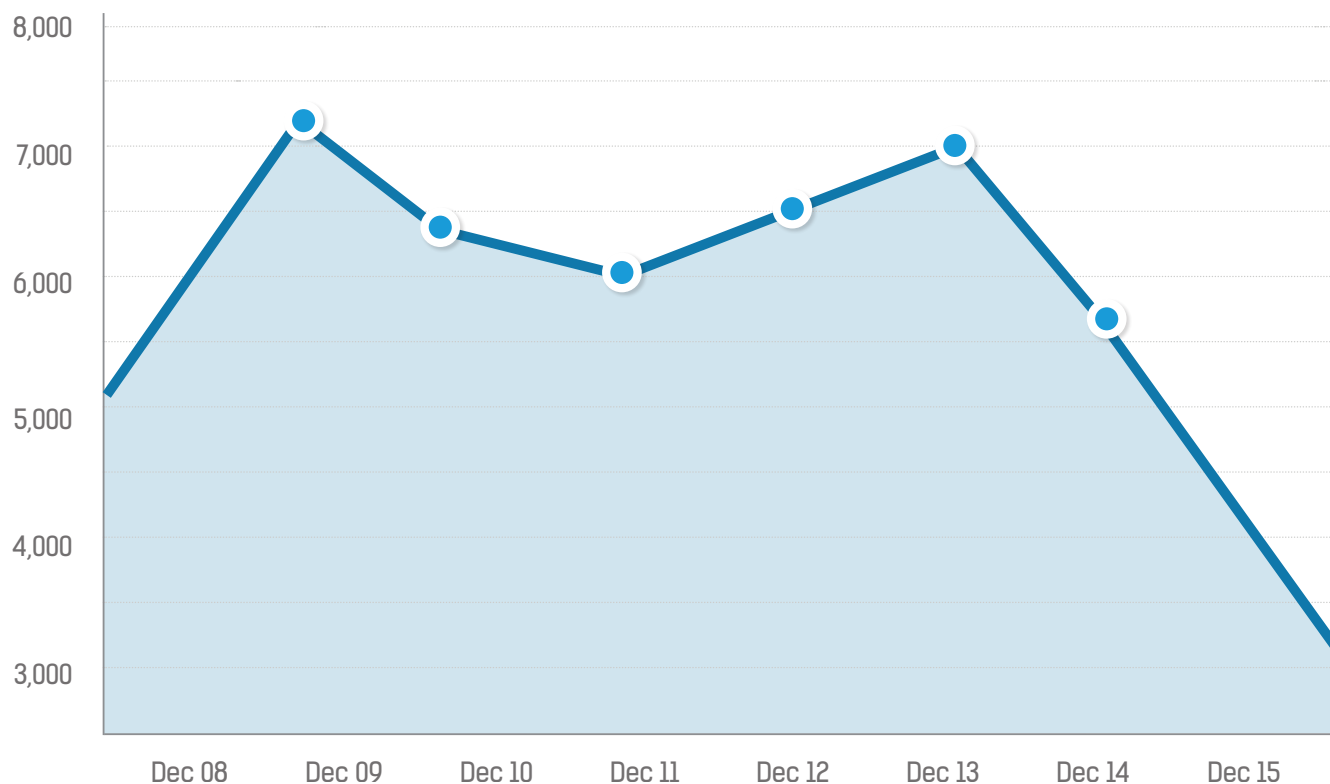
Public Sector employment, as a percentage of total employment, is down from 2012. The figure in 2015 stood at 25.8%, down from 26.6% in 2012.

Unemployment

The number of persons on Parts 1 and 2 of the register amounted to 4,615 at end December 2015 compared to the figure of 6,287 at end December 2014. This means that aggregate registered unemployment was substantially reduced by 1,672 persons or 27% in just one year. Within those figures, there was a significant drop of almost 47% in the number of youth registered Jobseekers and a drop of 28% in the number of registered long-term unemployed persons.

A detailed breakdown of the registered unemployed cohort can be found in the NSO Release NR012/2016.

Unemployment Overview in Malta and Gozo (December 2008 - 2015)







OPERATIONS REPORT

CORPORATE PLANNING DIVISION

During 2015, the Corporate Planning Division continued to contribute to employment policy at both local and EU level. This involved the thorough examination of proposed EU legislation and administrative provisions concerning employment and training and active participation in a number of committees including the Employment Committee and its sub-groups, the Network of Heads of Public Employment Services, and the European Classification for Skills, Competences, Qualifications and Occupations (ESCO) Board.

The Division provided feedback to the Ministry on a number of draft EU Regulations, Directives, Decisions and Recommendations including:

- Proposal for a Regulation of the European Parliament and of the Council on a European Network of Employment Services, workers' access to mobility services and the further integration of labour markets (EURES).
- Proposal for a Decision of the European Parliament and of the Council on establishing a European Platform to enhance cooperation in the prevention and deterrence of undeclared work.
- Proposal for a Directive of the European Parliament and of the Council on the conditions of entry and residence of third-country nationals for the purposes of research, studies, pupil exchange, remunerated and unremunerated training, voluntary service and au pairing (Recast).
- Proposal for a Council Recommendation on integration of the long-term unemployed into the labour market.

Following the Decision (No. 573/2014/EU) of the European Parliament and of the Council of 15 May 2014 on **enhanced cooperation between Public Employment Services (PES)**, the Corporation received a number of **requests for information** about ETC's operations, throughputs and organisational structure. These included:

- PES Capacity Questionnaire
- PES Bench Learning Indicators
- PES Data Collection: Bottleneck Vacancies

In May 2015, as Malta's national employment service, ETC hosted a thematic review in collaboration with the European Commission on 'Making Work Pay for Mothers'. The event, as part of the Mutual Learning Programme, gave an opportunity to participants to share good practices and discuss the challenges faced in their respective countries. Malta presented its measures aimed at encouraging women to participate in the labour market, as well as the first results achieved through these reforms.

The Corporate Planning Division conducted secondary data research focusing on:

- Sector and qualification mismatch of graduates
- Effectiveness of ETC training services
- Level of change in employment of nationals, Europeans and Third-Country Nationals
- Monitoring the implementation of the Youth Guarantee
- Wage level of occupations within Maltese labour market

The Corporation has also been involved in preparatory work in partnership with the National Commission for Further and Higher Education, and Malta Enterprise to undertake a labour and skills shortages survey. This study is aimed at portraying the needs of the labour market in the different economic sectors.

Furthermore, a Jobseekers Satisfaction Survey and an Employers Satisfaction Survey are planned to ensure that the Corporation is in line with the needs of its clients. Engagement of employers and efficacy in the facilitation between unemployment and employment or between employment and alternative employment are landmarks for the Corporation.

The Corporate Planning Division was also engaged in collating data on the labour force, as well as processing requests for labour market information coming from Members of Parliament, public sector entities, students and researchers covering subjects such as:

- Gainfully Occupied Population (monthly and revisions)
- Registered Unemployed by gender and educational level
- Unemployment by age groups and localities
- Registered persons with disability in employment
- Weekly redundancies
- Employment licenses by nationality and occupation
- Migrants in the labour market
- Number of Maltese, EU and TCNs in employment by economic industry
- Gozo classification by economic sector
- Number and reasons of strike-offs
- Women in the labour market
- Vacancies notified to ETC.

In synthesis, through the different functions covered by its Corporate Planning Division, **ETC is able to provide evidence-based information on the labour market**, aimed at disseminating information, assisting in policy-making and presenting a needs-assessment.

EMPLOYMENT SERVICES DIVISION

The Employment Services Division, which is the largest of ETC's operating groups, once again strived to further its core client services and introduce new ways of offering equitable access to job opportunities to an even larger working population than ever before.

The Division is responsible for the following functions:

- Jobseekers' Registration Services (see below)
- Strike-off Objections, NEA Appeals and Court Sitings (see below)
- Jobseekers' Advisory Services (see below)
- Employers' Services (see below)
- Employment Licences Unit (see below)
- Inspectorate and Law Compliance (see below)
- Schemes and Parastatal Vacancies Unit
- European Employment Services (EURES)

Registrations

At the end of December 2015, there were a total of 4,615 unemployed registrants on Parts 1 and 2 (Malta and Gozo); when compared to the end of December 2014 (6,287), **there was a very satisfactory decrease of 1,672 job seeking registrants.**

Strike-offs

The total of persons removed from Part 1 of the unemployment register during 2015 because they failed to abide by their legal obligation to make themselves available for employment and training opportunities happily dropped to 1,065 from the previous year's high of 1,705.

Jobseekers' Advisory Services

Building on the preparatory work carried out in 2014, the Division continued the development of a new hierarchy of qualifications which aims to allow matching with Employer requirements and qualifications of Jobseekers on a spectrum of levels from exclusively specific (a particular course or qualification issued by a particular institution) to more generic (level, topic and/or subject).

This new qualification database will be integrated in the client profiling and vacancy matching system and will act as the foundation to some of the enhancements the Corporation will now be launching in 2016 in its new website and matching system.

Preparatory work for enhancements in the ETC website

A substantial amount of time was dedicated to the development of a new ETC website. The new website will now be launched in 2016 and will encompass a number of new facilities aimed at offering the best service possible to Jobseekers, Trainees and Employers. **It will also bring about a shift, allowing both Jobseekers and Employers to carry out matches 'on the fly' providing a faster and a 24/7 recruitment service.**

The Corporation will, of course, continue to offer the usual job brokerage services to both client groups should they wish to use such services. It is envisaged that this shift will allow the Corporation to both improve and expand its services to target groups which it previously could not cater for due to ETC Employees' work overload.

Employers' Services

• Private Recruitment Service (PRS)

In addition to the basic vacancy marketing and matching service, the Corporation once again continued to offer **a more tailor-made recruitment service** to Employers who requested this. A total of 77 PRSs were offered to various Employers throughout the year. These bespoke recruitment services ranged from simple receipt and filtering of Jobseeker applications to more advanced pre-assessment and short listing of the applicants based on the needs of the particular Employer.

• Recruitment drives

The Employers' Services Unit also conducted **several recruitment drives** with various Employers. Some of the recruitment drives took place at the ETC Training Complex whereas others were conducted at the Employers' premises. A total of 22 recruitment drives were carried out during 2015.

In addition to these recruitment drives, the Unit was also involved in other intervention exercises which involve recruitment exercises carried out across a number of Employers seeking similar Employees. One such example is a preliminary exercise, which took place over four consecutive days, during which the Employers' Services Unit, in collaboration with staff from the Jobseekers' Advisory Services Unit, conducted one-to-one interviews with a total of 131 clients who were registering for work as cleaners. This was done in order to determine their eligibility for recruitment drives which were to take place with four Employers all wanting to recruit cleaners.

• Redundancy interventions

There were also a number of redundancy interventions. In such cases the Division contacts Employers to explain the different services available, to gather additional information on the extent of the redundancies and the occupations in which the redundancies are going to take place. Such information allows the Corporation **to come up with a tailor-made solution** together with the Employer. Services may include an information session for all those involved, contacting and guiding individuals that are about to lose their job, and outreaching to alternative Employers working within the same field or industry. Alternative employment was sought for all those who were earmarked for redundancy.

Employment licences

2015 saw a number of upgrades in the Employment Licence application system.

- **Vacancy requirement as part of the Labour Market Test**

With effect from 1st August 2015, Employers wanting to recruit persons from outside the EU/EEA, normally referred to as Third Country Nationals (TCNs), need to provide proof of vacancy adverts placed in the public domain unless the job in question is listed in a newly introduced Malta Vacancy Exemption List.

- **Updated criteria for TCN self-employed, directors and shareholders**

The investment criteria in relation to the Self-Employed TCNs and TCN Directors / Shareholders / Ultimate Beneficial Owners was **amended to increase the necessary investment from €100,000 to €500,000**. Additionally, such investment must be **made through a cash or stock injection into Malta**.

Furthermore, with effect from 1st November 2015, TCNs who wish to be either Self-Employed or Company Directors / Shareholders / Ultimate Beneficial Owners within Malta as a representative of an overseas company will still require to invest €500,000 in their business activity in Malta or be involved in a project approved by Malta Enterprise.



Inspectorate and law compliance

The ETC's Law Compliance Unit is responsible for the investigation of infringements as laid down in the Employment and Training Services Act of 1990 and in the Manpower Records (Commencement or Termination of Employment) Regulations (SL 343.23), by acting against:

- Jobseekers who are registering for employment whilst working;
- Employers who fail to notify ETC of a new Employee, whereby Employers are legally bound to fill in a 'Commencement of Employment Form' for their Employees;
- Employers who employ minors; and
- Employers who employ TCNs without the necessary Employment Licences.

During 2015 the Unit went through a revamp of its operation, specifically targeting higher risk activities whilst improving its effectiveness through more focused inspections. With the aim of increasing effectiveness, certain inspections strategically targeted tourist areas and other business-dense areas. The performance of the Unit now includes qualitative aspects and is no longer limited solely to quantitative results.

Between January and December 2015 a total of **6,994 inspections were carried out** (2014: 6,528), wherein **2,731 breaches and infringements were identified** (2014: 2,488).

INCLUSIVE EMPLOYMENT SERVICES DIVISION

Inclusive services for Persons with Disabilities

The number of Persons with Disabilities (PwDs) who entered employment in 2015 was 543. **This represents an amazing increase of 60% over the previous year.** Of these, 166 were registering as Jobseekers with ETC (itself an increase of 69% over the previous year). Such means that 377 PwDs who were included in workplaces during 2015 were not active Jobseekers previously.

Medical and occupational therapy assessments

In 2015, medical assessment of 643 clients was undertaken by the Corporation's contracted Medical Officer; 462 of these clients were also assessed by ETC's directly employed Occupational Therapist (OT). Another 119 assessments were done by the OT either during group activities or at their place of work.

Sheltered Employment Training and Supported Employment

The Sheltered Employment Training programme, which was co-financed through the European Social Fund, **enabled persons with intellectual disability to receive work related training in a supervised environment** in different tasks, namely back-office work, catering, the assembly of products, gardening and housekeeping. This concept, which was new to Malta, was introduced in partnership with the Inspire Foundation and with the collaboration of the Richmond Foundation.

During this programme, our Job Coaches provided necessary support and facilitated the training process in various skills that are required in the labour market. They also gave PwDs basic training on independent living and social skills.

By the end of December 2015, of the total of 158 who took part in this initiative, 18 had graduated into open or supported employment, whilst another 2 were in the final process of being recruited. The others were being assessed for entry into Malta's first supervised workshop.

Through ETC's established Job Bridge Programme, 29 similar youth with less challenges participated in structured training that catered for the acquisition of "Independent, Social and Employability Skills" and also took part in various job tasters and on-the-job training. Following various initiatives, all these young people were eventually placed in regular paid employment. Follow-up support is now being provided to both the Employers and the Employees, to ensure job retention.

Outreach and networking activities

A number of information sessions for PwDs who had expressed interest in finding employment, were held with the collaboration of Local Councils, NGOs, KNPD, Agenzija Sapport and a number of schools.

In preparation for the start of the first supervised workshop in Malta, planned for 2016, an educational visit to an AWO (NGO) Sheltered Employment Workshop in Siegen, Germany, was organised. Five Employees who work at ETC's Inclusive Employment Services Division or the Lino Spiteri Foundation (LSF) took part to observe the operational set-up of a Sheltered Workshop.

Following attendance at a conference organised by the European Association of Service Providers for the Disabled (EASPD) in Croatia, a delegation from one of France's largest service providers, l'Adapt, was invited to Malta to share their experience and latest initiatives in creating job opportunities (Handicafé and Job Dating) with ETC/LSF officials.

Support measures for the employability of Persons with Disabilities

Following the November 2014 announcement of intention to amend the Persons with Disability (Employment) Act of 1969, with the aim of raising Malta's rate of PwDs in gainful employment from its embarrassing low level, **the ETC started implementing the following positive support measures:**

• The setting up of The Lino Spiteri Foundation (LSF)

During 2015 the ETC set up a Private Public Social Partnership with an NGO called Empower Coop Ltd., formed by Employers and Parents with experience of the considerable challenges involved in motivating PwDs. The newly formed Lino Spiteri Foundation (LSF) will itself consult with a council of NGOs who will support and guide the organisation.

ETC's Inclusive Employment Services Division will handle all EMPLOYABILITY assistance:

- Provide vocational assessment and training/developmental activities
- Maintain and/or support a national register, provide grants and fiscal incentives for increased employment and record and enforce RDP Employer Quotas.
- Provide, through EU Funding, Sheltered Employment Training for the more vulnerable amongst persons with disability.

The Lino Spiteri Foundation will handle all EMPLOYMENT assistance:

- Maintain close corporate relations with Employers and deal with individual persons with disability on a one-stop-shop basis, providing initial registration/advisory assistance and job search support to each RDP individual on the national register.
- Provide RDPs on an ongoing basis with sheltered, supported or open-market job opportunities and promote job retention by means of 'handholding' Job Coach support.

• Introduction of positive support measures aimed at ending persistent underemployment of PwDs

For those Registered Persons with Disability already in employment:

- **Exemption from payment of Employer's share of National Insurance Contribution**, which will reduce salary costs by 10% of the gross salary. PLUS
- **Fiscal incentive** from National Funds, which will reduce salary costs by **25%** of the existing salary up to a maximum of €4,500 each year.

For Registered Persons with Disability not presently in employment:

- Exemption from payment of Employer's share of National Insurance Contribution, which will reduce salary costs by 10% of the gross salary. PLUS
- **An Access to Employment (A2E) Scheme grant**, co-financed by the European Social Fund, the Maltese Government and the Private Sector, **of €125 per week** (pro-rated to 20/25/30 hours of work per week) **for three whole years** in respect of those employed after ETC acknowledgement of receipt of an A2E Scheme application.

Inclusive services for vulnerable persons

Until the end of December, 81 other vulnerable Jobseekers were placed into employment in Malta. As part of an outreach programme, our Employment Advisors in charge of this client group had

interviewed 95 persons at the Detox Centre. Such service consists of individual assessment, career exploration, skills identification and referrals to a work exposure scheme. Furthermore, 74 inmates were interviewed at the Corradino Correctional Facility (CCF). In the year under review, inmates who were nearing the end of their prison sentence were profiled and given information about our services on a monthly basis.

Through the Cooperation Agreements with Caritas Malta and OASI Foundation, ETC helped various other individuals during their rehabilitation programme.

Mark and Start Campaign

A campaign set up by Marks and Spencer UK and the Prince's Trust, together with the Malta President's Trust, implemented a local pilot programme to assist young vulnerable Jobseekers into employment. This consisted of a 'job taster' day, pre-employment training and work exposure in retailing. The ETC took part in this programme by **assisting four vulnerable Jobseekers**. Upon the successful completion of this initiative, **Marks and Spencer Malta employed all the referred vulnerable Jobseekers**.

Stone mason skills training course at the CCF

Following demand, we organised this training course for inmates. Nine persons attended for over 80% of this training. Since the feedback from inmates was very encouraging, during 2016 we intend to strengthen the collaboration with the CCF authorities to increase such initiatives.

Bridging the Gap Scheme

This ETC self-funded scheme offers a period of employment training so that disadvantaged Jobseekers may acquire skills in a specific occupation whilst receiving a weekly allowance from ETC. The scheme supports Employers through the monitoring of Trainees who are undergoing on-the-job training. During 2015, 82 PwDs and 35 vulnerable group clients benefitted from the scheme. Another 35 PwDs and eight vulnerable group clients took part in Work Exposure Schemes and Traineeships.



TRAINING SERVICES DIVISION

Courses

During 2015, the Training Services Division achieved closure of two ESF 2006/13 co-funded Projects, namely the Employability Programme (ESF 2.4) and the Enhancing Employability through Training (EET) (ESF 2.201).

The number of courses launched during 2015 under the EET programme was 548; these included training in ICT, office skills, customer care, care work, languages, trades, sales techniques and food handling. **The total number of persons who attended these courses was 6,799, of whom 54% were women.**

Profile of trainees who attended for an ETC EET training programme in Malta and Gozo
(January - December 2015)

Training Programme (By Areas)	No. of Trainees	Gender		Age Groups			
		Men	Women	16 - 24	25 - 39	40 - 54	55+
Alternative Learning Programme	108	67	41	99	2	5	2
Accounting	214	56	158	45	100	64	5
Care Working	55	7	48	13	22	15	5
Health, Safety and Security	1,430	628	802	194	480	527	229
Hospitality	2,383	795	1,588	542	856	692	293
ICT	707	350	357	81	263	267	96
Job Searching	1,057	665	392	174	238	467	178
Literacy and Numeracy	574	362	212	56	227	238	53
Office Skills	72	22	50	24	21	19	8
Trades and Technical	104	104	0	18	55	21	10
Other areas	95	78	17	16	46	27	6
TOTALS	6,799	3,134	3,665	1,262	2,310	2,342	885

During the year under review, the Corporation progressed the accreditation of its courses, such that **82% are now fully accredited by the National Commission for Further and Higher Education.**

The Division continued to strengthen its Quality Assurance function by performing over 100 quality visits on short courses and placements of trainees following care courses. Towards the end of the year the quality assurance arm of the Division performed a number of qualitative interviews with Employers to identify additional competences that can be included in future Traineeships.

Traineeships

In February 2015, **the Corporation launched traineeships** in different sectors of the labour market. Traineeships are based on a dual learning system, whereby trainees are exposed to a mix of off-the-job training (theoretical training offered by ETC) and on-the-job training (practical training offered in a real work environment). The traineeships most in demand by Employers were related to office procedures, sales, and process manufacturing. During 2015, the Corporation placed 580 Trainees. Of these, 290 completed the scheme (50%), 223 dropped out and 67 never even started their traineeship.

In 2015, the Corporation also **appointed a Service Provider for a six-week traineeship in Sales and Social Media** through which another 100 Trainees were placed in total, of whom 13 dropped out.

Work Exposure Scheme

Under the EET project, the Corporation **also launched a Work Exposure Scheme**. This scheme offered Jobseekers and inactive persons hands-on experience in a real work environment. Trainees were placed with Employers for 20 hours per week, for a 12-week period. The Corporation managed to place 352 trainees; 235 successfully completed the scheme (67%), 91 dropped out, and 26 never started the work exposure.

Applications for sponsorship of courses not run by the ETC

In 2015, the Corporation continued to process applications for funding under the Training Subsidy Scheme. The Corporation processed payment of 125 grants, with a total value of €113,457.

Trade Testing

The Corporation continued to conduct Trade Testing, to ascertain the proficiency in particular occupations. In 2015, 307 persons were tested or re-tested, of whom 103 were apprentices and 204 non-apprentices. Trade Testing involves both written and practical tests, followed by an assessment interview. Apprentices are also assessed on the compilation and content of their logbooks.

EU FUNDED SCHEMES DIVISION

The Division's one year old internal organisational re-structure enabled an effective implementation of EU funded schemes during 2015; it resulted in smooth processing of applications and subsequent claims for reimbursements within acceptable timeframes, **ensuring disbursement of funds within four months after receipt of complete supporting documentation.**

ETC, as an appointed EU Funds Intermediary Body, during 2015 achieved completion of both Cohesion Policy 2007-2013 Operational Programmes, namely the Employment Aid Programme (EAP) and the Training Aid Framework (TAF), which had been launched in 2009. The below details show the extent of EAP and TAF grants issued to Maltese Industry between 2009 and 2012, as well of those issued through subsequent schemes' extensions, in 2013 (EAP for Gozo) and 2014 (TAF2 for both Malta and Gozo).

Employment Aid Programme (EAP)

For the period 2007-2013, the total EAP **disbursements amounted to €14.1M made up of 2,839 grant agreements paid to 815 Employers based in Malta and 372 Employers based in Gozo.** In 2015 ETC completed the disbursement process with €881,305 paid mainly to Employers in Gozo in accordance with the specific 2013 EAP extension for Gozo.

	Number of Grant Agreements	Salary Subsidies Disbursed
EAP (2009 – 2012)	2,511	€12.5M
EAP for Gozo (2013 Extension)	328	€1.6M
Grand Total	2,839	€14.1M

Of the total, 871 grants valued at €4.1M were subsidies to Employers in Gozo. Of 2,839 persons recruited into employment during that period, 1,290 were women, 1,465 were youth (between 15-24 years of age) and 201 were persons aged between 55-64 years.

The effectiveness of the EAP is evident by the **86% employment retention rate** six months after the subsidy period whose grant period had expired by December 2014. 82%

of those employed by means of this programme still remained in employment as at end December 2015.

Access to Employment (A2E) Scheme (formerly known as 'Employment Aid Programme (EAP)')

The new A2E Scheme is co-financed by European Social Fund (Programming Period 2014-2020) with a total initial budget of €12M; it seeks to employ the more challenged amongst Jobseekers and inactive people spread over eight target groups.

The scheme was launched in June 2015 and applications were initially opened to promote the employment of Registered Disabled Persons (Target Group 8). Subsequently, in November, the scheme was launched in full to subsidise the employment of Jobseekers in the other seven target groups.

As at end December 2015 a total of 146 applications had been received from 109 different Employers, which related to 163 employment opportunities. So far, a total of 56 grant agreements have been signed for a total of approximately €655,000.

Training Aid Framework (TAF)

The TAF grant scheme supported undertakings that provided training to their workforce by offering part-refund of the costs involved. The size of the undertaking and type of training provided determined the aid intensity. **The total disbursements under this call were of €6.8M, spread over 2,723 grant agreements.**

TAF2 re-designed and simplified to pay put fast

In November 2014, ETC launched an extension to the above programme (TAF2) with additional funding for training carried out during the first six months of 2015 for a value of just under €1.3M spread over 1,320 grant agreements.

Following the implementation of various simplifications, ETC was in a position to issue grant agreements and subsequently disburse funds within four months following receipt of valid supporting documentation. **The much faster evaluation and payment process received much acclaim from Employers.**

GOZO SERVICES DIVISION

The Gozo Services Division **strives to offer equivalent services to all those offered by the ETC in Malta**; it also works closely with the Ministry for Gozo on various Gozo labour market initiatives.

Training

During the year under review, the ETC delivered 32 courses aggregating a total of 62,600 hours of training. Besides being **the highest number of training hours delivered in Gozo in the last five years**, a very high trainee course-completion rate of 96% was also achieved.

Work exposure schemes

During the year under review, ETC Gozo administered the following schemes:

- **Work and Training Exposure Scheme** – This scheme was designed to help Jobseekers and inactive persons into gainful employment by offering them training in basic employment skills and a work exposure opportunity within the public sector for a definite period of 19 weeks.
- **Work Trial Scheme for Youth** – This scheme was designed to help youth under the age of 24 by offering them a work exposure opportunity within the private sector for a definite period of five weeks.

Data enhancement exercises

Following an internal restructuring of the Human Resources Information Unit (HRIU) a satisfactory level of efficiency was reached such that all notifications received are now recorded within a period of 48 hours. The next step is to address the issue of reliability and the consistency of our national data.

During 2015, ETC Gozo completed the first ever 'Cleaning of Data Exercise' targeting Employers. Through this exercise all Employers in Malta and Gozo were outreached to update their Employee records. The feedback rate from Employers was of around 60%.

Synchronisation of the Inland Revenue Department (IRD) PE Number with the ETC Employer Number is now being pursued. This will enable

ongoing exchange of data with IRD and possibly also with the VAT Department.

Once that is concluded, an even bigger exercise than the Employers' data clean-up will be launched; **all private sector Employees (approximately 120,000) will be asked to update their records with ETC.**

All such initiatives form part of a broader strategy aimed at greatly improving the reliability of ETC's data. Similar initiatives with the collaboration of other government entities, namely the VAT Department, Identity Malta, the Inland Revenue Department and the Malta Financial Services Authority would guarantee ongoing accuracy, reliability and relevance of National labour market data well into the future.

Budget measures and initiatives

When considering the particular aspects of the labour market in Gozo a major issue is seasonality of employment. ETC proposed two schemes which were subsequently announced in the National Budget Speech. Both schemes targeted the hospitality industry:

- **National Insurance Refund Scheme** – Through this scheme Employers in the hospitality sector were encouraged to recruit additional staff on a full-time basis and offer the same opportunity of full-time employment to their part-time Employees. 14 Employers participated in this scheme, which resulted in 36 new full-time jobs.
- **Seasonality Scheme** – The aim of this scheme was to absorb salary costs during the winter season and enhance the skills of full-time and part-time (primary job) employees working in the tourism industry. 19 Employers participated and 83 Employees attended the training courses.

EU funded schemes – Work Exposure Scheme / Traineeship Schemes / Access to Employment Scheme

During the year under review, there were 146 persons from Gozo who participated in the Work Exposure Scheme and 94 who participated in different Traineeship Schemes. The A2E Scheme only became effective at the end of 2015; it is expected to increase private sector employment in Gozo in the coming years, just as the EAP Scheme had done during 2007 – 2013.

Other initiatives

- During 2015, ETC Gozo, which is responsible for ETC's national manpower records, launched the first ever 'HRIU Manual of Procedures'. This will provide a consistent and coherent written set of procedures to be followed by all ETC staff. It will also guide Employers as to how to follow procedures.
- Revised 'Commencement / Termination of Employment' forms for Employees were also produced. The new forms reflect recent labour market developments and adhere to EU data requirements, such as the International Standard Classification of Education (ISCED) Level of the Employee; they will be introduced shortly as part of the 'Cleaning of Data Exercise' for all private sector Employees in Malta and Gozo.
- The decision to move all ETC HRIU archives to Gozo had been taken in 2014 and the necessary shelving structure was procured and put in place during 2015. The relocation of the archives from Malta to Gozo is planned to start early in 2016.
- The process to create the first ever ETC Training Centre in Gozo will also soon become reality, now that the tender for structural work has been awarded; works are expected to start soon and the centre should be fully operational before the end of 2016.



FINANCE AND CORPORATE SERVICES DIVISION

The Division is responsible for the following functions:

- The Public Procurement Unit (see below)
- The Information and Communication Technology Unit (see below)
- The Human Resources and People Management Unit (see below)
- The Finance Unit (see Audited Accounts)

Public procurement and purchase control

The Public Procurement and Purchase Control Unit (PPU) continued its support to other Divisions within the Corporation in preparing documentation and handling tendering processes.

During 2015, the PPU prepared and published five calls for tenders and five calls for quotations which were co-funded by EU Funds amounting to €4,634,308. Of that total, only €25,321 were awarded against quotations.

With regard to tenders funded by the Corporation (through National funding), eight calls for tenders, fourteen calls for quotations and one expression of interest were drafted and published by PPU for an aggregate amount of €6,825,441. Of that total, only €65,846 were awarded against quotations.

Therefore, the global value of tenders and quotations awarded during 2015 through ETC's Public Procurement Unit amounted to €11,459,749, out of which only €91,167 (0.8%) were awarded against quotations as opposed to tenders.

Information and communications technology

The project that challenged the ICT Unit most during the year under review was the creation of an online job matching system and the new ETC website, both of which are planned to be launched early 2016. The contracts for the development of the job matching engine and that of the web portal were drafted, negotiated and signed during 2015.

The job matching engine, a first for ETC, will allow individual jobseekers to be matched online and in real time with all available vacancies in Malta and Gozo based on their respective profile and job competencies. Similarly, employers will be able to design vacancies and within seconds find matching jobseekers based on the criteria and job competencies they have selected in their search.

The work performed by ETC's ICT software team entailed working on two different but related fronts: the preparation of the core logic and of web services for the job matching system and concurrently on the development of all the web-services required as the backend software for the new ETC web-portal. The frontend user interface of the new website was handled by an external contractor. The ICT software team itself developed all of the internal applications that are primarily used by ETC's employment advisors, together with the inclusions of new matching criteria to be used by the Vacancy Unit. Development was done on all of the following: Job seeker profiling system; vacancy profiling system; CV vetting system; vacancy vetting system; data reporting tool; competency management tool; and the "what if" matching tool. Even the database structure had to be modified in order to accommodate the new data structures to be used by the new matching process, which included introduction of job competencies and skills, together with enhanced flexibility for matching purposes.

Once the development of the new database structures and web-services were finalised, the next step was the rigorous task of user acceptance testing of all the internally developed applications, the website and the job matching system itself. This entailed the analysis, debugging and trouble shooting of matching performance issues both from a network perspective and an application perspective. Finally came the setup of the virtual machines on the ETC web server that will be hosting the new website.



The following were other major achievements of ETC's ICT team during 2015:

- The migration of all the remaining PCs from Windows XP to the common platform of the Windows 7/8 operating system; and the replacement of old PCs with new ones.
- The network setup of the new Sheltered Employment Centre premises at Msida, together with the network setup of the refurbished Job Centres at Mosta and Birkirkara.
- The necessary assistance and consultancy on the joint venture project with the Department of Inland Revenue (IRD) with regard to the engagement form submission through the IRD web portal.
- The development and implementation of a new EU funded schemes database, support in terms of web service development for the Training Aid Framework (TAF) Mapping Application and the implementation of the Work Programme Initiative software application.

Human resources and people management

The number of Corporation personnel already qualified at Tertiary Level is 99, which accounts for 31% of the workforce. The Human Resources and People Management Unit continued to source and administer appropriate training for all of ETC's Employees.

Besides, during 2015, the following surveys were carried out by the Unit:

- An overall rating of internal training, training of tutors and course rating relevancy.
- An absenteeism report.
- Stress Surveys amongst ETC Management and Employees.
- An employee competencies survey.
- A vacations leave report.
- A learning style survey for Employees.
- An Employee satisfaction survey.

The People Management Policy Manuals were updated such that we now have People Management Policies, Training Policies and Procedures, and Corporate Services Procedures.

INTERNAL AUDIT DIVISION

The Internal Audit Division within ETC was set up in April 2015. Its first task was to establish and agree the charter under which the Division was to operate and fulfill its function as an independent appraisal function within the Corporation. When this was established, the Division proceeded to meet the Corporation's top management to identify major risk areas and prepare an internal audit plan for 2015.

During the second half of 2015, a review of the Jobseeker Registration System was undertaken and concluded. Other reviews on the Human Resources Information System and the Employment Licensing Unit were initiated for conclusion in 2016.

NEW INITIATIVES

Work Programme Initiative

The Work Programme Initiative (WPI) is a new national initiative whereby the ETC, in collaboration with the private sector, will facilitate the integration of the long-term unemployed into the labour market. The target group includes persons registering with ETC for 12 months over the last two years (not necessarily consecutive) and inactive persons who do not feature in the ETC records (employment / unemployment) in the past 12 months.

This initiative is based on three specific objectives: assessment of participants, work placement and job retention. Such initiative is a policy response to the Council Recommendation on the integration of the long-term unemployed into the labour market, which was endorsed in 2015. Addressing long-term unemployment is also one of the priorities as set out in the Political Guidelines and the Annual Growth Survey 2016 of the European Commission.

Three Service Providers were selected through a tender process to implement this project: EMD Management, FSS and Outlook Coop Joint Venture and Melita Tourism and Resource Management. At the beginning of the process, clients underwent a period of initial assessment which was carried out by ETC with the aim of identifying the skills and expectations of participants. Following that, a WPI client list was issued by the Employment Services Division to the WPI Unit and then transferred to the providers who in turn started carrying out a more in-depth analysis of the participants' skills, knowledge and competencies through the actual profiling. Prior to the start of profiling interviews, a Work Programme Initiative agreement was signed between client, provider and ETC, mainly highlighting the rights and obligations of all three parties.

By December 2015, 173 contracts were signed. This initiative which is outcome-based has clear targets, aimed at assisting persons who have been detached from the labour market for a relatively long period of time to develop the required employability skills, through tailored services which include both on-the-job and off-the-job components.

Youth Guarantee

The Council Recommendation establishing the Youth Guarantee endorsed in 2013 states that Member States are "to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education". To this effect, in 2014 the Ministry for Education and Employment, in collaboration with the ETC, launched a number of initiatives aimed at young people at-risk of becoming detached from the labour market or the education system. Such plan of measures adopts a preventive, supportive and reactive approach, taking into account the macro- and micro- constraints of this cohort.

As part of the NEET Activation Scheme, in 2015, the ETC was actively engaged in the profiling of individuals as well as providing a work exposure experience followed by an offer of up to six months traineeship. Such placements were possible through a strong collaboration with Employers who were encouraged to participate in the Youth Guarantee programme. Prior to the actual placement, a matching exercise was conducted which analysed the skills of the participants, the Employers' demands, and the job preferences of inactive and unemployed youth. Assessment, evaluation and monitoring mechanisms were in place during and after the placement, to ensure that future initiatives are evidence-based. During 2015, 44 participants continued education while 377 youth started employment.

The ETC is also responsible to monitor the implementation of the Council Recommendation through a data collection exercise which analyses the Youth Guarantee participant's path from registration to the programme to the status following completion from the programme. Furthermore, in 2015 a revised Youth Guarantee Implementation Plan was launched defining the quality offers and specifying the commitment through the various initiatives for the coming years.

CONCLUSION

Record performances and renewing ETC's relevance

- Achieved records lows in Malta's unemployment rate with projections for the near future continuing to be three percentage points lower than the EU 28 average; additionally local employment growth is expected to remain higher than the EU average.
- Achieved amazing 60% increase of inclusion of Persons with Disabilities into employment over the previous year.
- Progressed ETC's Strategy Change of 2014: ETC's unique selling proposition (USP) is a mountain of information about Jobseekers' work history, skills and competencies; we plan to optimise the use of this asset by soon making it available online to all stakeholders in the labour market.





REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

Directors

In accordance with Section 6 subsection (5) of the Employment and Training Services Act, 1990, the Board of Directors shall be appointed for a period of one year and the members of the previous board are eligible for reappointment.

The following have served on the Board of Directors of the Corporation during the year under review:

Mr Clyde Caruana (Chairperson)

Ms Pauline Miceli (Deputy Chairperson)

Ms Gabriella Calleja

Mr James Pearsall

Mr Anglu Fenech

Dr Marie-Elise Agius

Ms Alexandra Gatt

Mr Josef Bugeja

Mr Gaetano Tanti

Mr Joseph Farrugia

Dr Mario Brincat

Mr Emanuel Darmanin

Mr Frank V. Farrugia

Mrs Marie Grech Caruana

Mr David Bonello (resigned on 13 February 2015)

Ms Claudine Cassar (resigned on 15 December 2015)

Mr Andrew Triganza-Scott (Board Secretary)

The term of office of the current Board of Directors extends to 23 April 2016.

Principal activities

The Employment and Training Corporation (the "Corporation") has functioned since 3 August 1990 as Malta's national employment service by keeping a register of job seekers and by engaging in the matching of job vacancies with job seekers; a register of persons in employment is also kept to supply data on Malta's gainfully occupied population. It engages in the implementation of active measures in the form of employment and training programmes and schemes with the aim of assisting job seekers to find gainful employment. Job search assistance and training is also extended to persons already in employment to contribute toward the upgrading of the skills portfolio of the workforce.

The ETC is an active member of the European Network of Public Employment Services (PES) whose mission statement reads:

"Public Employment Services as public services have a specific role in the labour market: they deliver services free of charge to Jobseekers (both unemployed and job changers) as well as to Employers, which aim to bring Jobseekers and vacancies together, and also contribute to improved transparency in the labour market. They play this specific role among other actors."

In improving the functioning of the labour market within which it operates, any PES member shall set national targets and outcomes which will benefit directly their Jobseeker and Employer customers, and which meet the requirements established by Government. A PES member should contribute to:

- the development of labour market policy through the provision and analysis of relevant labour market information and trends
- the appropriate implementation of labour market policies
- improved dissemination of employment opportunities
- a decrease in unemployment through active engagement with Jobseekers
- a reduction in bottlenecks and mismatches in the labour market
- an increase in labour market participation rates and employment
- helping the disadvantaged and the more marginalised Jobseekers into the active
- labour market
- engage in partnerships with other relevant organisations
- engage in continuous development of staff skills.

The PES mission statement identifies the strategies to be adopted to reach the above objectives as being: customer focus, early identification and intervention to reduce unemployment spells, modernising service delivery through self-service facilities, partnerships and networking, effectiveness and quality of services. The activities of the Corporation must remain consistent with such Mission Statement for the foreseeable future.

Results

The Corporation based its expenditure for the year under review on its budgetary expenditure as approved by Parliament.

During the year, the Corporation continued to adopt International Financial Reporting Standards in its presentation of the financial statements. These standards do not allow disclosure of reserve utilization in the income and expenditure account.

The Corporation is reporting an excess of income over expenditure for the year of € 184,379 (2014: excess of income over expenditure of € 572,063) which when added to the reserves brought forward from the previous year amounting to € 591,250 leaves a balance of € 775,629 in reserves accumulated at the end of the financial year.

The result for the year is arrived after considering Government subvention received amounting to € 8,699,998 (2014: € 7,019,000), Corporation expenditure amounting to € 9,177,821 (2014: € 7,978,040) and Corporation earned income amounting to € 662,202 (2014: 1,531,103).

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he ought to have taken as a director in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing their report and to establish that the independent auditor is aware of that information.

Events after the reporting period

There were no particular important events affecting the Corporation which occurred since the end of the reporting period.

Responsibilities of the Board of Directors

The Employment and Training Services Act, 1990 Section 20(1) requires the Corporation to keep proper books of accounts and other records in respect of its operations and to prepare a statement of accounts in respect of each financial year.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Corporation and to enable them to ensure that the financial statements have been properly prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Corporation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton, who was appointed on 15 October 2015, has intimated its willingness to continue in office.

This report was approved and authorized for issue by the Board of Directors on 4 March 2016, and signed on its behalf by:



Mr Clyde Caruana
Chairperson



Ms Pauline Miceli
Deputy Chairperson

Registered address: Head Office, Hal Far, BBG 3000, Malta
4 March 2016



STATEMENT OF INCOME AND EXPENDITURE

		2015	2014
	Notes	€	€
Subvention from Consolidated Fund	4	8,699,998	7,019,000
Recurrent expenditure		(9,177,821)	(7,978,040)
Deficit on recurrent expenditure	5	(477,823)	(959,040)
Income from employment licences and other services		662,202	1,531,103
		184,379	572,063
European Social Fund projects			
Project finance		3,351,532	1,248,098
Project eligible costs paid	8	(3,351,532)	(1,248,098)
Deferred grants		75,547	62,829
Depreciation on ESF property, plant and equipment		(75,547)	(62,829)
		-	-
Net excess of income over expenditure		184,379	572,063

STATEMENT OF AFFAIRS AS AT 31 DECEMBER

		2015	2014
	Notes	€	€
Assets			
Non-current			
Intangible assets	10	156,061	82,610
Property, plant and equipment	11	1,485,408	1,685,171
Property, plant and equipment ESF projects	12	671,076	674,622
		2,312,545	2,442,403
Current			
Inventories	13	20,333	26,275
Receivables	14	190,976	689,862
Cash and cash equivalents	15	1,988,237	1,216,669
		2,199,546	1,932,806
Total assets		4,512,091	4,375,209

STATEMENT OF FINANCIAL POSITION – CONTINUED

		2015	2014
	Notes	€	€
Equity			
Endowment capital	16	582,343	582,343
Accumulated reserves		775,629	591,250
Total equity		1,357,972	1,173,593
Liabilities			
Non-Current			
Deferred grants	17	596,012	611,793
		596,012	611,793
Current			
Deferred grants	17	75,064	62,829
Trade and other payables	18	2,483,043	2,526,994
		2,558,107	2,589,823
Total liabilities		3,154,119	3,201,616
Total equity and liabilities		4,512,091	4,375,209

The financial statements on pages 38 to 59 were approved and authorized for issue by the Board of Directors on 4 March 2016 and signed on its behalf by:



Mr Clyde Caruana
Chairperson



Ms Pauline Miceli
Deputy Chairperson

STATEMENT OF CHANGES IN EQUITY

	Endowment capital €	Accumulated reserves €	Total equity €
At 1 January 2014	582,343	19,187	601,530
Excess of income over expenditure for the year	-	572,063	572,063
At 31 December 2014	582,343	591,250	1,173,593
At 1 January 2015	582,343	591,250	1,173,593
Excess of income over expenditure for the year	-	184,379	184,379
At 31 December 2015	582,343	775,629	1,357,972

STATEMENT OF CASH FLOWS

		2015	2014
	Notes	€	€
Operating activities			
Deficit on recurrent expenditure		(477,823)	(959,040)
Adjustments	19	478,467	371,589
Net changes in working capital	19	460,877	46,777
Income received		662,202	1,531,103
Net cash flows from operating activities		1,123,723	990,429
Investing activities			
Payments to acquire intangible assets		(151,895)	(53,919)
Payments to acquire property, plant and equipment		(283,163)	(337,841)
Proceeds from disposal of property, plant and equipment		10,902	7,670
Net cash used in financing activities		(424,156)	(384,090)
Financing activities			
Proceeds to finance acquisitions of property, plant and equipment ESF projects		72,001	-
Net cash from financing activities		72,001	-
Net change in cash and cash equivalents		771,568	606,339
Cash and cash equivalents, beginning of year		1,216,669	610,330
Cash and cash equivalents, end of year	15	1,988,237	1,216,669



NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Employment and Training Corporation ("the Corporation") was set up on 3 August 1990 through the Employment and Training Services Act, 1990. Its registered office is at Head Office, Hal Far, BBG 3000, Malta.

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the provisions of Section 20(1) of the Employment and Training Services Act, 1990.

The financial statements are presented in euro (€), which is also the functional currency of the company.

2. Changes in accounting policies

2.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2015

Amendments to IFRSs that became mandatorily effective in 2015 have no material impact on the Corporation's financial results or position. Accordingly, the Corporation has made no changes to its accounting policies in 2015.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the company. Information on those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Corporation's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Corporation's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Corporation's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Corporation's receivables;

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

3. Summary of accounting policies

3.1 Overall considerations

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Income and expense recognition

Government subvention

Income from subvention voted to the Corporation from the Consolidated Fund is accrued for in accordance with the Corporation's approved budget for the year.

ESF reimbursements

European Social Fund reimbursements are accounted for in the period in which the related expense is recognized.

Other income

Other income, including income from employment licences, are recognized on an accrual basis.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Deferred Grants

Deferred grants in relation to property, plant and equipment co-financed by the European Union are released to the Income Statement yearly in amounts equivalent to the depreciation charge on these assets.

Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

Provision for expenditure on projects and employment and training initiatives

Expenditure on projects and employment and training initiatives include funds committed by way of a provision in the financial statements.

3.3 Foreign currency translation

Functional and presentation currency

The financial statements are presented in euro, which is also the functional currency of the Corporation.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.4 Leases

Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.5 Intangible assets

Intangible assets are initially recorded at cost. They are subsequently stated at cost less accumulated amortization and impairment losses.

Amortisation is provided at rates intended to write down the cost of the assets over their expected useful lives. The annual rates used, which are consistent with those applied in the previous year, are as follows:

	%	Method
Computer software	25	Straight line

3.6 Property, plant and equipment

Items of property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

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

Depreciation is charged on a straight-line basis so as to write off the cost of the assets over their estimated useful lives using the following rates. The annual rates used are consistent with those applied in the previous year.

	%	Method
Improvements	4	Straight line
Motor Vehicle	20	Straight line
Computer and office equipment	10 - 25	Straight line
Furniture	10	Straight line

No depreciation is provided on assets that are not yet brought into use.

3.7 Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested 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 asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount which the greater of its fair value less costs of disposal and its value in use. To determine the value in use, the Corporation's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss

previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3.9 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into loans and receivables upon initial recognition:

Loans and receivables are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables that are recognised in profit or loss are presented within other income, except for impairment of trade receivables which is presented within recurrent expenditure.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents and most receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Corporation's financial liabilities include payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Statement of Income and Expenditure.

3.10 Income taxes

Section 22 of the Employment and Training Services Act, 1990, exempts the Corporation from any liability for the payment of Income Tax.

3.11 Cash and cash equivalents

For the purpose of the statement of affairs and statement of cash flows, cash and cash equivalents comprise cash in hand and at bank.

3.12 Endowment capital

The endowment capital is classified as equity.

3.13 Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Corporation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Corporation can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

3.14 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Management considers that there are no significant management judgements in applying the accounting policies of the Corporation that have a significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 3.7).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

The Corporation estimates allowance for those inventories that are damaged, have become wholly or partially obsolete or if their selling prices have declined. Though management believes that the assumptions used in the estimation of allowance for any inventory obsolescence reflected in the financial statements are appropriate and reasonable, it does not expect that changes in the valuation of inventories will have any material impact on the results of the Corporation.

4. Subvention from Consolidated Fund

The Corporation is entitled to a yearly subvention from the Government of Malta. The subvention from Consolidated Fund was allocated as follows:

	2015	2014
	€	€
Subvention underpaid to the Corporation in 2013 but paid in 2014	-	660,000
Amount voted to the Corporation under recurrent vote 16 item 6163	8,800,000	8,300,000
Less amount deducted after budget reviews by Ministry of Finance	(100,002)	(1,941,000)
	8,699,998	7,019,000

5. Deficit on recurrent expenditure

The deficit on recurrent expenditure is stated after charging:

	2015	2014
	€	€
Staff costs (note 6)	5,915,454	5,205,611
Directors' fees	60,279	62,121
Amortisation of intangible assets	78,444	40,470
Depreciation of property, plant and equipment	280,442	272,451
Loss on disposal of property, plant and equipment	119,581	-
Auditor's remuneration	3,245	3,894
and after crediting:		
Gain on disposal of property, plant and equipment	-	4,161

6. Staff costs

	2015	2014
	€	€
Wages and salaries (including directors' fees and excluding the amount included in European Social Fund projects' costs)	5,975,733	5,267,732
	5,975,733	5,267,732

The average number of persons employed by the Corporation during the year was:

	2015	2014
Directors	15	16
Employees	301	276
	316	292

7. Tax expense

No income tax has been provided in these financial statements in view of the Corporation's exemption status granted by Section 22 of the Employment and Training Services Act, 1990, which exempts the Corporation from any income tax liability.

8. European Social Fund projects' costs

The Corporation has been beneficiary for projects funded under the European Social Fund Cohesion Policy, 2007 – 13. Funding for these projects is provided by the European Union (85%) and the Maltese Government (15%). It is to be noted that in co-ordination and with the approval of the Managing Authority, payment for projects under the indicated programming period have been made beyond 2013.

The disbursements on these projects are detailed below:

	2015	2014
	€	€
Employability programme	-	682,989
Employment in the Social Economy	-	50,922
Employment Support for Persons with Disabilities	1,117,193	114,430
Enhancing Employability through Training (EET)	2,212,855	349,227
Integrating TCNs in Maltese Society	18	48,854
Creation and Translation of Publications aimed to assist Third Country Nationals wishing to reside and work in Malta	21,466	1,676
	3,351,532	1,248,098
Salaries included in above eligible project costs disbursed	643,784	301,373

9. Leases

The Corporation's future minimum lease payments are as follows:

	MINIMUM LEASE PAYMENTS DUE			
	Within 1 year	2 to 5 years	More than 5 years	Total
31 December 2015	134,946	392,907	275,135	802,988
31 December 2014	85,789	450,038	352,951	888,778

Lease payments recognised as an expense during the year amounted to € 85,789 (2014: € 90,022). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the company.



10. Intangible assets

The carrying amounts of the Corporation's plant and equipment are as follows:

	Plant and equipment
	€
Cost	
At 1 January 2014	107,963
Additions	53,919
At 31 December 2014	161,882
At 1 January 2015	161,882
Additions	151,895
At 31 December 2015	313,777
Amortisation	
At 1 January 2014	38,802
Charge for the year	40,470
At 31 December 2014	79,272
At 1 January 2015	79,272
Charge for the year	78,444
At 31 December 2015	157,716
Carrying amounts	
At 1 January 2014	69,161
At 31 December 2014	82,610
At 31 December 2015	156,061

11. Property, plant and equipment

Property, plant and equipment comprise improvements, motor vehicles, computer and office equipment and furniture and fittings. The carrying amounts can be analysed as follows:

	Improvements	Motor vehicles	Computer and office equipment	Furniture and fittings	Total
	€	€	€	€	€
Cost					
At 1 January 2014	1,866,620	127,736	2,514,686	579,572	5,088,614
Additions	89,586	16,274	197,318	34,093	337,271
Disposals	-	(75,004)	(39,837)	(5,333)	(120,174)
At 31 December 2014	1,956,206	69,006	2,672,167	608,332	5,305,711
At 1 January 2015	1,956,206	69,006	2,672,167	608,332	5,305,711
Additions	49,472	21,800	118,072	21,818	211,162
Disposals	(217,658)	-	(126,515)	(132)	(344,305)
At 31 December 2015	1,788,020	90,806	2,663,724	630,018	5,172,568
Depreciation					
At 1 January 2014	754,671	96,326	2,160,862	452,895	3,464,754
Charge for the year	78,251	13,725	154,843	25,632	272,451
Released on disposals	-	(75,004)	(37,087)	(4,574)	(116,665)
At 31 December 2014	832,922	35,047	2,278,618	473,953	3,620,540
At 1 January 2015	832,922	35,047	2,278,618	473,953	3,620,540
Charge for the year	80,446	18,085	157,544	24,367	280,442
Released on disposals	(87,317)	-	(126,412)	(93)	(213,822)
At 31 December 2015	826,051	53,132	2,309,750	498,227	3,687,160
Carrying amounts					
At 1 January 2014	1,111,949	31,410	353,824	126,677	1,623,860
At 31 December 2014	1,123,284	33,959	393,549	134,379	1,685,171
At 31 December 2015	961,969	37,674	353,974	131,791	1,485,408

12. Property, plant and equipment ESF projects

Property, plant and equipment ESF projects comprise improvements, computer and office equipment and furniture and fittings. The carrying amounts can be analysed as follows:

	Improvements	Computer and office equipment	Furniture and fittings	Total
	€	€	€	€
Cost				
At 1 January 2014	800,623	281,091	63,797	1,145,511
Additions	-	570	-	570
At 31 December 2014	800,623	281,661	63,797	1,146,081
At 1 January 2015	800,623	281,661	63,797	1,146,081
Additions	-	49,063	22,938	72,001
Disposals	-	(1,545)	-	(1,545)
At 31 December 2015	800,623	329,179	86,735	1,216,537
Depreciation				
At 1 January 2014	188,361	182,996	37,273	408,630
Charge for the year	32,025	24,424	6,380	62,829
At 31 December 2014	220,386	207,420	43,653	471,459
At 1 January 2015	220,386	207,420	43,653	471,459
Charge for the year	32,025	34,847	8,675	75,547
Released on disposals	-	(1,545)	-	(1,545)
At 31 December 2015	252,411	240,722	52,328	545,461
Carrying amounts				
At 1 January 2014	612,262	98,095	26,524	736,881
At 31 December 2014	580,237	74,241	20,144	674,622
At 31 December 2015	548,212	88,457	34,407	671,076

Since 2007, the Corporation has been beneficiary for nine projects involving property, plant and equipment funded under European Social Fund Cohesion Policy 2007 – 2013 and under the European Regional Development Fund (ERDF) for the total amount of € 1,216,537. It is to be noted that in co-ordination and with the approval of the Managing Authority, payment for the projects under the European Social Fund cohesion policy have been made beyond 2013. Funding for these projects is provided by the European Union (85%) and the Maltese Government (15%).

13. Inventories

	2015	2014
	€	€
Stationery and consumables	20,333	26,275
	20,333	26,275

14. Receivables

	2015	2014
	€	€
Amounts owed by Government departments and parastatal bodies	112,115	300,509
Other receivables	47,379	335,764
Financial assets	159,494	636,273
Prepaid expenses	31,482	53,589
Trade and other receivables – current	190,976	689,862

The carrying value of receivables is considered a reasonable approximation of fair value.

15. Cash and cash equivalents

Cash and cash equivalents in the statement of affairs and statement of cash flows include the following component:

	2015	2014
	€	€
Cash and bank balances	1,988,237	1,216,669
Cash and cash equivalents	1,988,237	1,216,669

The Corporation did not have any restrictions on its cash in hand and at bank at year end.

16. Endowment capital

In accordance with Section 19(1) of the Employment and Training Services Act, 1990, the endowment capital of the Corporation is €582,343.

17. Deferred grants

	ESF 3.59	ESF 3.1114	ESF 3.113	ESF 3.60	ESF 2.4	ERDF 08	ERDF 045	ESF 2.65	ESF 3.64	
	Nista	ESEP	ESPD	YEP	EP			TAF	EAP	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2014	914	2,391	1,490	14,215	7,713	590,809	512,693	8,846	6,440	1,145,511
Additions	-	-	570	-	-	-	-	-	-	570
At 31 December 2014	914	2,391	2,060	14,215	7,713	590,809	512,693	8,846	6,440	1,146,081
At 1 January 2015	914	2,391	2,060	14,215	7,713	590,809	512,693	8,846	6,440	1,146,081
Additions	-	-	72,001	-	-	-	-	-	-	72,001
At 31 December 2015	914	2,391	74,061	14,215	7,713	590,809	512,693	8,846	6,440	1,218,082
Depreciation										
At 1 January 2014	914	1,000	372	6,407	5,758	238,546	144,707	6,317	4,609	408,630
Charge for the year	-	500	430	2,618	391	30,818	27,200	506	366	62,829
At 31 December 2014	914	1,500	802	9,025	6,149	269,364	171,907	6,823	4,975	471,459
At 1 January 2015	914	1,500	802	9,025	6,149	269,364	171,907	6,823	4,975	471,459
Charge for the year	-	501	13,147	2,618	391	30,818	27,200	506	366	75,547
At 31 December 2015	914	2,001	13,949	11,643	6,540	300,182	199,107	7,329	5,341	547,006
Net book value										
At 1 January 2014	-	1,391	1,118	7,808	1,955	352,263	367,986	2,529	1,831	736,881
At 31 December 2014	-	891	1,258	5,190	1,564	321,445	340,786	2,023	1,465	674,622
At 31 December 2015	-	390	60,112	2,572	1,173	290,627	313,586	1,517	1,099	671,076

Deferred grants

Since 2007, the Corporation has been beneficiary for nine projects involving Property, plant and equipment funded under European social Fund cohesion Policy 2007-2013 and under the European Regional Development Fund (ERDF) for the total amount of € 1,218,082. It is to be noted that in co-ordination and with the approval of the Managing Authority payment for projects under the European Social Fund Cohesion Policy have been made beyond 2013. Funding for these projects is provided by the European Union (85%) and the Maltese Government (15%). The grants received are being deferred and released to income statement yearly over the useful lives of the assets.

18. Payables

	2015	2014
	€	€
Payables	1,028,573	1,126,771
Accruals and provisions	1,454,470	1,400,223
Financial liabilities	2,483,043	2,526,994

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

19. Statement of cash flows

The following non-cash flow adjustments and adjustments for changes in working capital have been made to the pre-tax result for the year to arrive at operating cash flow:

	2015	2014
	€	€
Adjustments:		
Depreciation charge of property, plant and equipment	355,989	335,280
Amortisation	78,444	40,470
Release of grant on property, plant and equipment ESF projects	(75,547)	-
Loss/(gain) on disposal of property, plant and equipment	119,581	(4,161)
Total adjustments	478,467	371,589
Net changes in working capital:		
Change in inventories	5,942	1,429
Change in receivables	498,886	160,257
Change in payables	(43,951)	(114,909)
Total changes in working capital	460,877	46,777

20. Risk management objectives and policies

The Corporation is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from both its operating and investing activities. The Corporation's risk management is coordinated by the Board of Directors and focuses on actively securing the Corporation's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Corporation is exposed to are described below. See also note 20.5 for a summary of the Corporation's financial assets and liabilities by category.

20.1 Credit risk

The Corporation's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting periods, as summarised below:

		2015	2014
	Notes	€	€
Classes of financial assets – carrying amounts			
Receivables	14	159,494	636,273
Cash and cash equivalents	15	1,988,237	1,216,669
		2,147,731	1,852,942

The Corporation continuously monitors defaults of its counterparty receivables, identified either individually or by group, and incorporate this information into its credit risk controls. The Corporation's policy is to deal only with creditworthy counterparties.

The Corporation's management considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the company's financial assets is secured by collateral or other credit enhancements.

In respect of receivables, the Corporation is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. All amounts due from government entities are considered by the Board of Directors to be recoverable in full.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

20.2 Liquidity risk

The Corporation's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables, accruals and other provisions (see note 18). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the Corporation's obligations when they become due.

The Corporation manages its liquidity needs through cash flow forecasts by carefully monitoring expected cash inflows and outflows on a daily basis. Except as described below, the Corporation's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the Corporation's reliance on funding available from the Government of Malta. Included within financial liabilities are amounts totaling € 748,274 representing funds provided by Government over a number of years to cover various schemes and projects. Should payment of these amounts be requested, the Corporation might require additional funding in order to cover its financial liabilities as these fall due.

The Corporation's financial liabilities at the reporting dates under review are all short term and their contractual maturities fall within one year (see note 18).

20.3 Foreign currency risk

The Corporation transacts in euro and therefore the Corporation has no exposure to foreign currency risk.

20.4 Interest rate risk

The Corporation is exposed to interest rate risk on its bank balances at variable rates.

The Corporation does not expect significant shifts in the interest rates in the next 12 months. Based on current market conditions a change of +/- 25 basis points in the market interest rates is considered possible. Consequently the effect on the results of the Corporation resulting from a change in the cash returns derived from variable short term assets would be considered negligible.

20.5 Summary of financial assets and liabilities by category

The carrying amounts of the Corporation's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 3.9 for explanations about how the category of financial instruments affects their subsequent measurement.

		2015	2014
	Notes	€	€
Current assets			
Loans and receivables			
Receivables	14	159,494	636,273
Cash and cash equivalents	15	1,988,237	1,216,669
		2,147,731	1,852,942
Current liabilities			
Financial liabilities measured at amortised cost:			
Payables	18	2,483,043	2,526,994
		2,483,043	2,526,994

21. Capital management policies and procedures

The Corporation was set up on 3 August 1990 through the Employment and Training Services Act, 1990. In addition to the initial endowment capital introduced by means of the requirements of Section 19(1) of the Act, amounting to €582,343, the Corporation receives annual contributions from the Consolidated Fund as approved by Parliament through its recurrent vote.

The Corporation monitors the level of debt, which includes payables less cash and bank balances against total capital on an ongoing basis. The Board of Directors considers all funding received from the Government and income from other sources and in order to maintain its capital, adjusts the level of expenditure in line with the funds made available to the Corporation.

22. Commitments

	2015	2014
	€	€
Purchase of property, plant and equipment	20,125	4,195
Employment and training initiatives	96,600	80,039
Other recurrent expenditure	9,362	-
	126,087	84,234

The Corporation's committed expenditure represents commitments to purchase property, plant and equipment, expenditure on employment and training initiatives and other recurrent expenditure.

23. Contingent Liabilities

	2015	2014
	€	€
Contingent liabilities in relation to ESF projects	-	-
	-	-

The Corporation did not have any contingent liabilities as at 31 December 2015 and 31 December 2014.

24. Ultimate controlling party

The equity of the Corporation is held entirely by the Government of Malta.

25. Post reporting date events

There were no adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.



INDEPENDENT AUDITOR'S REPORT

To the members of

Employment and Training Corporation

Report on the financial statements

We have audited the accompanying financial statements of the Employment and Training Corporation set out on pages 5 to 24, which comprise the statement of affairs as at 31 December 2015, and the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Section 20(1) of the Employment and Training Services Act, 1990, states that the Corporation shall cause to be kept proper books of account and other records in respect of its operations and shall cause to be prepared a statement of accounts in respect of each financial year.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Employment and Training Corporation as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and have been properly prepared in accordance with Section 20(1) of the Employment and Training Services Act, 1990.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Tower Business Centre, Suite 3
Tower Street

INCOME STATEMENT

Swatar BKR 4013

4 March 2016

		2015	2014
	Pages	€	€
Subvention from Consolidated Fund		8,699,998	7,019,000
Recurrent expenditure	63	(9,177,821)	(7,978,040)
Deficit on recurrent expenditure		(477,823)	(959,040)
Income from employment licences and other services			
Rental income		-	8,933
Bank interest		1,122	2,884
Income from training services		5,070	6,294
Income from employment licences		478,131	1,360,446
Other income		177,879	152,546
		662,202	1,531,103
		184,379	572,063
European Social Fund projects			
Project finance		3,351,532	1,248,098
Project eligible costs paid		(3,351,532)	(1,248,098)
Deferred income		75,547	62,829
Depreciation on ESF projects property, plant and equipment		(75,547)	(62,829)
		-	-
Net excess of income over expenditure		184,379	572,063

INCOME STATEMENT SCHEDULES

	2015	2014
	€	€
Operational expenditure		
Employment and training initiatives	335,551	277,696
EU projects related expenditure	33,705	332,657
	369,256	610,353
Administrative expenditure		
Salaries	5,915,454	5,205,611
Directors' remuneration	60,279	62,121
Staff training	124,633	69,419
Childcare expenses	38,787	41,803
Telework expenses	6,098	6,247
Uniforms	7,268	8,057
Rent payable	105,511	99,094
Licences and permits	11,859	8,687
Insurance	65,109	56,549
Water and electricity	81,465	102,790
Cleaning	145,043	71,369
Repairs and maintenance	130,297	177,180
Office supplies	119,627	120,769
Marketing and advertising	25,627	127,294
Postage and telecommunications	282,740	192,724
Security	24,639	23,855
Medical expenses	1,215	2,583
Transport expenses	257,240	210,959
Travelling and accommodation	95,732	75,339
Legal and professional	128,960	145,183
Audit	3,245	3,894
Bank charges	1,631	986
Staff welfare	18,268	20,151
General expenses	10,080	9,203
Amortisation	78,444	40,470
Depreciation	280,442	272,451
Loss/(gain) on disposal of PPE	119,581	(4,161)
Inclusive job support for vulnerable persons	276,110	217,060
Call centre expenses	93,181	-
Contributions towards 'Lino Spiteri Foundation' administrative expenses	300,000	-
	8,808,565	7,367,687
Total recurrent expenditure – to page 62	9,177,821	7,978,040

