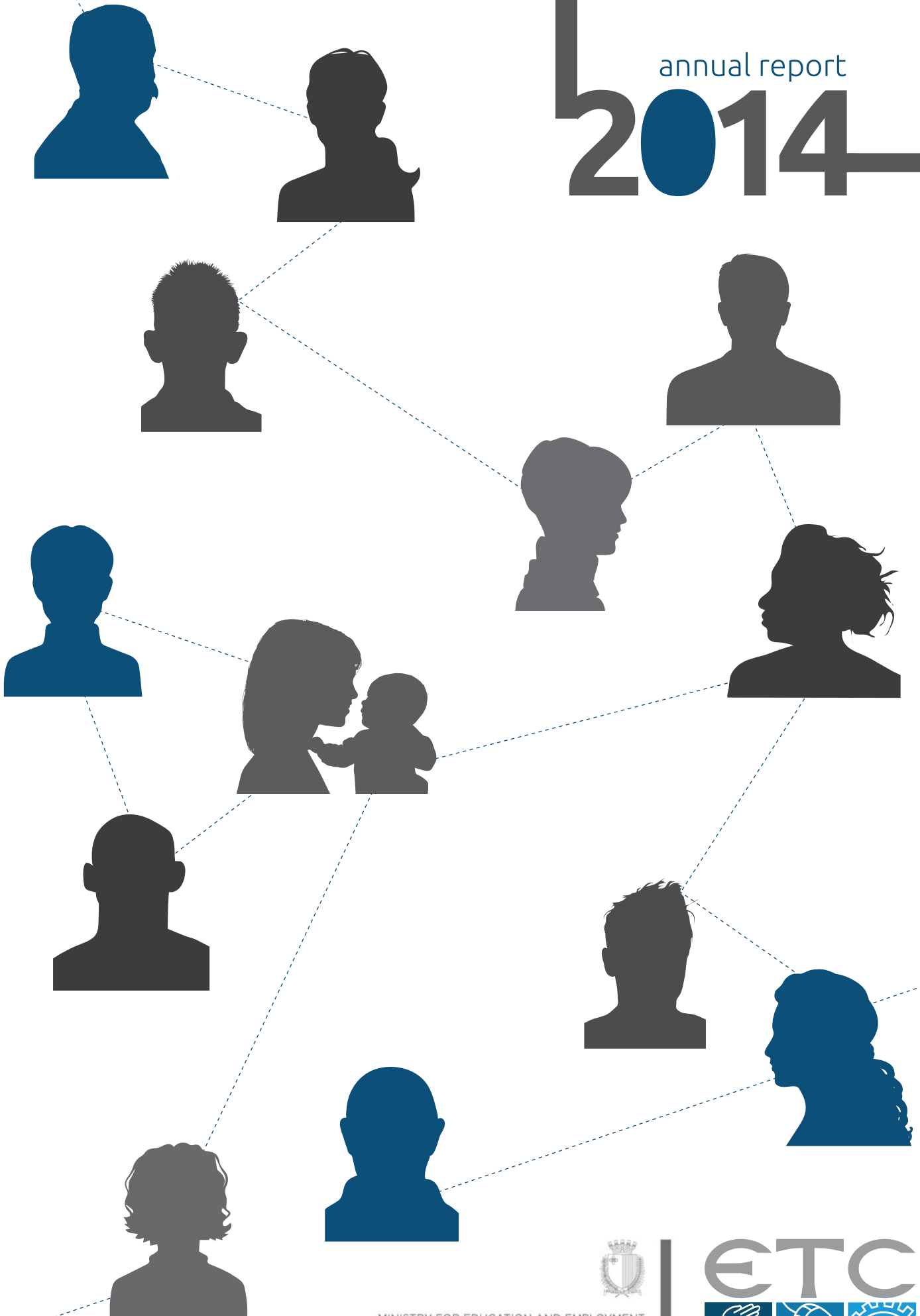



annual report

2014



MINISTRY FOR EDUCATION AND EMPLOYMENT





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BOARD OF DIRECTORS

AS FROM 1ST APRIL 2014

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

For all movements on the Board during 2014 please refer to the Financial Statements on page 28.



EXECUTIVE MANAGEMENT TEAM

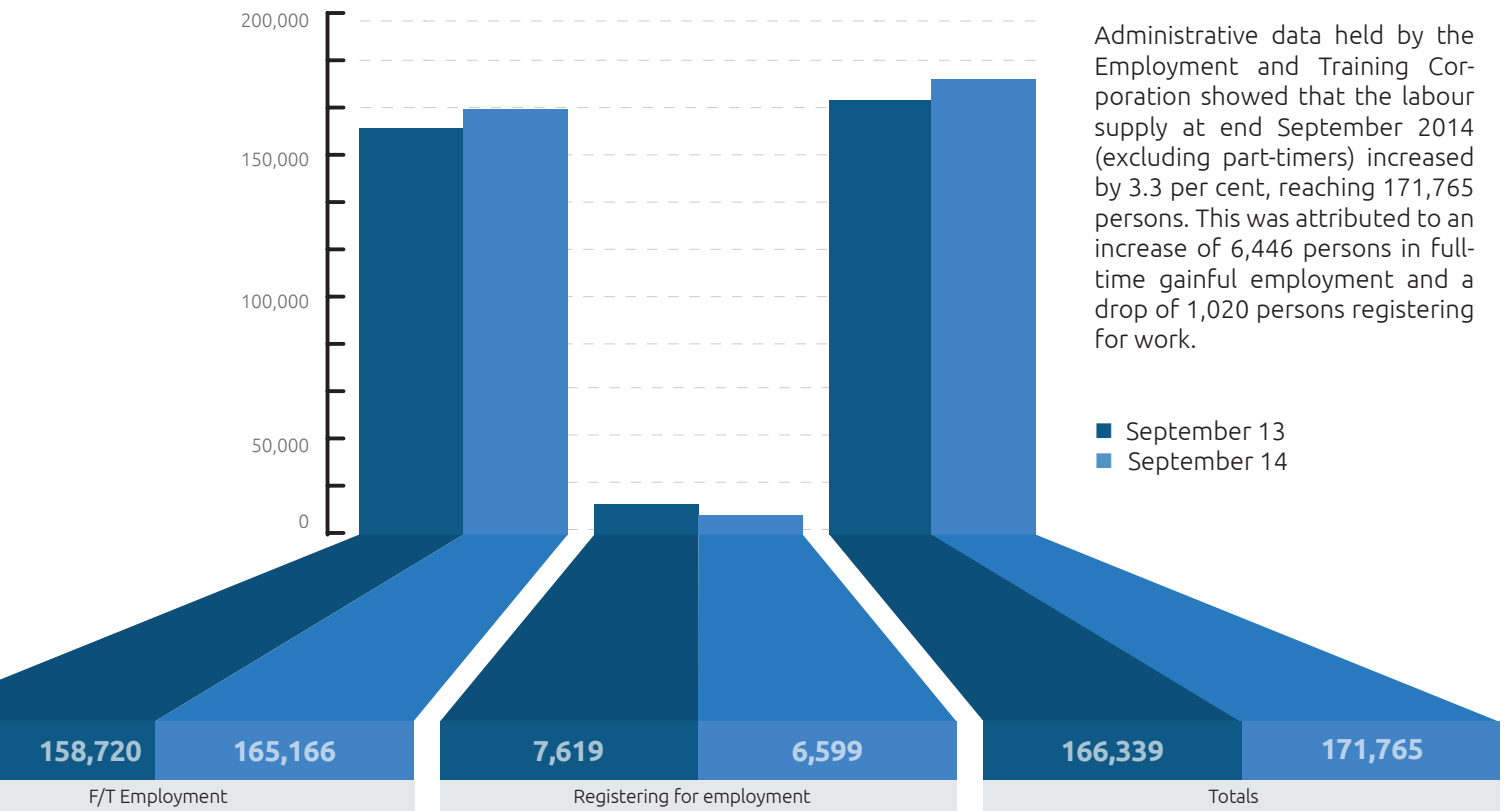
AS FROM 1ST APRIL 2014

Mr Philip Rizzo	Chief Executive and acting Head of Inclusive Employment Services and Training Services Divisions
Mr Felix Borg	Deputy to Chief Executive and Head of Corporate Planning Division
Mr Mario Xuereb	Head of Employment Services Division
Ms Olivia Farrugia	Head of EU Funded Schemes Division
Mr Marcel Bonnici	Head of Gozo Services Division
Mr John Trapani	Head of Finance and Corporate Services Division



BACKGROUND: DEVELOPMENTS IN MALTA'S LABOUR MARKET IN 2014

Labour Market Comparison Sept 2013 to Sept 2014



Labour Supply

Administrative data held by the Employment and Training Corporation showed that the labour supply at end September 2014 (excluding part-timers) increased by 3.3 per cent, reaching 171,765 persons. This was attributed to an increase of 6,446 persons in full-time gainful employment and a drop of 1,020 persons registering for work.

- September 13
- September 14

165,166
full-time gainfully occupied employees at the end of Sept 2014

60,555
persons employed part-time in September 2014

1,114
less persons unemployed at the end of December 2014

Full-time employment

The number of full-time gainfully occupied employees at the end September 2014 stood at 165,166. Practically all sectors have experienced an increase in employment except that of agriculture, forestry and fishing and that of electricity, gas, steam and air conditioning supply.

Part-time employment

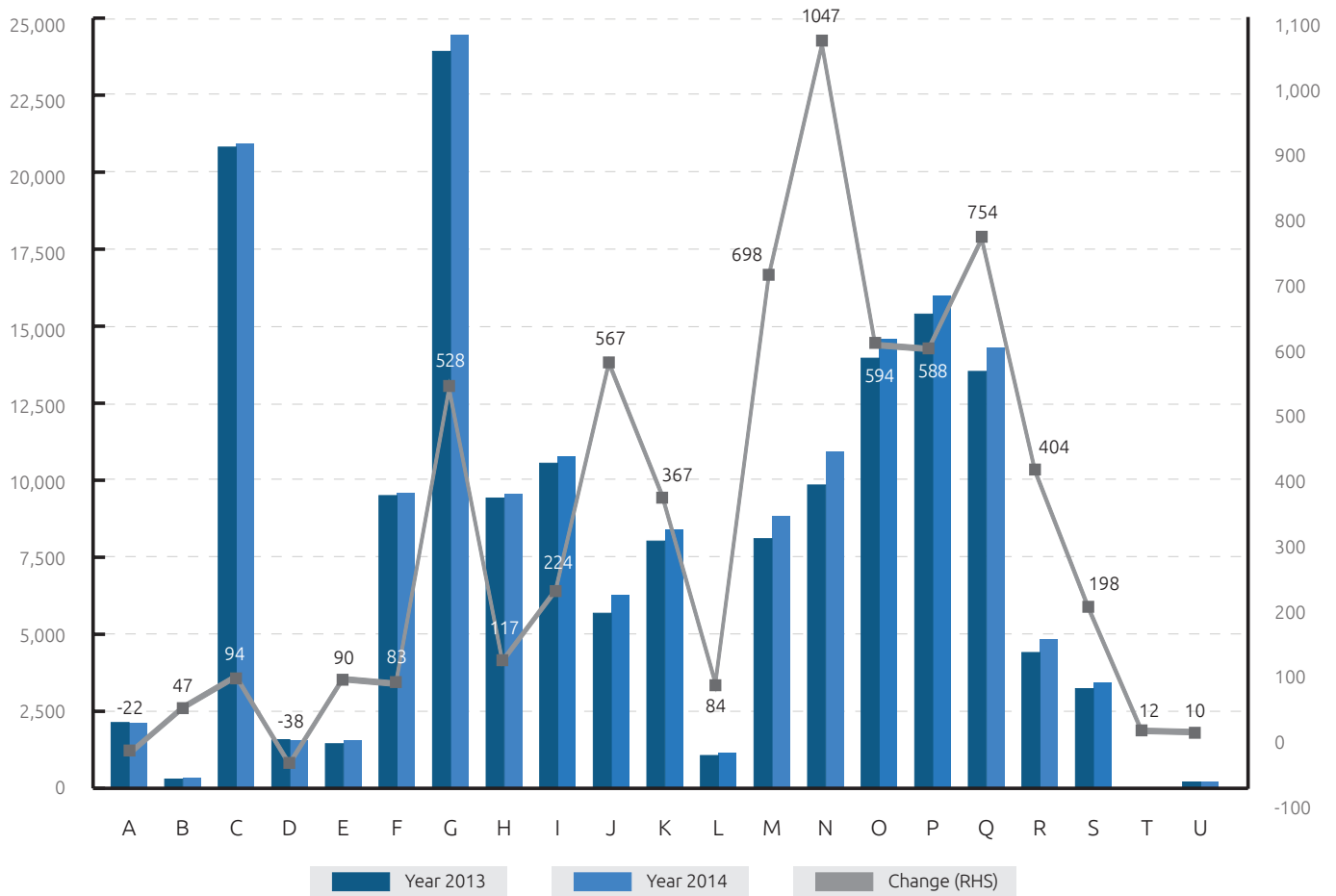
In September 2014 total part-time employment amounted to 60,555 persons. This represents an increase of 8.04% over the figure registered in September 2013. Those registered as part-time primary job holders amounted to 35,914 persons, an increase of 8.89% on the previous year.

Those with a part-time job in addition to their full-time job amounted to 24,641 persons (September 2013: 23,066 persons). Overall, the increase in part-time employment has originated from the female cohort of the labour force.

Unemployment

The registered unemployed population as at end December 2014 stood at 6,287 persons, down by 1,114 persons over a twelve month period. Registered unemployment in Malta decreased by 1,150 persons to reach the figure of 5,522 persons; in Gozo, the number of registered unemployed totaled 765 persons at end December 2014 up from 729 in the previous year.

Change in Full-time Employment by Sector



- [A] Agriculture, Forestry & Fishing;
- [B] Mining & Quarrying;
- [C] Manufacturing;
- [D] Electricity, Gas, Steam & Air Conditioning Supply;
- [E] Water Supply; Sewerage, Waste Management & Remediation Activities;
- [F] Construction;
- [G] Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles;
- [H] Transportation & Storage;
- [I] Accommodation & Food Service Activities;
- [J] Information & Communication;
- [K] Financial & Insurance Activities;
- [L] Real Estate Activities;
- [M] Professional, Scientific & Technical Activities;
- [N] Administrative & Support Service Activities;
- [O] Public Administration & Defence; Compulsory Social;
- [P] Education;
- [Q] Human Health & Social Work Activities;
- [R] Arts, Entertainment & Recreation;
- [T] Activities of Households as Employers, Undifferentiated Goods & Services - producing Activities of Households for own use;
- [U] Activities of Extraterritorial Organisations & Bodies



A RECONSTRUCTION OF ETC'S MANAGEMENT ORGANISATION

There developed a general consensus early in 2014 that many reforms needed to be implemented at ETC to make it a modern, efficient and effective organisation capable of successfully fulfilling its mission and to implement Government's programme, while meeting labour market needs falling within its remit; such would necessitate a restructuring of the hierarchical structure prevailing at the Corporation. The then current structure, built around three divisions, did not facilitate the implementation of the corporate strategy and the agility required to respond quickly to changing demands.

A new management organizational structure built around seven Heads of Divisions with clear, coherent and manageable responsibilities was therefore proposed to the ETC Board of Directors and approved.

The approved new management organizational structure featuring positions from the grade of Unit Manager and above is set out at the end of this Section.

The Executive Management Team was to be headed by the Chief Executive Officer appointed on 1st, April, 2014

There was to be a re-dimensioned Corporate Planning Division responsible for business planning and development, contributing to employment policy at both national and European level, EU affairs related to employment, labour market intelligence and research, performance management and representing ETC in international/European organizations and fora. The management of this division would consist of Mr. Felix Borg (as Head of Division) and Ms. Doriana Bezzina as the Department Manager, Corporate Planning, who would also deputise for Mr. Borg. Mr. Felix Borg would in turn deputise for the Chief Executive Officer.

A reorganized Employment Services Division would be responsible for

jobseekers' advisory services, employer services, employment schemes, registration, employment licences and EURES. This Division would continue to be headed by Mr. Mario Xuereb. Ms. Nicola Cini would retain her post as the Department Manager (Employment Services), and act as Mr. Xuereb's deputy. The other posts would be a Unit Manager, Jobseekers' Advisory Services; a Unit Manager, Employers Services; a Unit Manager, Schemes' and Parastatal Recruitment; a Unit Manager, Registration Services; a Unit Manager, Employment Licences and a Unit Manager, EURES.

A new Inclusive Employment Services Division would be responsible for services to disadvantaged jobseekers, supported and sheltered employment services and the management and operation of partnership agreements with NGOs. No person was identified to fill the Head of Department position and the CEO would therefore act as such. Ms. Maria Bartolo Galea would retain her position as Department Manager, Inclusive Employment Services and she would deputise for the Acting Head of Division. Accountable to her there would be a Unit Manager (Inclusion Services) and a Unit Manager (Supported Employment).

A new EU Funded Schemes Division would be responsible for the implementation of the 2014/20 ESF-funded Access to Employment, Investing in Skills and Work Trial Scheme projects. It would be headed by Ms. Olivia Farrugia, who was promoted to the grade of Head of Division. She will be assisted by Ms. Katya Dingli who was promoted to the post of Department Manager, Control. Mr. Joseph Sultana would retain his Unit Manager grade and assume responsibility for Evaluation, Procurement and Mapping, reporting to Ms. Dingli. Two other Unit Managers would be appointed to separately manage the ESF-funded Access to Employment and Investing in Skills projects.

A new Training Services Division would be set up to manage ETC's current training responsibilities until it was decided what role the ETC would fill in future national vocational training programmes. It would eventually be managed by a Head of Division, a Department Manager (Training Services) and a Unit Manager (Training Coordination). The post of Head of Division was not being filled for the moment. Ms. Mariella Vella was assigned the role of A/Department Manager, Training Services to manage the Division during the transition period.

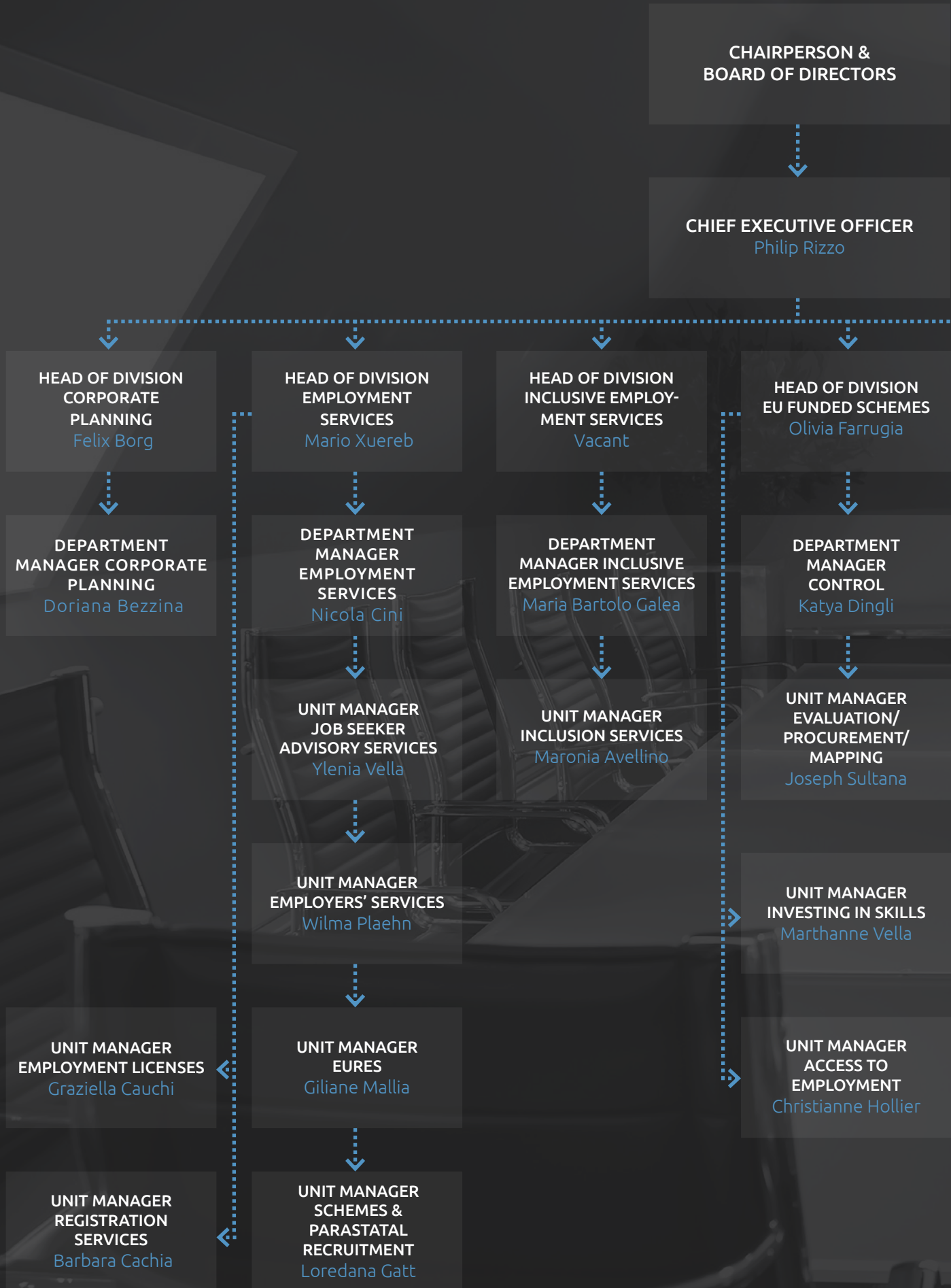
The reorganized Finance and Corporate Services Division would henceforth be responsible for all of financial management, budgeting and control, people management, information and communications technology, tendering and procurement, upkeep of premises and maintenance, archives and security. The Division would, as previously, be headed by Mr. John Trapani. The Division would consist of three Department Managers and two Unit Managers. Dr. Ing. Christopher Micallef was being confirmed in the post of Department Manager, People Management and Corporate Services. Mr. Redent Farrugia was promoted to the post of Department Manager, Financial Records and Reporting, Budgeting and Control. Mr. Edwin Camilleri was promoted to the post of Department Manager, Procurement and ICT. Mr. Camilleri would be assisted by Mr. Josef Cachia who was newly recruited as Unit Manager, ICT and Ms. Mathea Gauci who was promoted to Unit Manager, Procurement.

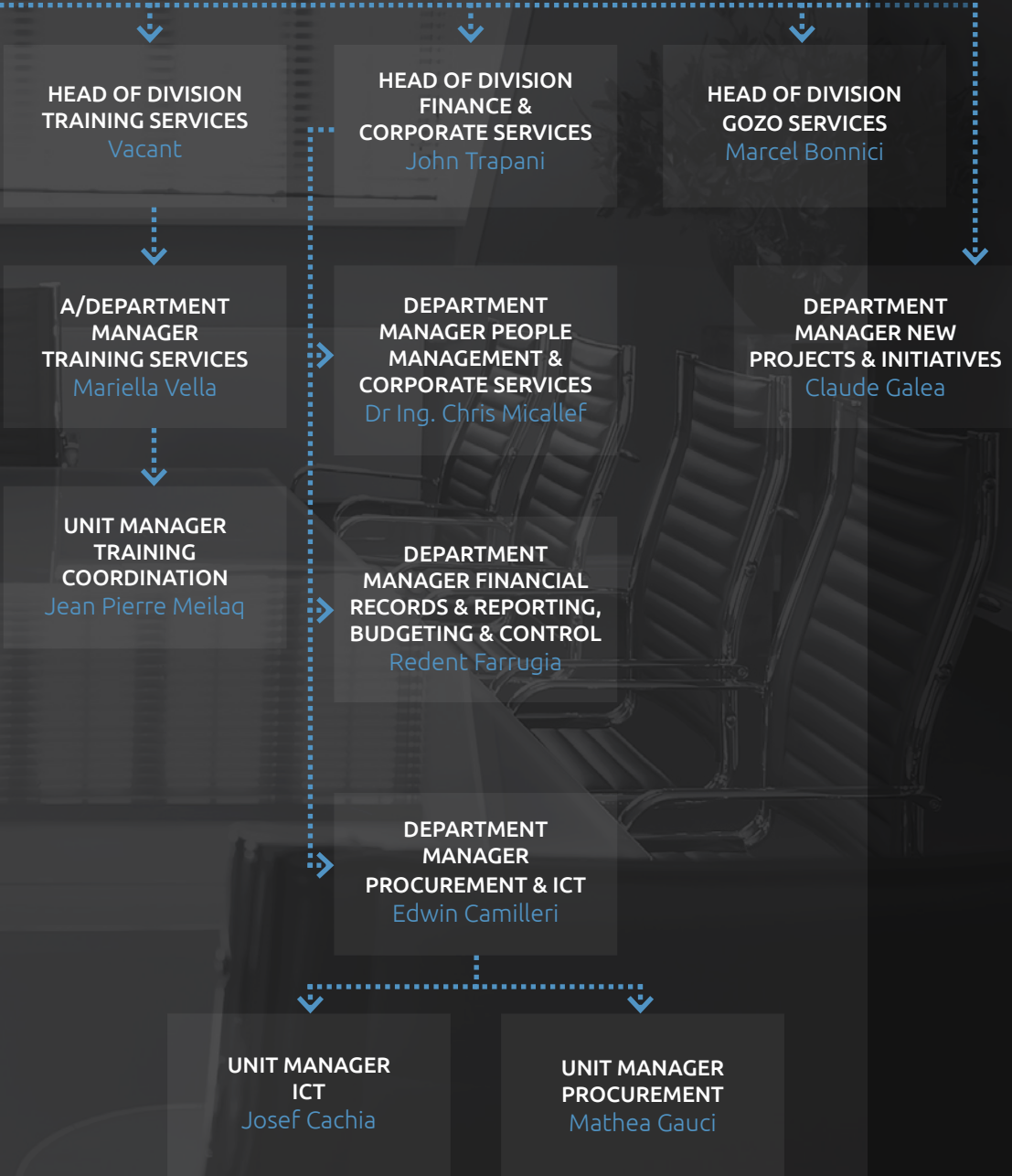
A newly independent Gozo Services Division would be responsible for all employment, training and inclusive employment services in Gozo, processing and maintenance of all national employment records, and liaison with the Ministry for Gozo. The Gozo Services Division would be headed by Mr. Marcel Bonnici who was promoted to the grade of Head of Division.



a new


management organizational structure built around seven Heads of Divisions with clear, coherent and manageable responsibilities was therefore proposed to the ETC Board of Directors and approved.





NEW
MANAGEMENT
ORGANIZATIONAL
STRUCTURE





Report of ETC's
operations during
2014



ETC'S CORPORATE PLANNING DIVISION

During 2014, the Corporate Planning Division contributed continuously to the development of the employment policy for Malta and the EU, and the development of a new strategic plan for ETC. The contribution of the Division to EU-level employment policy was done through the examination and the provision of feedback on employment or training-related EU documentation, and active participation in a number of committees and other fora at EU level. The fora include 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. Contribution to national employment policy was given through the provision of expertise and labour market statistics to policy makers. The Division provided its support and expertise in the analysis of the labour market, updating the relevance of ETC's training services, the elimination of duplication and the identification of possible overlapping roles assigned to a number of public entities through legislation or administrative decisions.

In seeking to address the Country-Specific Recommendations addressed to Malta concerning employment, the

Employment and Training Corporation has pursued the design, development and implementation of schemes and measures aimed at addressing such challenges. The Corporation is playing a key role in enhancing the employability of jobseekers, employment opportunities and managing transitions in the labour market, particularly by facilitating access to training and in some cases by opening up prospects of acquiring a practical job experience in various different working environments.

During the second quarter of 2014, Government launched the National Employment Policy. The latter provides the strategic direction for ETC and emphasises the need for ETC to modernise to be more effective. In this respect, ETC embarked on a project to develop an online matching system which will facilitate access and provide a more targeted matching between the demands of employers and the skills, competences and qualifications of jobseekers.

The implementation of measures mentioned in the Electoral Manifesto, National Reform Programme and National Estimates by ETC was regularly monitored and feedback provided to the Ministry in a timely manner.

During 2014, feedback was provided to the Ministry on many draft EU Regulations, Directives, Decisions and Recommendations including the Seasonal Workers Directive, Intra-Corporate Transferees Directive, Directive of the European Parliament and of the Council on the conditions of entry and residence of third-country nationals for the purpose of research, studies, pupil exchange, remunerated and unremunerated training, voluntary service and au pairing (Recast), Proposal for a Regulation on a European Network of employment services, workers access to mobility services and the further integration of labour markets (EURES), Decision on enhanced cooperation between Public Employment Services (PES) and Youth Guarantee Recommendation.

Secondary data research was conducted, focusing mainly on the following groups: low skilled, Third Country Nationals, youth, older workers, persons with disability, women and skills. The Gozo Services Division was assigned the role of carrying out a massive exercise that involves contacting all employers in Malta and Gozo in order to ensure that the data ETC holds about employers and the employed population is updated.



ETC'S EMPLOYMENT SERVICES DIVISION

Registrations

Between January and end December 2014 a total of 31,737 jobseeking registrations took place. In total, 18,399 jobseekers (unique) used the registration services (parts 1, 2 or 3); 5,627 of these were new service users. At the end of December 2014, there were a total of 6,287 Registrants on Parts 1 and 2 of the register (Malta and Gozo); when compared to the end of December 2013 (7,401), there is a decrease of 1,114 jobseeking registrants.

Personal action planning

In 2014, ETC collaborated in the development of 2,523 new personal action plans for registering jobseekers

in Malta and Gozo. In addition, 19,140 personal action plan reviews and follow-ups were carried out.

The Corporation also introduced Career Tests for jobseekers who are either uncertain of which career to embark on, or who need to undergo a change in their previously chosen career. Such Career Test can be completed either privately by jobseekers or else with the assistance of one of ETC's Employment Advisors.

In 2014 the number of activities and workshops offered to jobseekers increased. There was a significant increase in the activities focusing on the awareness and development of soft skills because employers had long

been indicating that young jobseekers lacked certain soft and transferable skills. Nineteen workshops were held and these attracted 250 participants. Employers were invited to address these workshops in order for youth to obtain direct information regarding what Employers look for when recruiting.

Notification of vacancies and placement

In 2014, the Employment Services Division of ETC was notified of 17,052 vacancies, 82% of which originated from the private sector. Directly, it only managed to fill 3,277 of these vacancies.

Vacancies and Placements

PLACEMENT SERVICES	2010	2011	2012	2013	JAN - DEC		
					2014		
					Total	Malta	Gozo
Job Vacancies	9,477	13,653	14,234	15,683	17,052	15,894	1,158
Submissions	71,195	65,806	176,496	256,693	226,661	225,412	1,249
Placements	4,043	3,428	4,298	4,979	3,277	2,900	377
Placement to Vacancies							
Ratio	43%	25%	30%	32%	19%		
Placements							
Private	2,426	2,229	2,990	3,450	1,844		
Public	1,617	1,199	1,308	1,529	1,433		

Jobseeker Advisory Services

Apart from the usual services offered from its Job Centres, ETC embarked on new initiatives in 2014. Information on the part-time register, EURES services, auto mailer, ETC website and Job Centres' facilities were disseminated widely. Registering jobseekers were invariably presented with a form of letter of undertaking (Form ETC32) setting out their rights and obligations as 'Government-assisted' jobseekers; they were also introduced to the

process of registration 'chits' and the form (Form ETC34) they would have to submit upon their finding and taking up employment.

Employment advisors continued to service first time registrants, both Maltese and foreigners, at either of two venues: the Valletta Access Complex or the ETC Gozo Office in Victoria. Clients were registered and given information about the different parts of the register. Advisors checked and inputted personal details,

qualifications and work preferences. Clients were also referred to training courses and assigned a specific employment advisor, who they could look to as their own 'handholder'.

Apart from dealing with registering jobseeking clients, ETC was also involved in recruitment exercises to assist seven Employer organisations to find the workers they needed. In addition, it intervened to assist workers that had been made redundant by two specific companies.



1,705

persons were removed from Part 1 of the unemployment register during 2014 because they failed to abide by their legal obligation to make themselves available for employment and training opportunities.

Development of a new qualification hierarchy

Over recent years, there had been a great increase in the number of training courses and educational attainments offered both locally and on an international level. The Corporation had noticed a significant inverse effect on the quality of its matching process at the higher qualification level, making the matches of suitable candidates increasingly exclusive rather than appropriately inclusive. The overall result was that fewer people were being matched with vacancies and these persons were not necessarily more suitable for the job than others. In order to address this problem, the Corporation created a new hierarchy of qualifications aimed at achieving better matching between employers' requirements and the qualifications of jobseekers on a spectrum ranging from exclusively specific (a particular course/qualification issued by a particular institution) to more generic (qualification level and/or subject).

Preparatory work for the introduction of basic competency, skill and ability tests

ETC has historically offered a trade testing system at the operative,

craftsmanship and technician levels involving the assessment of individuals who have acquired knowledge, skills and competence in a particular occupation despite not possessing a formal qualification; the new matching system will necessitate additional skills-level assessments across occupations..

Because the national system for the assessment and certification of skills and competencies obtained through non-formal and informal learning was never widely utilised, a significant number of jobseekers have been claiming to possess skills which have never been assessed and certified. This inhibits the Corporation from matching jobseekers with vacancies on the basis of the real competence requirements of the vacant positions. In order to redress such undesirable situation, ETC embarked on a gradual process of introduction of a series of basic competency, skill and ability tests that will allow it, in future, to submit more suitably qualified and experienced candidates to Employers.

Preparatory work for enhancements in the ETC matching system

As mentioned in the National Budget Speech 2015, ETC explored the

possibility of enhancing its matching function by adopting a system that allows for the matching of jobseekers with vacancies not solely on the basis of occupational profiles, qualification and work experience but more importantly on the basis of the skills and competencies possessed by jobseekers and the requirements of the job. Following a review of systems used with proven success in other European countries, it was decided that the Corporation should buy the rights to use the matching system currently in use by the Flemish Public Employment Service in Belgium; of course, the system will require adaptation to our local realities

Law compliance

A total of 1,705 persons were removed from Part 1 of the unemployment register during 2014 because they failed to abide by their legal obligation to make themselves available for employment and training opportunities. Besides, the number of foreign employees found working illegally during surprise inspections during 2014 rose substantially over previous years.

	JAN - DEC				
	2010	2011	2012	2013	2014
Number of Infringements by Category					
Working and Registering	118	108	69	42	34
Employment of Minors	20	22	11	12	1
Employment of Unlicensed Foreigners	373	261	192	130	734
Employment not reported to ETC	1,243	1,958	2,455	2,238	1,719
TOTAL	1,754	2,349	2,727	2,422	2,488
Number of Inspections	3,745	3,827	3,831	4,514	6,528
Number of Infringements	1,754	2,349	2,727	2,422	2,488
Number of Interviews	6,492	7,159	7,313	6,794	7,473
Infringements to interviews ratio	27%	33%	37%	36%	33%

Employment schemes

The Corporation launched during 2014 the Mature Workers' Rules Scheme, an initiative which was first announced in the National Budget Speech 2014. Employers recruiting persons aged between 45 and 65, who had been registering for work on Parts 1 and 2 of the unemployment register for the preceding six months, are offered tax deductions by way of employment incentive. Employers are offered up to a maximum of €11,600 in tax deductions for the first two years of employment for each employee employed under the scheme. Thus, Employers benefit to a value of €5,800 per annum. Employers are also eligible for further tax deduction equivalent to 50% of the cost of training, up to a maximum of €400. However, the Corporation only received 26 applications for such employment incentive, of which only nine were eligible.

During 2014, a total of 1,407 persons participated in the Community Work Scheme that had been created by the earlier Administration. Participants undertook community work within schools, local council buildings and other state-owned locations; benefits to the economy of the operation of such scheme remained unmeasured.

Two new schemes were launched in Gozo aimed at activating the unemployed there; the 'Greener and Cleaner Gozo Scheme' hoping to encourage key players in Gozo's business community to contribute towards

environmental improvements, which attracted 169 unemployed persons and a similar subsequent 'Greening the Economy Scheme' which provided work experience lasting twenty weeks to 121 unemployed individuals.

EURES Malta [Employment services Europe-wide]

The main events/projects organized by the EURES Malta Team during 2014 included:

- Four sessions of the EURES Job Club aimed at providing jobseekers with information about the services offered by EURES Malta, as well as hands-on training relating to the EURES portal, European job searching, CV writing and other useful mobility tips;
- The production of a success-story DVD which shows the successes of Maltese employers that have used EURES services in their recruitment exercises;
- The issue of a EURES Newsletter covering a range of interesting topics such as the EURES Portal, EURES Services, bios of the EURES Malta team members and past and upcoming events. This newsletter was circulated to all ETC staff, all registered jobseekers and all the employers on the ETC database;
- The holding of a Business Breakfast for Employers to update employers on the range of services provided by ETC which was attended by 90 Employers' representatives.
- Participation in the Europe Day Event organised jointly with EUPA

to promote EURES services;

- Participation in MCAST's and University's Fresher's Weeks;
- The organisation of three Job Fairs whereby participant employers and training providers displayed and explained the vacancies and training opportunities on offer to attendees.

The Annual Seminar for PSCD Teachers was again held and was attended by almost 100 PSCD Teachers who showed interest in ETC's presentations of its employment services. The keynote speech was delivered by a representative from the Malta Chamber of Commerce who spoke about labour market needs generally. The closing remarks were made by the Hon. Min. Evarist Bartolo, the Minister for Education and Employment.

Two information sessions for EU Nationals living and working in Malta were held and a total of 112 persons attended. Speakers presented information about EURES and ETC services, Maltese life and culture, social benefits and pension rights, residence permits and residency cards and the Maltese healthcare system.

2014 also saw the creation of a new EURES Malta website that features an innovative internship section. The aim is to build a database of potential interns (both local and EU nationals) and internship opportunities (again both local and EU) that will enable the opportunities to be matched with candidates.

A man with glasses and a beard, wearing a dark jacket, is operating a large industrial machine. He is looking at a control panel that features a keyboard with letters A-F, G-L, M-Q, R-W, X-Z, and function keys like ENTER, HELP, RECALL, ESC, and a numeric keypad. Below the keyboard are several buttons and a large emergency stop button labeled 'EMERGENZA'. The background is a blurred industrial setting.

€11,600

in tax deductions are offered
to employers who employ
persons aged between
45 and 65.



108

RDP job placements
for Malta and Gozo



ETC'S INCLUSIVE EMPLOYMENT SERVICES DIVISION

Supported and sheltered employment

This Division handled three intakes into the Job Bridge programme involving twenty nine young persons with intellectual disability who had been registering as jobseekers with ETC.

Through the ESF 3.113 - project for persons with disability, the Sheltered Employment Training concept was introduced to Malta in partnership with the subject specialist, the Inspire Foundation. SET offers the possibility for persons with intellectual disability to receive on-the-job training in a sheltered environment in one or more of the following categories: Back-office, Catering, Assembly, Gardening and Housekeeping. By the end of December 2014, 88 persons had participated in this initiative. They were trained and supported by nineteen job coaches. By the end of December, four graduated into real open-market jobs, whilst another two were in the final process of recruitment.

Open employment (RDP jobseeker support services equivalent to ETC's traditional services).

During 2014, 96 persons with disability were placed by ETC into jobs in Malta and 2 in Gozo. An additional 10 job placements were made by NGOs with whom ETC has a cooperation service agreement, bringing the total number of RDP job placements for Malta and Gozo to 108. The Corporation recruited the services of a first Employment Advisor based in Gozo to focus specifically on jobseeking for persons with disability.

Vulnerable Group Inclusion Services

Until the end of December, 64 further vulnerable jobseekers were placed into employment in Malta while 1 was placed in Gozo. As part of an outreach programme, the Employment Advisors in charge of this client group had interviewed 156 persons at the

Detox Centre; such service consists of individual assessment, career exploration, skills identification and referrals to a work exposure scheme. Further, 77 inmates were interviewed at the CCF. During 2014, inmates who were nearing the end of their prison sentence were profiled and given information about ETC services on a monthly basis. The NGO, Caritas, referred 55 ex-substance abuse jobseekers to ETC for training.

Bridging the Gap Scheme

ETC's self-funded 'Bridging the Gap 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. Until the end of December, 54 persons with disability and 39 vulnerable persons benefitted from this Bridging the Gap scheme.



ETC'S TRAINING SERVICES DIVISION

Courses offered during 2014

During the year 2014, 293 courses were started covering a number of areas including IT skills, office skills, customer care skills, caring skills, language skills, trade skills, sales skills and food handling. The total number of persons who attended ETC-organised courses in 2014 amounted to 4,496. Of these 45% were women.

Profile of trainees attending ETC training programmes

JANUARY - DECEMBER 2014							
TRAINING PROGRAMME TITLE	TOTAL	GENDER		AGE GROUPS			
	NO. OF TRAINEES	MEN	WOMEN	16-24	25-39	40-54	55+
Active Learning Programme	175	134	41	175	0	0	0
Courses for foreigners funded from the Integration Fund	271	185	86	0	158	83	30
IT related courses	494	279	215	81	163	180	70
Office related courses	359	124	230	122	100	105	27
Hospitality courses	1,519	763	756	361	522	497	139
Courses in caring	223	10	213	45	94	78	6
Trade courses	190	189	1	32	90	50	18
Health and safety	504	232	272	87	191	166	60
Job Search	471	316	155	89	201	123	58
Literacy and numeracy	254	211	43	48	90	77	39
Other	41	31	10	3	7	15	16
Total	4,496	2,474	2,022	1,043	1,616	1,374	463

As from 2014, the Corporation upgraded the content of its courses and sought their accreditation by the National Commission for Further and Higher Education; by the end of the year 79% of all courses had been accredited.

ETC's Gozo Division organized and delivered courses in eight different competence areas. For the first time ever, the course leading to the MQF level 4 VET Award in Childcare (0-5 years) was delivered in Gozo twice

and these sessions were attended by 62 persons in total. A course leading to the MQF level 3 VET Award for Care Workers for the Elderly was also organised in Gozo and attended by 30 persons.

Traineeships

During the year, six types of traineeships were initiated, involving both the delivery of underpinning knowledge at the Skills Centre and work-based learning. 42 persons embarked on their choice of

traineeship leading to competency in the following areas: Office procedures, Assisting electricians, Plastering, Industrial Cleaning, Sales and Customer Care.

Applications for sponsorship of courses not run by the ETC

275 applications for ETC's Training Subsidy Schemes were assessed; 114 were approved for funding but 20 of these were subsequently withdrawn by the applicants.



4,496
persons attended
courses organised
by the ETC



ETC'S EU FUNDED SCHEMES DIVISION

During 2014, ETC created an independent operative Division to professionally design, market and operate EU Funded Schemes. The Division's structure encompasses units required to guarantee effective implementation and control functions. Each unit has the necessary capacity to ensure smooth processing of applications and subsequent claims for

reimbursements within timeframes that are acceptable to the Maltese business community.

ETC as an appointed EU Funds Intermediary Body, completed the management of all ongoing Cohesion Policy 2007-2013 Operational Programmes, namely the Employment Aid Programme (EAP)

and the Training Aid Framework (TAF) which had been launched in 2009 and will be ongoing until 2015. The below detailed update shows the status of EAP/TAF grants issued to Maltese Industry between 2009 and 2012, and the applications/grants status of the schemes' extensions in 2013 (EAP for Gozo) and 2014 (TAF2 for both Malta and Gozo).

Employment Aid Programme

Due to the successful uptake of the original Employment Aid Programme by employers, the programme had previously been extended and an additional €1.6 million made available; this brought the total allocated budget of the EAP to €14.2 million. From the launch of the project till end December 2014, 2,847 Grant Agreements remained valid with estimated grants paid or payable to 815 employers based in Malta and 372 based in Gozo.

Out of the overall total of 2,847 grant agreements, 878 grants valued at €4.4 million were allocated to Gozo. Out of the 2,847 persons newly recruited into employment, 1,295 were women. In addition, 1,466 young persons (15-24 years) and 201 older persons (55 - 64 years) who were unemployed or inactive found work as a result of the incentives offered through this programme. The total amount paid out in grants issued between 2009

EAP STATISTICS	NO. OF GRANT AGREEMENTS	ALLOCATED BUDGET
EAP (2009 - 2012)	2,511	12.6m
EAP for Gozo (2013 Extension)	336	1.6m
Grand Total	2,847	14.2m

and 2012 exceeded €12.5 million. In 2014, ETC expedited payment of funds to EAP beneficiaries and more than an additional €3.6 million (29% of €12.5 million) was actually paid during those 12 months, of which more than half a million euro were disbursed to beneficiaries in Gozo.

The Grant Agreements of the 2013 extension relating solely to Gozo were fully processed by 31st December 2014. For the first time, ETC issued part payments amounting to more than €0.7 million to Gozitan employers in respect of commitments of engagement of new employees

that were still ongoing until year end. The balance of the grants will be paid after verification exercises that will be completed no later than the third quarter of 2015.

The effectiveness of the employment generated by the EAP is evidenced by the employment retention rate of 86.9% of the 2,511 persons whose grant period expired by June 2014 and who were still in employment six months after the subsidy period. A later check showed that 81.6% of the total persons employed by means of this programme had still remained in employment as at end December 2014.

Training Aid Framework

The Training Aid Framework supported undertakings that provided training to their workforce by offering part-refund of the costs involved. The level of aid was in relation to the size of the undertaking and type of training provided. In November 2014, ETC launched an extension to this Programme (TAF2), offering an additional €2.5 million that had been

allocated for training which was to be completed by the end of June 2015; this raised the total allocated budget of the TAF to almost €12 million. From the original launch of the project until end December 2014, 2,774 TAF Grant Agreements remained valid with a total amount of approved training grants reaching approximately €7.4 million payable to 673 different beneficiaries. As already said, further funds of about

€2.5 million, were allocated for training to be carried out during the first half of 2015.

To recap: €6.4 million had actually been paid to employers in the form of training grants under this Framework before the end of 2014, of which more than 37% (i.e. €2.4 million) was paid to TAF beneficiaries during the twelve months of 2014 alone.

TAF2 re-designed and simplified to pay out fast

ETC's main objective during the re-design of TAF2 was to simplify the very laborious verification processes. To do this ETC commissioned a study, utilizing past TAF data, to be able to establish future flat training cost rates for particular training programmes. In the past, forced submission of three cost quotations for every training programme had proved to be an onerous obligation for the ETC to check. Henceforth, the implementation of simplified cost options, namely subsidy at fixed hourly rates, will prove to be a relief to both the applicant and the ETC.

In addition, reimbursement of air travel costs claimed under TAF2 will be the same flat rates per air mile as applicable in the Erasmus+

Programme. This will bring about a reduction in the documentation to be submitted by the applicants both at application and reimbursement stage.

ETC has also introduced the flat rate concept in relation to time costs of staff undergoing training, so that a flat rate based on the basic minimum has been determined to reduce the administration process for applicants when claiming reimbursements of wages. Any applicant who feels aggrieved by the application of a basic rate can still opt to claim reimbursement on the actual higher wage paid to their trainees, but in doing so they must undertake to provide full documentary supporting evidence as was previously required.

A publicity campaign promoting TAF2 included adverts, dissemination of leaflets, auto-mailers to employers

in Malta and Gozo, information sessions for the general public, and other presentations in collaboration with various stakeholders such as the Malta Employers Association and the General Retailers and Traders Union. During the awareness process, ETC explained the above simplifications and confirmed its commitment to pay out grants no later than 4 months from receipt of complete reimbursement claim and documentation; a massive improvement on previous unacceptable delays.

The benefits of the above simplifications and promotions have resulted in a record number of TAF2 applications being received, amounting to over 2,200 eligible applications submitted by over 500 different Employer organisations as indicated below:

SIZE OF THE UNDERTAKINGS (TAF2)	NUMBER OF UNDERTAKING	NUMBER OF APPLICATIONS
Large (No. of employees exceeds 250)	126	825
Medium (Between 50 and 250 employees)	155	713
Micro/Small (Micro is less than 10 employees / Small is less than 50 employees)	220	669
Grand Total	501	2,207

Simplifying other internal processes

In 2014, ETC reviewed its internal processes to identify any shortcomings and to take necessary action to improve all its systems so that it processes applications and related claims for reimbursement in the shortest time possible.

An onerous check that ETC successfully simplified related to the process to determine the composition of an

undertaking, in line with the General Block Exemption Regulation and its definition of micro, small and medium-sized enterprises (SMEs). This check has to be carried out for each application for both employment and training grants. The Regulation stipulates that an Undertaking is considered as the sum of all pertinent partner and linked organizations related to the applicant. Prior to the simplification process, the composition of an undertaking was established by desk research and a manual design drawing of the ownership

relationship between associated companies. ETC has recently developed software to retrieve and generate such data electronically through online liaison with the MFSA. Such mechanisation has resulted in an infinitely faster and easier-to-audit process. Human input is now only required to verify the final result and to proceed with subsequent net employment increase checks and calculations. The time to produce the composition of an undertaking's data has been reduced by an average of 60/70%.



ETC'S FINANCE AND CORPORATE SERVICES DIVISION

The financial position of the Corporation at end December 2014 is clearly set out in the Audited Accounts that are provided in the pages that follow this description of the conduct of ETC operations during the year that recently ended.

Monthly Management Operating Accounts are invariably presented to the Board of Directors no later than 7 days of the start of every subsequent month.

New online application system for clients seeking training

The ICT Unit within this Division developed and integrated an online booking system to handle applications for training courses on the ETC's website. The aim in implementing such a system was to facilitate the application procedures for the end user. The new application system automatically verifies whether the applicant is eligible to participate or not. It also provides for the flagging of issues to the respective internal ETC divisions so that they are alerted to provide further assistance that the

client undergoing training may need. We believe that great benefits have accrued from such online facility.

Preparatory work in connection with new job matching system to be adopted next year

As previously mentioned, the Corporation is working to introduce a new job matching system whereby job seekers can be more accurately matched with available job vacancies. A number of alternative systems were examined and it was determined that the most suitable for the Corporation was the ELISE job matching engine, which is currently used by the larger number of public employment services within the European Union. The job matching engine allows on-line matching based on all of a jobseeker's qualifications, competences and work experience. It also transpired that this system was much cheaper than every other system that was considered by the Corporation. The job-matching function is executed at high speed supported by IT staff that understands the terminology used within public employment service organisations.

We have, therefore, chosen to utilize that which is already operated by ETC's equivalent in Flanders, Belgium (population 5 million) as a safe and cost efficient solution.

Refurbishment of the server room and the improvement of security measures on the Corporation's main servers

During 2014, a complete refurbishment of the ETC-ICT server room was undertaken. This entailed the setting up of a room for the dedicated purpose, procurement of three new rack mounted physical servers, installation of automated fire detection and suppression systems, installation of new A/C units to maintain controlled temperature, complete re-wiring of the server room and installation of controlled access door with biometric sensor chip. The servers were also virtualised (a modern technique for more efficient use of hardware) and VEEAM software was introduced for data replication purposes. Such investment has provided the Corporation with a more reliable IT base.



CONCLUSION:

RENEWING THE EMPLOYMENT AND TRAINING CORPORATION'S RELEVANCE

ETC's VISION

ETC's 'new vision' is to address the gap in the skills needed by the labour market by providing skills-related financial assistance, advice, information and qualification opportunities to job-seekers and employers.

ETC's IMAGE

The general perception of ETC today may be that it is a national employment mediator/recruiter that has not kept up with the times.

ETC'S UNIQUE SELLING PROPOSITION

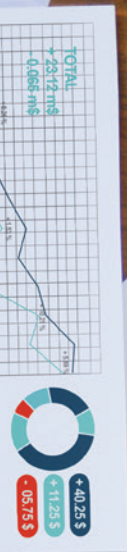
ETC is sitting on a mountain of information about job vacancies and job seekers' work history, skills and competencies which it intends to make optimal use of by making it available to all stakeholders in the labour market.

ETC's ACTION

ETC is making preparations to operate the concept of 'Open Data' before the end of 2015; primarily it is introducing proven technology which enables automatic matching of CVs (including skills and competencies) with job vacancies, a career platform where the citizen manages his/her own career and CV screening. It will allow both jobseekers and employers to have 'direct' (but confidentiality secured) access to all of that round the clock.

ETC'S PROMISE

ETC will, henceforth, always put the customer (both jobseekers and employers) first; it will strive to be flexible and to become able to guarantee the speed that he/she expects. I.T. and a more user-friendly, front-end website will act as the driving force behind ETC strategy in the future.



Report and Financial Statements for the year ended 31.12.2014



UPDATE
+40.25 \$
-05.75 \$

ACCOUNTING

- HOME
- DEAL
- INCOME
- CHARGE
- REPORTS
- BUDGET
- PROFILE

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REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 current Board of Directors first took office on 1 April 2014, and was subsequently reconstituted on 24 April 2014.

The following have served on the board of directors of the Corporation during the year under review:

Mr Clyde Caruana B.Com (Hons) Economics, M.A in Economics - **Chairperson**

Ms Pauline Miceli B.A. Youth & Community, Dip. in School Admin & Manag - **Deputy Chairperson**

Ms Gabriella Calleja M.A. Yth. & Comm. St.

Mr James Pearsall MSc HR Trg & Perf (Leic)

Mr Anglu Fenech

Dr Marie-Elise Agius LL.B, NP, LL.D

Ms Alexandra Gatt

Mr David Bonello MSc. In Ed Ld, B. Educ. Hons

Ms Claudine Cassar BSc Business and Computing; MSc International Marketing; Mphil Innovation

Mr Josef Bugeja

Mr Gaetano Tanti

Mr Joseph Farrugia MA (Marketing) BA (Hons) Econ

Dr Mario Brincat B.A. (Hons) Public Administration, MSc (Econ) Sociology, Phd Sociology

Mr Emanuel Darmanin MSc Applied Psychology of Intellectual Disabilities

Mr Frank V. Farrugia

Ms Marie Grech Caruana

Mr Andrew Triganza-Scott MBA (Maastricht), M.Ed (Melit.), B.Psy.(Hons), PGCE - Board Secretary

Mr Alfred Grixti B.Educ (Hons), DSS (Oxon), M.Sc (Oxon), P.G.D.E.A.M. - Chairperson (resigned on 31 March 2014)

Mr Philip Rizzo FCCA, FIA, CPA (resigned on 31 March 2014)

Mr Paul Debono B.Ed.(Hons.), P.G.D.E.A.M (resigned on 31 March 2014)

Mr Michael Parnis, Dip. in Industrial Relations (resigned on 31 March 2014)

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Principal activities

The Employment and Training Corporation ("the Corporation") was set up on 3 August 1990 to provide employment services and to organise training programmes or schemes with the aim of assisting persons to acquire knowledge and skills which will help them in obtaining gainful employment.

The Corporation also maintains a Human Resources Database, which provides the employment record of each person. The database is maintained to supply data on the gainfully occupied population.

The Corporation is also responsible for processing applications for the issue of work permits for non-Maltese nationals and for the collection of income deriving therefrom.

The Employment and Training Corporation functions 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. 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 towards the upgrading of the skills portfolio of the workforce.

The activities of the Corporation will remain consistent for the foreseeable future.

Results

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

During the year, the Corporation continued to adopt International 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 €572,063 (2013 : excess of expenditure over income of €1,462,956) which when added to the reserves brought forward from previous year amounting €19,187 result in accumulated reserves of €591,250.

The result for the year is arrived after considering Government subvention received amounting to €7,019,000 (2013 : €5,489,755), Corporation expenditure amounting to €7,978,040 (2013 : €8,088,365) and Corporation earned income amounting to €1,531,103 (2013 : €1,135,654).

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. 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.

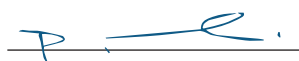
Auditors

Nexia BT's term of appointment has now expired and the Corporation is now required to commence procedures to select a firm to act as its external auditors for the next three years.

This report was approved and authorised for issue by the Board of Directors on 6 March 2015, and signed on its behalf by:



Mr Clyde Caruana
Chairperson



Ms Pauline Miceli
Deputy Chairperson

Registered address:
Head Office, Hal Far BBG3000, Malta



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE EMPLOYMENT AND TRAINING CORPORATION

We have audited the accompanying financial statements of the Employment and Training Corporation, which comprise the Statement of Affairs as at 31 December 2014, 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 notes.

Responsibility of the Board of Directors

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. Section 20(1) of the Employment and Training Services Act, 1990 states that the Corporation shall cause to be kept proper books of accounts and other records in respect of its operations and shall cause to be prepared a statement of accounts in respect of each financial year.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 Employment and Training Corporation as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with Section 20(1) of the Employment and Training Services Act, 1990.

Mr Manuel Castagna
for and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C, Triq taz-Zwejt
San Gwann SGN 3000, Malta
Date: 6 March 2015



STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Notes	€	€
Subvention from consolidated fund	4	7,019,000	5,489,755
Recurrent expenditure		(7,978,040)	(8,088,365)
Deficit on recurrent expenditure	5	(959,040)	(2,598,610)
Income from employment licenses and other services		1,531,103	1,135,654
		572,063	(1,462,956)
European Social Fund projects			
Project finance		1,248,098	1,597,117
Project eligible costs paid	7	(1,248,098)	(1,597,117)
Deferred grants		62,829	68,741
Depreciation of ESF property, plant and equipment		(62,829)	(68,741)
Net excess of income over expenditure / (net excess of expenditure over income) for the year		572,063	(1,462,956)

The notes on pages 35 to 42 form an integral part of these financial statements.



STATEMENT OF AFFAIRS

AT 31 DECEMBER 2014

		2014	2013
	Notes	€	€
ASSETS			
Non-current assets			
Intangible assets	8	82,610	69,161
Property, plant and equipment	9	1,685,171	1,623,860
Property, plant and equipment ESF projects	10	674,622	736,881
		2,442,403	2,429,902
Current assets			
Inventories	11	26,275	27,704
Receivables	12	689,862	850,119
Cash at bank and in hand	13	1,216,669	610,330
		1,932,806	1,488,153
Total assets		4,375,209	3,918,055
EQUITY AND LIABILITIES			
Capital and reserves			
Endowment capital	14	582,343	582,343
Accumulated reserves		591,250	19,187
Total equity		1,173,593	601,530
Non-current liabilities			
Deferred grants	15	611,793	674,110
Current liabilities			
Deferred grants	15	62,829	62,771
Payables	16	2,526,994	2,579,644
		2,589,823	2,642,415
Total liabilities		3,201,616	3,316,525
Total equity and liabilities		4,375,209	3,918,055

The financial statements were approved and authorised for issue by the Board of Directors on 6 March 2015, and signed on its behalf by:

Mr Clyde Caruana
Chairperson

Ms Pauline Miceli
Deputy Chairperson

The notes on pages 35 to 42 form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Endowment capital €	Accumulated reserves €	Total €
At 1 January 2013	582,343	1,482,143	2,064,486
Excess of expenditure over income for the year	-	(1,462,956)	(1,462,956)
At 31 December 2013	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



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	€	€
Cash flows from operating activities		
Deficit on recurrent expenditure	(959,040)	(2,598,610)
Adjustments for:		
Depreciation	335,280	302,518
Amortisation	40,470	26,991
(Gain)/loss on disposal of property, plant and equipment	(4,161)	296
	(587,451)	(2,268,805)
Working capital changes:		
Movement in inventories	1,429	1,886
Movement in receivables	160,257	809,387
Movement in payables	(114,909)	(243,377)
Cash flows from operations	(540,674)	(1,700,909)
Income received	1,531,103	1,135,654
Net cash flows from operating activities	990,429	(565,255)
Cash flows from investing activities		
Acquisition of intangible assets	(53,919)	(60,720)
Acquisition of property, plant and equipment	(337,841)	(521,045)
Proceeds from disposal of property, plant and equipment	7,670	-
Net cash flows from investing activities	(384,090)	(581,765)
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Movement in cash and cash equivalents	606,339	(1,147,020)
Reconciliation of net cash flow to movement in net funds		
Movement in cash and cash equivalents	606,339	(1,147,020)
Cash and cash equivalents at start of year	610,330	1,757,350
Cash and cash equivalents at end of year	1,216,669	610,330
Cash and cash equivalents		
Cash at bank and in hand	1,216,669	610,330



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. General information

The Employment and Training 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.

2. Accounting policies

ACCOUNTING CONVENTION AND BASIS OF PREPARATION

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the Corporation. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Section 20(1) of the Employment and Training Services Act, 1990, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 (see Note 3 - Critical accounting estimates and judgements).

INTANGIBLE ASSETS

Intangible assets are initially recorded at cost. They are subsequently stated at cost less accumulated amortisation 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:

Computer software - 25% Straight Line

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment invoiced are initially recorded at cost and subsequently stated at cost less accumulated depreciation and impairment losses.

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

Depreciation is provided on invoiced property, plant and equipment only at the 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:

Improvements - 4% Straight Line

Motor vehicles - 20% Straight Line

Computer and office equipment - 10 - 25% Straight Line

Furniture and fittings - 10% Straight Line

FINANCIAL ASSETS

Loans and receivables are stated at fair value, net of any impairment. A provision for impairment of loans and receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of payment. Loans and receivables are considered for impairment on a case by case basis and any provision is based on the directors' assessment of the amount recoverable on each receivable. Any change in value of loans and receivables is recognised in the Statement of Income and Expenditure.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

FINANCIAL LIABILITIES

The company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Income and Expenditure. Interest-related charges are recognised as an expense in the period in which they are incurred.

ENDOWMENT CAPITAL

The endowment capital is classified as equity.

IMPAIRMENT

The carrying amounts of the company's assets, are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Income and Expenditure. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

LEASING

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

INCOME TAX

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

FOREIGN CURRENCIES

The financial statements are presented in Euro, being both the Corporation's functional and presentation currency. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Affairs. Translation differences are dealt with through the Statement of Income and Expenditure in the period in which they arise.

REVENUE

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.

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

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 charged on these Assets.

Bank interest and other income (including income from employment licences) are recognised on accrual basis.

PROVISIONS 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

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:

	2014	2013
	€	€
Subvention underpaid to the Corporation in 2013 but paid in 2014	660,000	-
Amount voted to the Corporation under recurrent vote 16 item 6163	8,300,000	6,330,000
Less amount deducted after budget reviews by Ministry of Finance	(1,941,000)	(840,245)
Current year subvention	7,019,000	5,489,755

5. Deficit on recurrent expenditure

	2014	2013
	€	€
Deficit on recurrent expenditure is stated after charging:		
Staff costs <i>Note</i>	5,205,611	4,901,286
Directors' fees	62,121	70,460
Amortisation	40,470	26,991
Depreciation	272,451	233,777
Loss on disposal of property, plant and equipment	-	296
Auditors' remuneration	3,894	5,372
and after crediting:		
Gain on disposal of property, plant and equipment	4,161	-
Staff costs		
	2014	2013
	€	€
Wages and salaries (including directors' fees and excluding the amount included in European Social Fund projects' costs)	5,267,732	4,971,746
Number of employees	2014	2013
The average monthly numbers of employees		
Directors	16	12
Employees	276	242
	292	254

6. Income tax

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

7. European Social Fund projects' costs

The Corporation has been beneficiary for projects funded under 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:

	2014	2013
	€	€
Employability programme	682,989	1,190,546
Youth employment programme	-	57,948
Employment in the Social Economy	50,922	88,209
Employment Support for Persons with Disabilities	114,430	31,064
Enhancing Employability through Training (EET)	349,227	229,350
Integrating TCNs in Maltese Society	48,854	-
Creation and Translation of Publications aimed to assist Third Country Nationals wishing to reside and work in Malta	1,676	-
	1,248,098	1,597,117
Salaries included in above eligible project costs disbursed	301,373	277,472

8. Intangible assets

	Computer software
Cost	€
At 1 January 2013	47,243
Additions	60,720
At 31 December 2013	107,963
At 1 January 2014	107,963
Additions	53,919
At 31 December 2014	161,882
Amortisation	
Charge for the year	26,991
At 31 December 2013	38,802
At 1 January 2014	38,802
Charge for the year	40,470
At 31 December 2014	79,272
Net book value	
At 31 December 2014	82,610
At 31 December 2013	69,161
At 31 December 2012	35,432

9. Property, plant and equipment

	Improvements	Motor vehicles	Computer and office equipment	Furniture and fittings	Total
	€	€	€	€	€
Cost					
At 1 January 2013	1,630,111	127,736	2,350,038	543,382	4,651,267
Additions	236,509	-	236,566	36,190	509,265
Write-offs	-	-	(71,918)	-	(71,918)
At 31 December 2013	1,866,620	127,736	2,514,686	579,572	5,088,614
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
Depreciation					
At 1 January 2013	680,008	85,856	2,107,955	428,780	3,302,599
Charge for the year	74,663	10,470	124,529	24,115	233,777
On write-offs	-	-	(71,622)	-	(71,622)
At 31 December 2013	754,671	96,326	2,160,862	452,895	3,464,754
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
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
Net book value					
At 31 December 2014	1,123,284	33,959	393,549	134,379	1,685,171
At 31 December 2013	1,111,949	31,410	353,824	126,677	1,623,860
At 31 December 2012	950,103	41,880	242,083	114,602	1,348,668

10. Property, plant and equipment ESF projects

	Improvements	Computer and office equipment	Furniture and fittings	Total
	€	€	€	€
Cost				
At 1 January 2013	800,623	269,311	63,797	1,133,731
Additions	-	11,780	-	11,780
At 31 December 2013	800,623	281,091	63,797	1,145,511
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
Depreciation				
At 1 January 2013	156,336	152,660	30,893	339,889
Charge for the year	32,025	30,336	6,380	68,741
At 31 December 2013	188,361	182,996	37,273	408,630
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
Net book value				
At 31 December 2014	580,237	74,241	20,144	674,622
At 31 December 2013	612,262	98,095	26,524	736,881
At 31 December 2012	644,287	116,651	32,904	793,842

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 €1,146,081. 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%).

11. Inventories

	2014	2013
	€	€
Stationery and consumables	26,275	27,704

12. Receivables

	2014	2013
	€	€
Amounts owed by Government departments and parastatal bodies	300,509	684,756
Other receivables	335,764	116,787
Financial assets	636,273	801,543
Prepayments	53,589	48,576
	689,862	850,119

13. Cash at bank and in hand

As at year-end, the Corporation did not have any restrictions on its cash at bank and in hand.

14. 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.

15. Deferred grants

	ESF 3.59 Nista	ESF 3.1114 ESEP	ESF 3.113 ESPD	ESF 3.60 YEP	ESF 2.4 EP	ERDF 08	ERDF 045	ESF 2.65 TAF	ESF 3.64 EAP	Total €
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2013	914	2,391	-	3,925	7,713	590,809	512,693	8,846	6,440	1,133,731
Additions	-	-	1,490	10,290	-	-	-	-	-	11,780
At 31 December 2013	914	2,391	1,490	14,215	7,713	590,809	512,693	8,846	6,440	1,145,511
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
Depreciation										
At 1 January 2013	914	500	-	2,853	5,367	207,728	112,473	5,811	4,243	339,889
Charge for the year	-	500	372	3,554	391	30,818	32,234	506	366	68,741
At 31 December 2013	914	1,000	372	6,407	5,758	238,546	144,707	6,317	4,609	408,630
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
Net book value										
At 31 December 2014	-	891	1,258	5,190	1,564	321,445	340,786	2,023	1,465	674,622
At 31 December 2013	-	1,391	1,118	7,808	1,955	352,263	367,986	2,529	1,831	736,881
At 31 December 2012	-	1,891	-	1,072	2,346	383,081	400,220	3,035	2,197	793,842

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 €1,146,081. 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.

16. Payables

	2014	2013
	€	€
Payables	1,126,771	1,161,405
Accruals and provisions	1,400,223	1,418,239
	2,526,994	2,579,644

17. Commitments

	2014	2013
	€	€
Purchase of property, plant and equipment	4,195	173,137
Employment and training initiatives	80,039	13,442
Recurrent expenditure	-	6,579
	84,234	193,158

Committed expenditure is represented by commitments to purchase property, plant and equipment, employment and training initiatives and recurrent expenditure.

18. Contingent liabilities

	2014	2013
	€	€
Contingent liabilities in relation to ESF projects	-	465,709
	-	465,709

Contingent liabilities disclosed in 2013 were claims and additional administrative fees relating to ESF projects which may have to be incurred by the Corporation. These have been provided for during 2014.

19. Ultimate controlling party

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



DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	€	€
Subvention from consolidated fund	7,019,000	5,489,755
Recurrent expenditure	(7,978,040)	(8,088,365)
Deficit on recurrent expenditure	(959,040)	(2,598,610)
Income from employment licences and other services		
Rental income	8,933	8,933
Bank interest	2,884	3,946
Income from training services	6,294	3,782
Income from employment licences	1,360,446	1,065,092
Other income	152,546	53,901
	1,531,103	1,135,654
	572,063	(1,462,956)
European Social Fund projects		
Project finance	1,248,098	1,597,117
Project eligible costs paid	(1,248,098)	(1,597,117)
Deferred income	62,829	68,741
Depreciation on ESF projects property, plant and equipment	(62,829)	(68,741)
Net excess of income over expenditure / (net excess of expenditure over income) for the year	572,063	(1,462,956)



RECURRENT EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	€	€
Operational expenditure		
Employment and training initiatives	494,756	1,354,677
BPA training grants	-	35,022
Research	-	2,832
EU projects related expenditure	332,657	188,105
	827,413	1,580,636
Administrative expenditure		
Salaries	5,205,611	4,901,286
Directors' remuneration	62,121	70,460
Staff training	69,419	36,528
Childcare expenses	41,803	37,254
Telework expenses	6,247	5,005
Uniforms	8,057	4,641
Rent payable	99,094	102,232
Licences and permits	8,687	8,361
Insurance	56,549	40,592
Water and electricity	102,790	106,277
Cleaning	71,369	81,815
Repairs and maintenance	177,180	146,070
Office supplies	120,769	89,302
Marketing and advertising	127,294	39,811
Postage and telecommunications	192,724	175,898
Security	23,855	22,339
Medical expenses	2,583	3,407
Transport expenses	210,959	216,042
Travelling and accommodation	75,339	44,793
Legal and professional	145,183	83,934
Audit	3,894	5,372
Bank charges	986	1,131
Staff welfare	20,151	17,866
General expenses	9,203	6,249
Amortisation	40,470	26,991
Depreciation	272,451	233,777
(Gain)/loss on disposal of PPE	(4,161)	296
	7,150,627	6,507,729
Total recurrent expenditure	7,978,040	8,088,365

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



Head Office, Hal Far Road, Hal Far BBG 3000

☎ +356 2165 4940 • 🌐 www.etc.gov.mt • ✉ etc@gov.mt