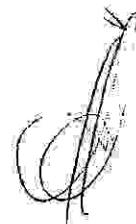


**Hal Balzan Local Council****Statement of Local Council Members' and Executive Secretary's Responsibilities**

---

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

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Hal Balzan Local Council

Statement of comprehensive income  
for the year ended 31st December 2011

	Note	2011 Eur	2010 Eur
<b>Funds received from Central Government</b>	3	247,466	250,018
<b>Income raised under the Local Enforcement System</b>	3	9,260	0
<b>General income</b>	3	4,200	8,557
		<u>260,926</u>	<u>258,575</u>
<b>Expenditure</b>			
Personal emoluments	4	(58,464)	(58,266)
Operations and maintenance	5	(109,771)	(96,390)
Administration and other expenditure	6	(67,282)	(79,947)
		<u>(67,282)</u>	<u>(79,947)</u>
<b>Operating surplus for the year</b>		25,409	25,972
Investment income	7	0	1
		<u>0</u>	<u>1</u>
<b>Surplus for the year</b>		<u>25,409</u>	<u>25,973</u>






# Hal Balzan Local Council

## Statement of financial position at 31st December 2011

	Note	31st December 2011 Eur	31st December 2010 Eur
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	8a-b	342,927	360,840
		<u>342,927</u>	<u>360,840</u>
<b>Current Assets</b>			
Amounts receivable	9	12,545	20,275
Cash and bank balances	10	254,859	179,481
		<u>267,404</u>	<u>199,756</u>
<b>Total Assets</b>		<u>610,331</u>	<u>560,596</u>
<b>Reserves and Liabilities</b>			
<b>Reserves</b>			
Retained Fund		526,160	500,751
<b>Non-Current Liabilities</b>			
Deferred income	12	26,499	3,150
<b>Current Liabilities</b>			
Trade and other payables	11	57,672	56,695
<b>Total Equity and Liabilities</b>		<u>610,331</u>	<u>560,596</u>

These Financial Statements were approved by the Local Council and are signed on its behalf by :

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Executive Secretary

Date : 25/4/12

**Hai Balzan Local Council****Statement of changes in equity  
for the year ended 31st December 2011**

	<b>Retained fund</b>
	<b>Eur</b>
<b>At 1st January 2010</b>	
Total comprehensive income for the year	474,778
	<u>25,973</u>
<b>At 31st December 2010</b>	
Total comprehensive income for the year	500,751
	<u>25,409</u>
<b>At 31st December 2011</b>	
	<u>526,160</u>



## Hal Balzan Local Council

**Statement of cash flows**  
**for the year ended 31st December 2011**

	<i>Note</i>	<b>2011</b>	<b>2010</b>
		<b>Eur</b>	<b>Eur</b>
<b>Cash flows from operating activities</b>			
Operating surplus for the year		25,409	25,973
Adjustments for:			
Decrease in asset value		203	4,537
Investment income		0	(1)
Non-cash release of income from grants		(600)	0
Depreciation		38,080	49,002
<b>Surplus for the year before working capital movements</b>		63,092	79,511
Movement in receivables		7,730	(6,506)
Movement in payables		787	7,894
<b>Net cash generated from operating activities</b>		71,609	80,899
<b>Cash flows from investing activities</b>			
Payment to acquire property, plant and equipment		(20,370)	(9,004)
Bank interest received		0	1
<b>Net cash used in investing activities</b>		(20,370)	(9,003)
<b>Cash flows from financing activities</b>			
Receipts from Government to acquire fixed assets		24,639	3,500
Refund to Government for unutilised grants to acquire fixed assets		(500)	0
<b>Net cash used in financing activities</b>		24,139	3,500
<b>Movement in cash and cash equivalents</b>		75,378	75,396
<b>Cash and cash equivalents at the beginning of the year</b>		179,481	104,085
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>254,859</b>	<b>179,481</b>

The notes on pages 6 to 17 form an integral part of these financial statements

## Hal Balzan Local Council

### Notes to the financial statements for the year ended 31st December 2011

#### Note

#### 1 General Information

Balzan Local Council is the local authority of Balzan set up in accordance with the Local Councils Act. The office of the Local Council is situated at 153, Main Street, Balzan.

#### 2 Accounting policies and reporting procedures

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, Cap 363. The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards and comply with the Local Councils Act, Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

The principal accounting policies and reporting procedures used by Local Councils are as follows:

##### a) Revenue recognition

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the income statement as it accrues.

##### b) Local Enforcement System

Balzan Local Council formed part of Birkirkara Joint Committee - Group C until the 31st August 2011. As from the 1st September 2011 the Balzan Local Council started to form part of the Regional Committee. The amount disclosed in the financial statements under Local Enforcement System Income represents the share of profit derived from the Joint Committee and the Regional Committee after deducting the related expenses.

##### c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a monthly basis using the reducing balance method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

	%
Trees	0
Land	0
Buildings	1
Office furniture and fittings	7.5
Construction works	10
Special programmes	10
Urban improvements (Street Furniture)	10
Office equipment	20
Plant & Machinery	20
Motor Vehicles	20
Computer equipment	25
Plants	100
New street signs	100
Litter Bins	100
Playground Furniture	100
Street Lights	100
Street Mirrors	100

## Hal Balzan Local Council

### Notes to the financial statements for the year ended 31st December 2011

#### Note

#### d) Government and EU Grants

Government and EU grants are accounted for on a systematic basis in the Statement of Comprehensive Income over the periods necessary to match them with the related costs which they are intended to compensate. If such costs have already been incurred when the grant is made, or if there are no related costs, then the grant is accounted for when it becomes receivable.

Government and EU grants relating to property, plant and equipment are included as deferred grants and treated as a component of total funds and equity. Grants are credited to the Statement of Comprehensive Income over the expected useful lives of the related assets.

#### e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

#### f) Amounts receivable

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

#### g) Foreign Currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in Euro, which is the Local Council's functional and presentation currency.

Transactions denominated in foreign currencies are translated into Euro at 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 Financial Position.

#### h) Profits and Losses

Only profits that were realised at the date of the Statement of Financial Position are recognised in these Financial Statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the Financial Statements are approved.

**Hal Balzan Local Council****Notes to the financial statements  
for the year ended 31st December 2011****Note****i) Cash and cash equivalents**

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

**ii) Trade and other payables**

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

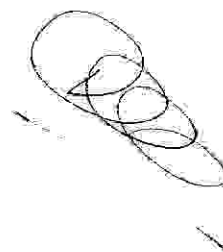
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**k) Financial instruments**

All financial assets are measured at cost and accounted for using settlement accounting.

A credit risk provision for financial asset impairment is established if there is objective evidence that the Council will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, including amounts receivable from collateral, discounted based on the interest rate at inception.

The financial liabilities, other than those referred to in the accounting policies above, are classified as liabilities which are not held for trading ('other liabilities') under IAS 39, and are measured at cost, that is, the face value of such investments.





# Hal Balzan Local Council

## Notes to the financial statements for the year ended 31st December 2011

### Note

#### 3. Revenue

	2011 Eur	2010 Eur
<b>Government income</b>		
In terms of section 55 of the Local Councils Act (Cap. 363)	244,888	245,892
Other Government Income	2,578	4,126
	<u>247,466</u>	<u>250,018</u>
<b>Income raised under the Local Enforcement System</b>		
Income from Birkirkara Joint Committee	9,135	0
Income from Central Regional Committee	125	0
	<u>9,260</u>	<u>0</u>
<b>General income</b>		
Income from tender documents	725	1,554
Income from permits	2,074	3,039
Sundry contributions & donations	1,401	3,964
	<u>4,200</u>	<u>8,557</u>
<b>Total revenue</b>	<u>260,926</u>	<u>258,575</u>

#### 4. Personal emoluments

	2011 Eur	2010 Eur
Personal emoluments include, inter alia :		
Mayor's allowance	6,374	6,364
Executive Secretary's salary and allowances	25,410	26,047
Employees' salaries	16,621	14,160
Social security contributions	3,659	3,295
Councillors' Allowance	6,400	6,400
	<u>58,464</u>	<u>56,266</u>

# Hal Balzan Local Council

## Notes to the financial statements for the year ended 31st December 2011

### Note

#### 5 Operations and maintenance

	2011 Eur	2010 Eur
<b>Repairs and upkeep:</b>		
Signs	1,564	886
Public property	2,349	617
Road markings	600	1,359
Other repairs and upkeep	231	63
	<u>4,744</u>	<u>2,925</u>
<b>Contractual services:</b>		
Refuse collection	62,360	55,900
Bulky refuse collection	4,518	3,631
Road and street cleaning	22,230	18,296
Cleaning and maintenance - public conveniences	5,510	5,485
Cleaning and maintenance - parks and gardens	2,214	2,134
Cleaning and maintenance - soft areas	0	295
Cleaning services	180	918
Bins on wheels	0	564
Street lighting	5,495	3,057
Other	2,520	3,185
	<u>106,027</u>	<u>93,465</u>
	<u>109,771</u>	<u>96,390</u>

# Hal Balzan Local Council

## Notes to the financial statements for the year ended 31st December 2011

### Note

#### 6 Administration and other expenditure

	2011	2010
	Eur	Eur
Utilities	5,416	9,477
Materials & supplies	3,745	2,903
Rent	1,486	1,487
Office services	1,949	1,757
Transport	155	48
Information services	1,965	923
Professional services	9,365	7,650
Community services & events	5,121	6,700
Depreciation	38,080	49,002
	<u>67,282</u>	<u>79,947</u>

#### 7 Investment income

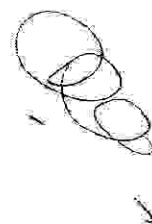
	2011	2010
	Eur	Eur
Bank interest receivable	<u>0</u>	<u>1</u>

## Hal Balzan Local Council

Notes to the financial statements  
for the year ended 31st December 2011

Note

8a <u>Property, Plant and Equipment</u>	Office furniture & fittings		Computer equipment		Office equipment		Urban improvements		New street signs		Construction works		Special programmes		Total	
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Cost - as at 1st January 2011	17,762	9,832	6,050	9,676	569,910	273,458	936,249									
Additions new this year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	(203)	0	20,370	0	0	0	0	0	0	0	0	0
Cost - as at 31st December 2011	17,762	9,832	6,050	9,676	569,707	273,458	956,416									
Grants - as at 1st January 2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transferred during the year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants - as at 31st December 2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acc.depreciation - as at 1st January 2011	10,531	9,184	4,807	9,676	299,161	65,808	414,852									
Charge for the year	542	162	267	0	28,924	4,514	38,080									
Acc.depreciation - as at 31st December 2011	11,073	9,346	5,074	9,676	328,085	70,322	452,932									
Net book value - as at 31st December 2011	6,689	486	976	0	241,622	59,954	342,927									

# Hal Balzan Local Council

## Notes to the financial statements for the year ended 31st December 2011

Note

8b	Property, Plant and Equipment	Office furniture & fittings	Computer equipment	Office equipment	Urban improvements	New street signs	Construction works	Special programmes	Total
		Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
	Cost - as at 1st January 2010	17,479	9,832	5,499	48,698	9,676	574,651	273,458	939,293
	Additions new this year	293	0	551	863	0	0	0	1,697
	Adjustments	0	0	0	0	0	(4,741)	0	(4,741)
	Cost - as at 31st December 2010	17,782	9,832	6,050	49,561	9,676	569,910	273,458	936,249
	Grants - as at 1st January 2010	0	0	0	17,178	0	0	143,182	160,360
	Transferred during the year	0	0	0	197	0	0	0	197
	Grants - as at 31st December 2010	0	0	0	17,375	0	0	143,182	160,557
	Acc.depreciation - as at 1st January 2010	9,821	8,915	4,540	13,515	9,676	234,208	85,372	366,047
	Charge for the year	710	269	267	2,170	0	64,953	(19,564)	48,805
	Acc.depreciation - as at 31st December 2010	10,531	9,184	4,807	15,685	9,676	299,161	65,808	414,852
	Net book value - as at 31st December 2010	7,231	648	1,243	16,501	0	270,749	64,468	360,840

## Hal Balzan Local Council

Notes to the financial statements  
for the year ended 31st December 2011

## Note

9 <u>Amounts receivable</u>	31st December 2011 Eur	31st December 2010 Eur
<b>Current</b>		
Amounts owed by Central Government (Note 13)	262	1,862
Debtors	7,290	13,443
Prepayments & accrued income	4,393	4,370
Deposits	600	600
	<u>12,545</u>	<u>20,275</u>

10 <u>Cash and cash equivalents</u>	31st December 2011 Eur	31st December 2010 Eur
-------------------------------------	------------------------------	------------------------------

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash in hand	116	116
Bank balances:		
Current accounts	254,681	179,274
Savings accounts	62	91
	<u>254,859</u>	<u>179,481</u>

11 <u>Trade and other payables</u>	31st December 2011 Eur	31st December 2010 Eur
<b>Current</b>		
Creditors	38,638	36,926
Accruals	9,875	10,754
Deferred income (note 12)	540	350
Retention money held	8,619	8,665
	<u>57,672</u>	<u>56,695</u>

Retention money held represents retention money held against permits issued to cover any breaches or damages caused by the permit holders. Once the permit is no longer required the money is refunded.

12 <u>Deferred income</u>	31st December 2011 Eur	31st December 2010 Eur
<b>Current</b>		
Opening balance	350	0
Grants received from Government for specific projects	570	350
Refund to Government	(50)	0
Released on depreciation	(600)	0
Current deferred income	<u>270</u>	<u>0</u>
Closing balance	<u>540</u>	<u>350</u>

# Hal Balzan Local Council

## Notes to the financial statements for the year ended 31st December 2011

### Note

#### 12 Deferred income (cont.)

	31st December 2011 Eur	31st December 2010 Eur
<b>Non-Current</b>		
Opening balance	3,150	0
Grants received from Government for specific projects	24,339	3,150
Refund to Government	(450)	0
Current deferred income	(540)	0
Closing balance	26,499	3,150

Maturity of deferred income is as follows:

Less than one year	540	350
Between one and five years	1,671	3,150
After five years	24,828	0
	27,039	3,500

#### 13 Capital commitments

	31st December 2011 Eur	31st December 2010 Eur
Authorised and contracted for (i)	562,556	45,407
Authorised and not contracted for (ii)	8,858	500
	571,414	45,907

Analysed as follows:

(i) Authorised and contracted for  
Construction works  
Urban improvements

Construction works	562,556	25,627
Urban improvements	0	19,780
	562,556	45,407

(ii) Authorised and not contracted for  
Construction works  
Urban improvements  
Others

Construction works	6,358	0
Urban improvements	0	500
Others	2,500	0
	8,858	500

Part of the construction works are being funded through ERDF funds to the amount of €473,944. The rest are being funded from the Council's internal funds.

## Hal Balzan Local Council

### Notes to the financial statements for the year ended 31st December 2011

#### Note

#### 14 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.

Central Government is the main related party of the Local Council. In 2011 the Local Council received Eur271,505 (2010: Eur253,518) in funding from Central Government. Payments to Central Government for services received amounted to Eur120 (2010: Eur 280).

#### 15 Financial assets and financial liabilities

The Council's financial assets comprise of trade receivables and cash held at reputable banks, while its financial liabilities are made up of trade creditors, retentions and deferred income.

#### 16 Financial risk management

##### 16.1 Financial risk factors

The Council's activities expose it to both credit risk and liquidity risk. The Council did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

The Council provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

##### a) Credit risk

The Council's credit risk arises from cash and cash equivalents, including deposits with the banks and amounts receivable. The Council's exposures to credit risk are analysed as follows:

	31st December 2011 Eur	31st December 2010 Eur
Amounts receivable	7,586	13,005
Cash and bank balances	254,859	179,481
	<u>262,445</u>	<u>192,486</u>

The ageing of the amounts receivable is as follows:

	31st December 2011 Eur	31st December 2010 Eur
Between 1 and 2 months due	365	11,280
Between 2 and 3 months due	53	0
Over 3 months due	7,168	1,725
	<u>7,586</u>	<u>13,005</u>



## Hal Balzan Local Council

### Notes to the financial statements for the year ended 31st December 2011

#### Note

#### 16 Financial risk management - Continued

##### a) Credit risk - continued

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed above and in Notes 9 and 10 to these financial statements. The Council does not hold any collateral as security in this respect.

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

The Council's major debtors are the Government and the Water Services Corporation, thus, it deems that it does not have any risk of non-recoverability of its dues.

##### b) Liquidity risk

The Council's exposure to liquidity risk is mainly from its payables and retention monies as per note 11 above and which are due within one year. Given the requirements at law to maintain a healthy working capital, the Council takes all measures to keep its liquidity risk exposure in check. In fact it maintains sufficient cash to ensure the availability of an adequate amount of funding to meet the Council's obligations. The Council's exposure to liquidity risk is as follows:

	31st December 2011 Eur	31st December 2010 Eur
Creditors	36,638	36,926
Accruals	9,875	10,754
Retention money held	8,619	8,665
	<u>57,132</u>	<u>56,345</u>

#### 16.2 Fair values of financial instruments

At 31 December 2011 and 2010, the carrying amounts of cash at bank, receivables, payables and accrued expenses in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

## Hal Balzan Local Council

### Financial Statements for the year ended 31st December 2011

---

#### Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of Hal Balzan 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 1, 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 30 September 2002, 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 € 9,260 is an amount of € 9,135 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 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.

## Hal Balzan Local Council

### Financial Statements for the year ended 31st December 2011

---

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

#### *Qualified Opinion*

Except for the adjustment that would have been necessary had we been able to obtain sufficient audit evidence regarding the matter in paragraph 1 above, the financial statements give a true and fair view of the financial position of Hal Balzan Local Council as at 31 December 2011, and of the results of its operations, changes in equity and its cash flows for the year then ended in accordance with the accounting policies set out on pages 6 to 8.

Because of the matter 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 these financial statements have not been prepared in accordance with International Financial Reporting Standards.



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

25 April 2012