

Local Council Birkirkara

Annual Audit Report

for the year ended 31 December 2010

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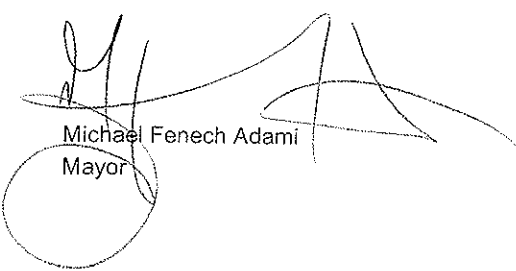
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**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2010**

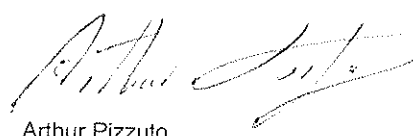
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure for the period, and of the Council's retained funds at the end of year. By virtue of the same regulations 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 period and its retained funds as at the period 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.

This statement was approved by the Council on 26 July 2011 and signed on its behalf by:



Michael Fenech Adami
Mayor



Arthur Pizzuto
Deputy Executive Secretary

Financial Statements for the year ended 31 December 2010

Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of Birkirkara Local Council which comprise the statement of affairs as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Local Council's Members and the Executive Secretary, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion. However, the evidence available to us was limited because of the matters set out in paragraph 1 below:

- 1 As from 22 October 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 financial statements only include € 24,700 received during the year. We were unable to determine the amount of further income the Council is entitled to receive since the audited financial statements of the Birkirkara Joint Committee for the year ended 31 December 2010 are not yet available.
- 2 Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Councils (Financial) Procedures, 1996.

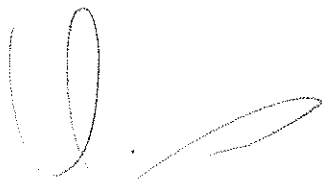
Opinion

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 Birkirkara Local Council as at 31 December 2010, and of the results of its operations, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Because of the matter set out in paragraph 2, 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.

Without qualifying our opinion, we draw attention to the Council's Statement of Financial Position on page 5 which shows that at 31 December 2010 the Council's current liabilities, excluding deferred Income, exceeded current assets by € 534,979. The significance of this deficiency casts doubt as to whether the Council will be able to meet its liabilities as they fall due and whether it can meet its contracted capital commitments which, as shown in note 17, amounted to € 209,000 at reporting date.

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.



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Swatar BKR 4013

26 July, 2011

Statement of Income and Expenditure
for the year ended 31 December 2010

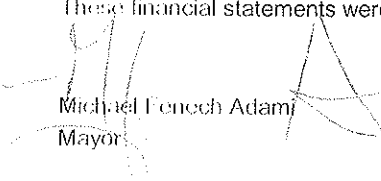
		2010 01 Jan - 31 Dec 12 months	2009 01 Apr - 31 Dec 9 months
	Notes	€	€
Revenue			
Funds received from Central Government	3	1,152,822	837,237
Income raised under Local Council Bye-Laws	4	11,206	13,097
Income raised under Local Enforcement System	5	24,700	49,780
General Income	6	251,223	131,574
		<u>1,439,951</u>	<u>1,031,688</u>
Expenditure			
Personal Emoluments	7	(171,416)	(107,245)
Operations and maintenance	8	(639,780)	(377,457)
Administration and other expenditure	9	(645,562)	(422,616)
		<u>(1,456,758)</u>	<u>(907,318)</u>
Operating (loss) / profit for the year / period		(16,807)	124,370
Finance income	10	221	170
(Loss) / Profit for the year / period	7	<u>(16,586)</u>	<u>124,540</u>

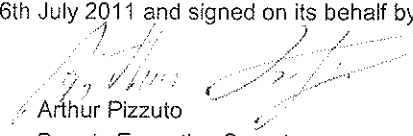
The notes on pages 8 to 24 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2010

		2010 01 Jan - 31 Dec 12 months	2009 01 Apr - 31 Dec 9 months As restated
	Notes	€	€
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	2,741,465	2,374,165
		<u>2,741,465</u>	<u>2,374,165</u>
Current Assets			
Inventories	12	4,623	7,327
Receivables	13	419,132	254,939
Cash and cash equivalents	14	16,382	14,317
		<u>440,137</u>	<u>276,583</u>
Total Assets		<u><u>3,181,602</u></u>	<u><u>2,650,748</u></u>
EQUITY			
Reserves			
Retained earnings		1,595,287	1,611,873
Total equity		<u>1,595,287</u>	<u>1,611,873</u>
Non-Current Liabilities			
Deferred income	15	596,916	329,277
		<u>596,916</u>	<u>329,277</u>
Current Liabilities			
Payables	16	989,399	709,598
		<u>989,399</u>	<u>709,598</u>
Total Liabilities		<u><u>1,586,315</u></u>	<u><u>1,038,875</u></u>
Total equity and liabilities		<u><u>3,181,602</u></u>	<u><u>2,650,748</u></u>

These financial statements were approved by the Local Council on 26th July 2011 and signed on its behalf by:


Michael Fenech Adam
Mayor


Arthur Pizzuto
Deputy Executive Secretary

The notes on pages 8 to 24 form an integral part of these financial statements.

**Statement of Changes in Equity
for the year ended 31 December 2010**

	Retained Funds	Total
	€	€
At 1 April 2009	1,487,333	1,487,333
Profit for the period	124,540	124,540
At 31 December 2009	<u>1,611,873</u>	<u>1,611,873</u>
At 1 January 2010	1,611,873	1,611,873
Loss for the year	(16,586)	(16,586)
At 31 December 2010	<u>1,595,287</u>	<u>1,595,287</u>
Equity interests	<u>1,595,287</u>	<u>1,595,287</u>

Statement of Cash Flows
for the year ended 31 December 2010

	2010		2009	
	<i>01 Jan - 31 Dec</i>		<i>01 Apr - 31 Dec</i>	
	<i>12 months</i>		<i>9 months</i>	
	€	€	€	€
Net (loss) / profit for the year/period	(16,586)		124,540	
Reconciliation to cash generated from operations:				
Depreciation	191,748		201,768	
Movement in Provision for Doubtful Debts	19,092		-	
Grants utilised	-		58,954	
Interest receivable	(221)		(170)	
Operating surplus before working capital changes	194,033		385,092	
Decrease in inventories	2,704		192	
(Increase) / decrease in receivables	(36,301)		28,932	
(Increase) / decrease in other receivables	(91,502)		83,399	
Increase / (decrease) in payables	97,266		(137,953)	
Increase / (decrease) in other payables	182,572		(90,462)	
Government grant released	(15,241)		(70,002)	
Cash generated in operating activities		333,531		199,198
Cash flow from investing activities				
Interest received	221		170	
Purchase of property, plant & equipment	(559,048)		(206,818)	
Grants received	227,361		13,859	
Cash generated from investing activities		(331,466)		(192,789)
Net Decrease in cash in the year / period		2,065		6,409
Cash and equivalents at beginning of year / period		14,317		7,908
Cash and equivalents at end of year / period		16,382		14,317

1. General Information

The Birkirkara Local Council is the local authority of Birkirkara set up in accordance with the Local Councils Act(1993). The office of the Local Council is situated at Civic Centre, 2nd Floor, Tumas Fenech Street, Birkirkara. These financial statements were approved for issue by the Council Members on 26 July 2011. The Local Council's presentation as well as functional currency are denominated in €.

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 Cap. 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.

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).

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 17 (amendment) - Leases - Amendments to reflect changes in other standards.
- IAS 27 (revised) - Consolidated and separate financial statements (effective from 1 July 2009).
- IAS 36 (Impairment of assets) - Amendments to reflect changes in other standards.
- IAS 38 (amendment) - Intangible Assets (effective from 1 July 2009).
- IAS 39 (amendment) - Financial instruments: Recognition and Measurement (effective from 1 January 2010).
- IFRS 2 (amendments) - Group cash-settled and share-based payment transactions (effective from 1 January 2010).
- IFRS 3 (revised) - Business combinations (effective from 1 July 2009).
- IFRS 5 (amendment) - Measurement of non-current assets (or disposal groups) classified as held-for-sale (effective from 1 January 2010).
- IFRIC 9 (amendment) and IAS 39 - Embedded derivatives (effective from 1 July 2009). Amendments to reflect changes in other standards.
- IFRIC 17 - Distribution of non-cash assets to owners (effective on or after 1 July 2009).
- IFRIC 18 - Transfer of assets from customers (effective from 1 July 2009).

New important standards and 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 early adopted them:

- IAS 24 - Related party disclosures (effective 1 January 2011). Amendments simplified the definition of a 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.

New important standards and not 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 early adopted them:

- IAS 32 (amendment) - Financial Instruments: Presentation (effective from 1 February 2010).
- IAS 27 - Consolidate and separate financial statements (effective from July 2010).
- IAS 34 - Interim financial reporting (effective 1 January 2011).
- IFRS 3 (amendments) - Business Combinations (effective from 1 January 2011).
- IFRS 7 (amendments) - Financial Instruments (effective from January 2011).
- IFRIC 13 - Customer loyalty programmes (effective 1 January 2011).
- IAS 12 (amendment) - Income taxes - IAS 12 (effective from 1 January 2012).
- IAS 1 (amendments) - Presentation of Financial Statements (effective from 1 January 2013).
- IFRS 9 - Financial Instruments - (Effective from 1 January 2013).

All changes in accounting policies have been made according to the transition provisions set out at the end of each standard. All standards adopted require retrospective application, with the exception of:

IAS 16 - the exchange of property, plant and equipment has started to be accounted for at fair value prospectively.

IAS21 - prospective accounting for goodwill and fair value adjustments as part of foreign operations as well as the application of functional currency when it is different from the presentation currency has been applied prospectively.

IAS 39 - does not require the classification of financial assets as at 'fair value through profit or loss' of previously recognised financial assets.

IFRS 3 - was applied prospectively for any business combination carried out after 31st March 2004.

There was no impact on the opening retained earnings at 1 April 2010 from the adoption of any revised/new accounting standard.

Intangible Fixed Assets

Computer Software

Computer software is valued at cost less accumulated depreciation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the reducing balance method at 20% per annum.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses 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:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	100
Playground Furniture	100
Traffic Signs	100
Road Signs	100
Street Mirrors	100
Street Lights	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 profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

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

Impairment of Assets

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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 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 Income and Expenditure.

Related parties

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

During the year under review the Local Council has opted to early adopt the partial exemptions as provided by IAS 24, effective from periods starting 1 January 2011. The paragraphs adopted from IAS 24 are paragraphs 25 - 27, being amendments to government related entities' disclosures.

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the income statement as it accrues.

Local Enforcement System

The Birkirkara Local Council forms part of the Birkirkara Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profits derived from the Joint Committee after deducting the related expenses from the income.

Government grants

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

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 €, which is the Council's functional and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position.

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.

Cash and equivalents

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

3. Funds received from central government

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
In terms of section 55 of the Local Councils Act	1,081,144	710,066
Supplementary Government Income	20,000	36,200
EU Funding	29,605	-
Other Government Income	22,073	90,971
	<u>1,152,822</u>	<u>837,237</u>

4. Income raised from Bye-Laws

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Bye-Law - Advertising on Street Furniture	6,197	4,285
Bye-Law - Use of facilities	4,484	3,932
Bye-Law - Organisation of Courses	525	4,880
	<u>11,206</u>	<u>13,097</u>

5. Local Enforcement System

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Contraventions and other fines	7,700	-
Share of Profit from Joint Committee	17,000	49,780
	<u>24,700</u>	<u>49,780</u>

6. General Income

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Community Services	-	460
Library Services	-	582
Cultural Events	9,114	5,945
Sale of books and other merchandise	3	37
Sponsorships	-	1,200
Rent Receivable	86,482	35,043
General Income	27	-
Tender Documents/Info. Charges	5,597	4,811
Media Advertising	-	1,665
Donations	264	365
Contributions	130,028	63,527
Refund of expenses	1,303	729
Income from Permits	18,405	17,210
	<u>251,223</u>	<u>131,574</u>

7. (Deficit)/surplus for the year

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
(Deficit)/surplus for the year is stated after charging:		
Staff salaries	<i>Note</i> 171,416	107,245
Depreciation of tangible assets	191,748	201,768
	<u> </u>	<u> </u>

Staff salaries

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Mayor's Allowance	9,546	4,500
Councillors' Allowance	15,300	-
Executive Secretary Salary and Allowances	29,657	18,767
Employees' Salaries	106,244	76,238
Social Security Contributions	10,669	7,740
	<u>171,416</u>	<u>107,245</u>

8. Operations and Maintenance

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
<i>Repairs and Upkeep:</i>		
Road/Street Pavements	2,692	32,954
Signs	4,830	-
Road Markings	7,580	5,658
Office Furniture and Equipment	-	218
Civic Centre Expenses	1,381	11,329
Plant & Equipment	2,489	-
Sundry Repairs	54	153
Other repairs and Upkeep	10,358	1,278
	<u>29,384</u>	<u>51,590</u>
<i>Contractual Services:</i>		
Waste Disposal	139,022	-
Refuse Collection	168,764	156,788
Bulky Refuse Collection	44,053	20,541
Hiring of Skips - Bins on Wheels	-	1,085
Collection of Separation Bins	5,028	2,621
Cleaning Services	3,573	4,570
Road & Street Cleaning	104,695	72,625
Cleaning - Public Conveniences	21,850	15,616
Cleaning - Council Premises	8,433	5,953
Other Contractual Services	-	746
Clean. & Maint. Parks & Gardens	68,681	30,749
Street Lighting	14,456	10,590
Studies & Consultations	31,841	3,983
	<u>610,396</u>	<u>325,867</u>
 Total Operations and Maintenance Costs	 <u>639,780</u>	 <u>377,457</u>

9. Administration and other expenditure

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Utilities	82,070	50,413
Other repairs and upkeep	1,885	2,299
Rent	7,675	5,783
National and International Memberships	12	-
Office Services	31,777	27,243
Transport	16,061	10,597
Information Services	8,647	25,331
Lease of Equipment	8,258	3,480
Insurance Coverage	6,919	2,235
Bank Charges	148	77
IT Development Services	9,537	4,472
Architect/Engineering Services	30,636	2,416
Legal Services	8,265	4,553
EU Consultancy Services	1,672	1,534
Medical Services	-	14
Accountancy Services	9,472	3,338
Youth Empowerment Services	27,548	8,793
Handyman Service	49,671	2,666
Health inspector services	15,694	-
Security/Police Services	38,889	26,302
Project Management Services	15,341	18,476
Permits and Developments	757	1,884
Training	1,512	452
Entertainment	36	416
Conference Expenses	1,140	727
Social Events	1,255	3,702
Cultural Events	34,727	11,419
Community Services	20,563	419
Sundry Minor Expenses	4,555	1,807
Provision for Doubtful Debtors	19,092	-
Depreciation	191,748	201,768
	<u>645,562</u>	<u>422,616</u>

10. Finance Income

	2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
Bank Interest Receivable	221	170
	<u>221</u>	<u>170</u>

**Notes to the Financial Statements
for the year ended 31 December 2010**

1.1. Property, plant and equipment

	Assets under construction €	New Street Signs €	Urban Improvements & Construction €	Plant, machinery & equipment €	Office Furniture & fittings €	Special Programmes €	Total €
Cost							
At 1 April 2009	296,579	156,710	1,323,076	41,031	47,450	2,745,613	4,610,459
Additions	182,099	17,943	4,183	2,440	153	-	206,818
Assets Capitalised	(58,026)	-	38,060	-	-	19,966	-
At 31 December 2009	420,652	174,653	1,365,319	43,471	47,603	2,765,579	4,817,277
Depreciation							
At 1 April 2009	-	156,710	614,800	20,279	13,935	1,003,418	1,809,142
Charge for the year	-	17,943	54,018	4,138	2,118	123,552	201,769
At 31 December 2009	-	174,653	668,818	24,417	16,053	1,126,970	2,010,911
Grants							
At 1 April 2009	-	-	102,785	-	-	270,462	373,247
Grants released for year	-	-	38,572	-	-	20,382	58,954
At 31 December 2009	-	-	141,357	-	-	290,844	432,201
Net book values							
At 31 December 2009	420,652	-	555,144	19,054	31,550	1,347,765	2,374,165

**Notes to the Financial Statements
for the year ended 31 December 2010**

14. Property, plant and equipment	Assets under construction €	New Street Signs €	Urban Improvements & Construction €	Plant, machinery & equipment €	Office Furniture & fittings €	Special Programmes €	Total €
Cost							
At 1 January 2010	420,652	174,653	1,365,319	43,471	47,603	2,765,579	4,817,277
Additions	518,151	-	9,896	29,178	1,823	-	559,048
At 31 December 2010	938,803	174,653	1,375,215	72,649	49,426	2,765,579	5,376,325
Depreciation							
At 1 January 2010	-	174,653	668,818	24,417	16,053	1,126,970	2,010,911
Reclassification	-	-	928	-	-	-	928
Charge for the year	-	-	58,283	7,167	2,267	124,031	191,748
At 31 December 2010	-	174,653	728,029	31,584	18,320	1,251,001	2,203,587
Grants							
At 1 January 2010	-	-	141,357	-	-	290,844	432,201
Reclassification	-	-	-	-	-	(928)	(928)
At 31 December 2010	-	-	141,357	-	-	289,916	431,273
Net book values							
At 31 December 2010	938,803	-	505,829	41,065	31,106	1,224,662	2,741,465

12. Inventories

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Souvenirs and similar merchandise	-	706
Books and other publications	4,623	6,621
	<u>4,623</u>	<u>7,327</u>

13. Receivables

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Receivables	83,832	28,439
LES Debtors	-	19,092
Other receivables	1,774	1,766
Prepayments and accrued income	333,526	205,642
	<u>419,132</u>	<u>254,939</u>

Receivables

General receivables are analysed as follows:

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Within credit period	57,996	20,611
Exceeded credit period but not impaired	25,836	7,828
	<u>83,832</u>	<u>28,439</u>

14. Notes to the cashflow statement*Cash & cash equivalents*

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Bank Balances	16,009	14,125
Cash in Hand	373	192
	<u>16,382</u>	<u>14,317</u>

15. Deferred income		2010	2009
		01 Apr - 31 Dec 12 months	01 Apr - 31 Dec 9 months As restated
		€	€
Government grants			
At 1 January 2010		343,597	399,740
Increase in year		282,843	13,859
		626,440	413,599
Released in year		(15,241)	(70,002)
At 31 December 2010		611,199	343,597
Current Deferred Income		14,283	14,320
Non-Current Deferred Income		596,916	329,277
Deferred Government Grants			
Deferred between one and two years		26,999	27,208
Deferred between two and five years		31,513	31,433
Deferred in five years or more		552,687	284,956
		611,199	343,597
Deferred after five years or more:			
Government Grants		552,687	284,956
16. Payables			
		2010	2009
		01 Jan - 31 Dec 12 months	01 Apr - 31 Dec 9 months As restated
		€	€
Payables		675,468	578,202
Other taxes and social security costs		8,348	3,069
Other payables		101	-
Accruals and deferred income		305,482	128,327
		989,399	709,598

17. Capital commitments

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	30,000	9,800
Contracted for but not provided in the financial statements	<u>209,000</u>	<u>30,000</u>
(i) Approved but not yet contracted for:		
New Street Signs	15,000	2,400
Office Furniture and Fittings	5,000	-
Urban Improvements	5,000	5,000
Office Equipment & Computer Equipment	<u>5,000</u>	<u>2,400</u>
	30,000	9,800
(ii) Contracted for but not provided in the Financial Statements:		
Paving & Road Resurfacing	<u>209,000</u>	<u>30,000</u>
	<u>209,000</u>	<u>30,000</u>

18. Contingent liabilities

The Council is contesting a claim made by one of its service providers regarding amounts payable. The value of the claim amounts to €102,178 (Apr - Dec 2009: €79,920).

The Council is also contesting a Court case against it by Ms. Helen Sammut Alessi regarding alleged damages sustained by works performed by the Council at St. Helen Square. The amount could not be quantified.

19. Related party transactions

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Councils	Significant control
Birkirkara Joint Committee (Local Enforcement)	Joint Control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Department of Health	No control
Department for the Elderly	No control
Department for Social Security	No control
Department for libraries	No control
Wasteserv Malta Limited	No control

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

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Annual Financial Allocation	1,081,144	710,066

20. Financial Risk Management

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate 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.

Credit risk

Financial assets which potentially subject the Council to concentrations of credit risk consist principally of cash at bank and debtors. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Council has appropriate policies to ensure that sales of products are made to customers with appropriate credit history. In this respect, credit risk with respect to debtors 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.

Other risks

The Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Council to cash flow interest rate risk. In general, 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 by the Councillors and Deputy Executive Secretary in view of the nature of the assets and liabilities. All financial liabilities are current.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

21. Fair values estimation

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

22. Comparative Figures

The amount of € 53,189 (2009: NIL) representing grants receivable from Government Departments but not yet utilised as at year end, were reclassified to deferred income under non-current liabilities. This reclassification was brought about by a change in accounting policy for Government Grants from the capital approach to the income approach. The adjustment did not warrant a prior year adjustment in terms of IAS 8.

23. Going Concern

The statement of financial position on page 5 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.