

ATTARD LOCAL COUNCIL

Report and Financial Statements

for the year ended 31 December 2011

*Prepared by:
Darmanin Cauchi & Co
DACA Accountants
Vjal Kottoner
Fgura FGR 1382*

ATTARD LOCAL COUNCIL

Table of Contents

Section	Page
Statement of Council Members' and Executive Secretary's Responsibilities	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 32
Local Government Auditors' Report on the Financial Statements	33

ATTARD LOCAL COUNCIL

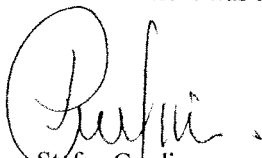
Financial Statements for the year ended 31 December 2011

STATEMENT OF COUNCIL MEMBERS' AND EXECUTIVE SECRETARY'S RESPONSIBILITIES

The Local Councils (Financial) Regulations 1993 require the Secretary to prepare a detailed Annual Administrative Report which includes a statement of the Council's statement of comprehensive income for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Council and the Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with accounting policies applicable to Local Councils, the income and expenditure of the Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Council (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Council (Financial) Procedures, 1996.

This statement was approved by the Council on 30/4/12 and signed on its behalf by:


Stefan Cordina
Mayor


Marica Mifsud
Executive Secretary

ATTARD LOCAL COUNCIL

Statement of Comprehensive Income for the year ended 31 December 2011

		2011	2010
	Notes	€	€
Revenue			
Funds received from Central Government	4	536,606	582,197
Income raised under Council Bye-Laws	5	15,236	22,203
Income from Law Enforcement System	6	74,856	-
General Income	7	3,489	45,443
		<u>630,187</u>	<u>649,843</u>
Expenditure			
Personal emoluments	9	(107,537)	(103,782)
Operations and maintenance	10	(406,226)	(377,213)
Administrative and other expenditure	11	(185,722)	(207,950)
		<u>(699,485)</u>	<u>(688,945)</u>
Operating deficit for the year		(69,298)	(39,102)
Finance income	12	249	204
		<u>249</u>	<u>204</u>
Deficit for the year		<u>(69,049)</u>	<u>(38,898)</u>

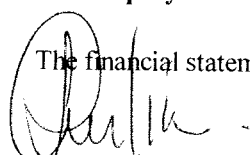
The notes on pages 7 to 32 form an integral part of these financial statements.

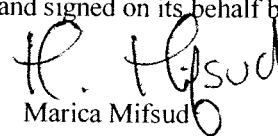
ATTARD LOCAL COUNCIL

STATEMENT OF FINANCIAL POSITION as at 31 December 2011

Assets	Notes	2011 €	2010 €
<i>Non-current assets</i>			
Property, plant and equipment	13	702,097	582,795
Grants receivable	15	21,933	73,357
Total non-current assets		<u>724,030</u>	<u>656,152</u>
<i>Current assets</i>			
Inventories	14	7,659	7,673
Trade and other receivables	15	110,147	86,230
Cash and bank balance	16	23,679	57,328
Total current assets		<u>141,485</u>	<u>151,231</u>
Total assets		<u>865,515</u>	<u>807,383</u>
Equity and liabilities			
<i>Capital and Reserves</i>			
Retained Earnings		531,343	600,392
Total equity		<u>531,343</u>	<u>600,392</u>
<i>Non-current liabilities</i>			
Deferred revenue	17	133,252	115,729
Total non-current liabilities		<u>133,252</u>	<u>115,729</u>
<i>Current liabilities</i>			
Overdrawn Bank balance	16	4,029	2,507
Trade and other payables	18	196,891	88,755
Total current liabilities		<u>200,920</u>	<u>91,262</u>
Total liabilities		<u>334,172</u>	<u>206,991</u>
Total equity and liabilities		<u>865,515</u>	<u>807,383</u>

The financial statements were approved by the Council on 30/4/12 and signed on its behalf by:


Stefan Cordina
Mayor


Marica Mifsud
Executive Secretary

The notes on pages 7 to 32 form an integral part of these financial statements.

ATTARD LOCAL COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2011

	Retained Earnings €
Balance at 1 January 2010	639,290
Deficit for the year	(38,898)
Balance at 31 December 2010	<u>600,392</u>
Balance at 1 January 2011	600,392
Deficit for the year	(69,049)
Balance at 31 December 2011	<u><u>531,343</u></u>

The notes on pages 7 to 32 form an integral part of these financial statements.

ATTARD LOCAL COUNCIL

Statement Cash Flows for the year ended 31 December 2011

	Note	2011 €	2010 €
Cash flows from operating activities			
Deficit for the year		(69,049)	(38,898)
Adjustments for:			
Depreciation		60,216	86,297
Urban improvement funds released to income		2,239	(2,957)
Investment income		(249)	(204)
		<u>(6,843)</u>	<u>44,238</u>
Movements in working capital:			
Decrease in inventories		14	38
(Increase) in receivables		5,574	(127,859)
Increase in payables		<u>123,420</u>	<u>105,504</u>
Net cash generated by operating activities		<u>122,165</u>	<u>21,921</u>
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(179,518)	(42,139)
Interest received		249	204
Net cash used in investing activities		<u>(179,269)</u>	<u>(41,935)</u>
Cash flows from financing activities			
Government Grants received		21,933	47,927
Net cash generated from financing activities		<u>21,933</u>	<u>47,927</u>
Net (Decrease)/ Increase in cash and cash equivalents in the year		(35,171)	27,913
Cash and cash equivalents at beginning of year		54,821	26,908
Cash and equivalents at end of year	16	<u>19,650</u>	<u>54,821</u>

The notes on pages 7 to 32 form an integral part of these financial statements.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

1. General Information

The Attard Local Council is a local authority of Malta set up in accordance with the Local Councils Act. The office of the Local Council is situated at 6, Triq l-Kbira, Attard. These financial statements were approved for issue by the Council Member on the 30/4/12. The Local Council's presentation as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within the Office of the Prime Minister.

2. Accounting Policies and Reporting Procedures

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

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act, 1993 (Chap. 363), the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures, 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards, as adopted by the EU.

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of Section 67 of the Local Councils Act, 1993 (Cap 363).

New and amended standards adopted by the Local Council

Certain new standards, amendments and interpretations to existing standards have been published and effective for the current period, however these changes are not expected to have a material effect on the Local Council's financial statements.

- IAS 1 (amendment) - Presentation of financial statements (effective from 1 January 2010).
- IAS 7 (amendment) - Statement of Cash Flows. Amendments to reflect changes in other standards.
- IAS 36 (impairment of assets) - Amendments to reflect changes in other standards.
- IAS 39 (amendment) - Financial Instruments: Recognition and measurement (effective from 1 January 2010).
- IFRS 7 (amendments) Financial Instruments (effective from 1 January 2011).
- IAS 24 - Related party disclosures (effective 1 January 2011). Amendments simplified the definition of related party, clarified its intended meaning and eliminating inconsistencies from the definition. It also provided for a partial exemption from the disclosure requirements for government-related entities.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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New Relevant Standards and not yet early adopted

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January 2011 or later periods and the Local Council has not yet early adopted them:

- IAS 1 (amendments) Presentation of Financial Statements (effective from 1 January 2013).
- IFRS 9 Financial Instruments (effective from 1 January 2013).

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, impairment and grants received for specific projects (which grants were treated through the balance sheet approach). Depreciation is calculated on a monthly basis using the reducing balance method at rates estimated to write down the cost of all assets over their expected useful life, other than land and trees, over their expected useful lives as follows:

	Rates in %
Land	0
Trees	0
Buildings	1
Office Furniture & Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Programmes (Projects)	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Road/Street Signs	100
Litter Bins	100
Playground Equipment	100
Street Lighting	100
Street Mirrors	100
Plants	100

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

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

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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Impairment of property, plant and equipment

At the end of each reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of financial assets other than inventories

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events - significant difficulty of the issuer (or counterparty) and/or breach of contract.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans, and receivables or, if there is objective evidence that an impairment loss has been incurred, the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale at arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised directly against the asset's revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the asset.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly.

In the case of assets tested for impairment, an impairment loss recognised in a prior period is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but in a manner that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Impairment reversals are recognised immediately in the comprehensive income statement, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognised directly in reserves, unless an impairment loss on the same asset was previously recognised in the comprehensive income statement.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and balances held banks.

Receivables

Receivables are recognised initially at the transaction price, less provision for impairment. A provision for impairment of general receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts receivable. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Related Parties

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

Income recognition

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organisation of courses, cultural, sporting and social activities is only recognised on a cash basis.

Income from investment activities is recognised when the rights of receipt have been established.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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Government grants

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Council should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a Central Government loan at a below-market rate of interest is treated as a government grant, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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General Payables

Payables and accrued expenditure are recognised initially at the transaction price and subsequently measured at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

Judgements in applying accounting policies and key sources of estimating uncertainty

In the process of applying the Council's accounting policies, the Council Members have made no judgements which can significantly affect the amounts recognised in the financial statements.

At the end of the reporting period, except as disclosed in note 22 , there were no key assumptions concerning the future, or any other key sources of estimating uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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3. Financial Risk Management

The Council's activities expose it to a variety of financial risks, that include market risks, credit risk, liquidity risk and interest risk. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

Where applicable, any significant changes in the Council's exposure to financial risks or manner in which the Council manages and measures these risks are disclosed below.

Where possible, the Council aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of risk exposure associated with the financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Financial assets which potentially subject the Council to concentration of credit risk consist primarily of cash at bank and receivables. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any financial credit history. In this respect, credit with respect to receivables is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011	2010
	€	€
General and other receivables	45,165	73,418
Cash and cash equivalents (Note 16)	19,650	54,821
	<u>64,815</u>	<u>128,239</u>

The maximum exposure to credit risk at the reporting date in respect of the carrying amount of financial assets, credit exposures to customers and cash and cash equivalents is disclosed in the respective notes to the financial statements.

The Council banks only with local financial institutions with high quality standing or rating.

The Council's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Council does not expect any material losses from non-performance by these customers.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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The Council is exposed to a concentration of credit risk with 80% of its general receivables being due from Water Services Corporation. The Council takes cognisance of the relationship with this entity and it does not expect any losses from non-performance or default.

Impairment losses

The Council does not have any impairment provisions.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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Liquidity risk

The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and plans projects accordingly. The Council Members and Executive Secretary do not consider that it is significantly exposed to liquidity risk. The Council is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally payables (Notes 18). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Council's obligations.

The carrying amounts of the Council's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

The following table analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	2011	2010
	€	€
General and other payables (excluding grants short term) (Note 18)		
Carrying amount	181,682	80,190
Contractual cash flows	181,682	80,190
Within one year	115,882	80,190
Two to five years	49,350	-
Beyond five years	16,450	-

Interest Rate risk

The Council's interest rate risk arises from the long term bank loan. Borrowing issued at variable rates expose the Council to cash flow interest rate risk. In general, the Council Members and Executive Secretary the Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial in view of the nature of the assets and liabilities.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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4. Funds Received from Central Government	2011	2010
	€	€
In terms of section 55 of the Local Councils Act, 1993	529,821	530,740
Urban Improvement Funds released to income <i>4. 1</i>	(2,239)	2,957
Supplementary Income	9,024	48,500
	<u>536,606</u>	<u>582,197</u>

- 4. 1** Actually release to income was € 6,115. The reported amount reflects the opening balance in deferred income variance of € 8,655, that was not deemed material enough to merit a prior year adjustment and was adjusted in the current year's release.

5. Income raised under Council Bye-Laws	2011	2010
	€	€
Income from Permits	590	848
Kiddie Rides and Automatic Selling	47	47
Car park policy	760	2,214
Lease of public land	70	158
Placement of Tables and Chairs	164	210
Public Entertainment	842	2,780
Cranes and machinery permits	5,599	7,875
Trenching Permits	517	1,286
Advertising on street furniture	2,036	1,651
Placement of Kiosks	4,611	5,134
	<u>15,236</u>	<u>22,203</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

6. Income raised under Law Enforcement System

	2011 €	2010 €
LES Share of Joint Committee Results	74,119	-
Commission from Regional Committees	737	-
	<u>74,856</u>	<u>-</u>

In accordance with the Law Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local Councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000.

The recording of income from the Law Enforcement System accruing up to the 31 August 2011, is taken on a cash basis reflecting the amounts received from the Joint Committee.

The recording of income from the Law Enforcement System accruing from the 1 September 2011, is taken on an accruals basis reflecting the 10% commission receivable from the Regional Committees.

7. General Income	2011 €	2010 €
W.S.C. Agreement	(850)	39,369
Sale of books	57	73
Sponsorships	200	2,800
Commission on bills - GO plc	263	144
Others	10	27
Media Charges	135	-
Tender Document Fees	1,784	3,030
Donations and contributions	1,890	-
	<u>3,489</u>	<u>45,443</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

8.	Deficit for the year	Note	2011 €	2010 €
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Deficit for the year is stated after charging:

Personal Emoluments	9	107,537	103,782
Depreciation on property, plant and equipment	11	60,216	86,297

9.	Personal emoluments	2011 €	2010 €
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Personal emoluments include, inter alia:

Mayor's Honoraria & Allowance	11,145	11,646
Council Members' Allowance	7,421	7,200
Executive Salary and Allowance	26,894	23,928
Employees' Salaries	56,271	55,149
Social Security Contributions - Employer's Share	5,806	5,859
	<u>107,537</u>	<u>103,782</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

10. Operations and Maintenance

Operations and maintenance includes, inter alia:

	2011	2010
	€	€
Repairs and Upkeep:		
Public Property	9,601	9,434
Road and Street Pavements	31,509	17,257
Street Signs	8,692	2,986
Road Markings	6,165	10,027
Plant and Machinery	654	813
	<u>56,621</u>	<u>40,517</u>
Contractual Services:		
Waste Disposal	71,507	66,982
Refuse Collection	105,516	116,500
Bulky Refuse Collection	10,180	15,337
Open Skips	873	260
Road & Street Cleaning	60,775	65,145
Cleaning and Maintenance of Non-Urban Roads	9,937	7,745
Clean. & Maint. - Public Conveniences	7,701	8,803
Clean. & Maint. of Parks & Gardens	62,182	50,716
Street Lighting	10,930	4,217
Experts	9,162	298
Law Enforcement System	842	693
	<u>349,605</u>	<u>336,696</u>
Total Operations and Maintenance expenses	<u>406,226</u>	<u>377,213</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

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11. Administration and Other Expenses	2011 €	2010 €
Utilities	15,814	14,235
Operating Materials & Supplies	6,484	8,401
Cleaning Materials & Supplies	438	195
Uniforms	446	52
Sundry Materials & Supplies	5	274
Spare parts	47	-
Rents	116	-
Membership in local organisations	41	-
Participation fee National Meetings	439	442
Printing	8,743	9,663
Stationery	5,046	5,527
Subscriptions	941	870
Postages	1,680	2,201
Other Office Services	581	758
Hire of Transport	5,183	3,858
Hire of self drive cars	4,143	-
Fuel	761	20
Payt-Use Personal Vehicles	318	1,372
Overseas subsistance & accomodation	1,000	-
Contingency Expenses	-	290
Advertising	1,401	973
Library Expenses	856	1,550
Lease of Equipment	152	37
Insurance Coverage	5,927	4,587
Bank Charges	343	346
Librarian Services	4,771	4,723
E-Goverment	1,967	1,677
IT Development Services	13,243	3,345
Balance carried forward to next page	80,886	65,396

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

11. Administration and Other Expenses (cont.)	2011	2010
	€	€
Balance brought forward from previous page	80,886	65,396
Engineering Services	2,649	3,781
Legal Services	182	549
Medical Services	102	233
Accountancy Services	2,805	3,510
Tuition Material	9	236
Entertainment	692	1,189
Other Hospitality Costs	158	419
Social Events	7,009	11,051
Cultural Events	22,516	35,289
Donations	995	-
Penalties inflicted by DLC	7,503	-
Depreciation Expense	60,216	86,297
	<u>185,722</u>	<u>207,950</u>
12. Investment income	2011	2010
	€	€
Bank interests	249	204
	<u>249</u>	<u>204</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

13. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Others €	Assets Not yet Capitalised €	Total €
At 1 January 2011	6,740	1,675,647	26,563	18,445	256,137	13,106	105	291	20,357	2,017,391
Additions	3,022	-	3,314	-	44,684	3,186	688	-	124,624	179,518
At 31 December 2011	9,762	1,675,647	29,877	18,445	300,821	16,292	793	291	144,981	2,196,909
Government Grants										
At 1 January & 31 December 2011	-	490,359	-	5,568	132,862	-	-	-	-	628,789
Depreciation										
At 1 January 2011	-	676,753	12,561	12,877	93,398	9,840	87	291	-	805,807
Current charge	-	48,556	1,252	-	9,114	1,199	95	-	-	60,216
At 31 December 2011	-	725,309	13,813	12,877	102,512	11,039	182	291	-	866,023
N.B.V. at 31 December 2011	9,762	459,979	16,064	-	65,447	5,253	611	-	144,981	702,097

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

13. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Others €	Assets Not yet Capitalised €	Total €
At 1 January 2010	6,109	1,690,659	23,365	18,445	223,326	12,952	105	291	-	1,975,252
Reclassifications	-	(16,463)	856	-	16,463	(856)	-	-	-	-
Additions	631	1,451	2,342	-	16,348	1,010	-	-	20,357	42,139
At 31 December 2010	6,740	1,675,647	26,563	18,445	256,137	13,106	105	291	20,357	2,017,391
Government Grants										
At 1 January & 31 December 2010	-	490,359	-	5,568	132,862	-	-	-	-	628,789
Depreciation										
At 1 January 2010	-	625,002	11,246	12,877	61,184	8,829	81	291	-	719,510
Reclassifications	-	(2,831)	254	-	2,366	211	-	-	-	-
Current charge	-	54,582	1,061	-	29,849	799	6	-	-	86,297
At 31 December 2010	-	676,753	12,561	12,877	93,399	9,839	87	291	-	805,807
N.B.V. at 31 December 2010	6,740	508,535	14,002	-	29,876	3,267	18	-	20,357	582,795

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

14. Inventories	2011 €	2010 €
Books for sale	<u>7,659</u>	<u>7,673</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

15. Receivables		2011 €	2010 €
Falling due within One Year			
Receivables	15. 1	4,947	2,783
		<u>4,947</u>	<u>2,783</u>
Other Related Undertakings	15. 1	22,981	58,402
Other receivables		17,237	12,233
Prepayments, accrued income and deferred expenditure	15. 2	64,982	12,812
		<u>110,147</u>	<u>86,230</u>
		2011 €	2010 €
15. 1 Credit period analysis:			
Within credit period		1,933	86
Exceeded credit period but not impaired		25,995	61,099
		<u>27,928</u>	<u>61,185</u>
		2011 €	2010 €
15. 2 Government Grants:			
Balance at the beginning of the year		73,357	-
Increase		(21,933)	(47,927)
Received		21,933	121,284
Forefeited		-	-
		<u>73,357</u>	<u>73,357</u>
Amount receivable within one year		<u>51,424</u>	-
Amount receivable between one and two years		<u>21,933</u>	<u>73,357</u>

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

16. Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents in the cash flow statement comprise the following amounts in the Council's Statement of Financial Position.

	2011 €	2010 €
Cash in hand	97	26
Bank balances: Current accounts	(4,029)	(2,507)
Bank balances: Savings accounts	23,582	57,302
	<u>19,650</u>	<u>54,821</u>
Overdrawn Bank Balance	4,029	2,507
	<u>23,679</u>	<u>57,328</u>

17. Deferred Income	2011 €	2010 €
Government Grants		
	<i>Note</i>	
Balance at 1 January	124,293	5,966
Increase	21,927	121,284
	<u>146,220</u>	<u>127,250</u>
Released to income	2,239	(2,957)
Balance at 31 December	<u>148,459</u>	<u>124,293</u>
Non-Current	<u>133,252</u>	<u>115,729</u>
Current	<u>15,207</u>	<u>8,564</u>

Deferred Government Grants represent agreements signed with the Malta Environment & Planning Authority, the ERDF fund and other Central Government Grants, collectively referred to as 'Government Grants', up to the end of the year under review. The funds are released to income in line with the depreciation charge on the projects that were capitalised up the end of the year under review.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

18. Trade and Other Payables	2011	2010
	€	€
Falling due within One Year		
Temporarily bank overdrawn balance	4,029	2,507
Payables	95,235	56,205
Amounts owed to related parties	-	1,540
Other creditors	1,578	1,577
Accruals and deferred income	100,078	29,433
	<u>200,920</u>	<u>91,262</u>
19. Capital commitments	2011	2010
	€	€
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements		43,500
- Office furniture & fittings		2,000
- Street Signs		1,500
- Special Programmes: Gnien Hal-Warda		40,000
		<u>43,500</u>
Approved but not yet contracted for		<u>131,000</u>
These can be analysed further as follows:		
- Construction		111,000
- Urban Improvements		20,000
- Office furniture & fittings		-
	<u>-</u>	<u>131,000</u>

The works on the Construction projects will be conducted under Public Private Partnership agreements.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

20. Contingent liabilities

The Council has a bank guarantee of € 1,165 (31 December 2010 - € 1,165) in favour of the Local Enforcement Joint Committee of which the Council is a member.

The Council is contesting the quality of works rendered by a supplier and has not booked the cost amounting to € 10,359 in its books. By reporting date, the Council had sought the services of an architect to make the necessary tests on the materials used by the supplier and was awaiting the results in order to decide what further action should be taken against the supplier, if any.

The Council is contesting the a claim by one of its suppliers for the amount of € 526.

21. Financial Instruments

The Council manages its liquidity to ensure that it will be able to continue as going concerns while maximising the return through the optimisation of the debt and equity balance. The Council's overall strategy remains unchanged from 2010.

22. Post Balance Sheet events

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

23. Going Concern

The Statement of Financial Position on page 4 and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council able to meet its financial obligations as they fall due without curtailing its future commitments.

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

24. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The ultimate controlling party of the Local Council Attard is the Local Councils Department within the Office of the Prime Minister.

All the Companies, Authorities and Agencies set up by the Central Government are also considered to be related parties to Local Council Attard but do not have significant control. The Joint Committee (up to the 31 August 2011), All Regional Committees (from 1 September 2011), the Local Councils Association and the other Local Councils are also considered to be a related parties.

During the year under review the Council carried out transactions with the following parties:

Name of Entity:	Nature of Relationship
Department of Local Councils	Significant Control
Birkirkara Joint Committee - Local Law Enforcement	Joint Control
Regional Committee - Local Law Enforcement	Joint Control
Bank of Valletta	No Control
Cleansing Services Department	No Control
Employment & Training Corporation	No Control
Enemalta Corporation	No Control
Head of School	No Control
Kunsill Malti għall-Isport	No Control
Local Councils Association	No Control
Local Councils, other than Local Council Attard	No Control
Police Commissioner	No Control
Water Services Corporation	No Control
Wasteserv Malta Limited	No Control
Works Division - Director General Works	No Control

ATTARD LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2011

..... continued

The following were the significant transactions carried out by the Council with related parties having significant control:

	2011 €	2010 €
Financial Income:		
Income - Annual Financial Allocation	<u>529,821</u> €	<u>530,740</u> €
Non-Cash Transactions:		
Government Grants Released	<u>(2,239)</u>	<u>2,957</u>

ATTARD LOCAL COUNCIL

**REPORT OF THE LOCAL GOVERNMENT AUDITORS ON THE ATTARD LOCAL COUNCIL
TO THE DIRECTOR OF AUDIT**

Without further qualifying our opinion, we draw attention to Note 23 in the financial statements.

Financial Statements for the year ended 31 December 2011

Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of Attard Local Council which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, 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.

Respective responsibilities of the Local Council and Local Government auditors

As described in page 2, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

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 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 Council, 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.

Basis for qualified opinion

- 1 As from 1 January 2000, all income and expenditure from the Local Enforcement System (LES) were centralised through the Birkirkara Joint Committee and LES debtors at that date were transferred to the Joint Committee as well. The Birkirkara Joint Committee ceased operations on 31 August 2011 and LES was centralised through the Central Regional Committee as from 1 September 2011. Included in LES income of € 74,856 is an amount of € 74,119 received during the year from Birkirkara Joint Committee. We were unable to determine the amount of further income the Council is entitled to receive from Birkirkara Joint Committee since its audited financial statements for the year ended 31 December 2011 were not made available to us.
- 2 The Local Councils (Audit) Procedures, 2006 contain a specimen of the financial statements which Local Councils should adhere to. It further stipulates that in the case where this specimen is not in conformity with International Financial Reporting Standards (IFRSs), the latter should prevail.

The Council's financial statements for the year under review have been prepared in accordance with the specimen referred to above but do not take into consideration all of the additional requirements that emerge from the applicable IFRSs. This contravenes the requirements of the Local Councils (Audit) Procedures, 2006.

- 3 Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Councils (Financial) Procedures, 1996.

Local Council Attard

Financial Statements for the year ended 31 December 2011

Report of the Local Government auditor to the Auditor General (continued)

Qualified Opinion

Except for the effects of the matters described in paragraph 1 above, the financial statements give a true and fair view of the financial position of Attard Local Council as of 31 December 2011, and of the results of its operations, changes in net assets/equity and its cash flows for the period then ended in accordance with the accounting policies set out on pages 7 to 17.

Because of the matters set out in paragraphs 2 and 3 above, these financial statements do not comply fully with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 and because of the matter set out in paragraph 2 above these financial statements have not been prepared in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the Council's Statement of Financial Position on page 4 which shows that at 31 December 2011 the Council's current liabilities, excluding deferred Income, exceeded current assets by € 44,228. The significance of this deficiency casts doubt as to whether the Council will be able to meet its liabilities as they fall due.

As explained in note 23 to these financial statements, the going concern assumption underlying these financial statements is dependent on the Council having sources of funds other than the annual financial allocation it receives from Government, and on the continued support of the Council's creditors. If these assumptions do not materialise the Council will not be able to meet its financial obligations as they fall due without curtailing its future commitments.



Mark Bugeja
f/Grant Thornton
Certified Public Accountants
Grant Thornton
Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013

30 April 2012