



*Non Segnis Unies Ricinis*

## **HAD-DINGLI LOCAL COUNCIL**

**Annual Report  
and  
Financial Statements**

**for the year ended 31 December 2013**

**Prepared by**

**Daniel Galea B. Accty. (Hons.) CPA**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

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**Statement of Local Council Members' and Executive Secretary's Responsibilities  
for the year ended 31 December 2013**

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's statement of 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 Councils (Financial) Regulations, and the Local Councils (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 Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 2 May 2014 and signed on its behalf by

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Venera Micallef  
Mayor

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Mark Mallia  
Deputy Executive Secretary

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2013

		<b>2013</b>	<b>2012</b>
		<b>€</b>	<b>€</b>
	<i>Notes</i>		
<b>INCOME</b>			
Funds received from Central Government	4	324,631	320,350
Income raised under Local Enforcement System	5	1,641	2,693
General Income	6	33,819	18,825
		<u>360,091</u>	<u>341,868</u>
 <b>EXPENDITURE</b>			
Personal emoluments	8	(61,541)	(66,801)
Operations and maintenance	9	(146,013)	(171,263)
Administration and other expenditure	10	(161,974)	(124,570)
		<u>(369,528)</u>	<u>(362,634)</u>
 <b>Operating loss for the year</b>		<b>(9,437)</b>	<b>(20,766)</b>
 Finance income	11	319	479
 <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(9,118)</u></b>	<b><u>(20,287)</u></b>

The notes on pages 8 to 25 form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2013

		2013 €	2012 €
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	13	1,198,703	1,118,469
Intangible assets	12	478	-
		<u>1,199,181</u>	<u>1,118,469</u>
<b>Current Assets</b>			
Inventories	14	654	654
Receivables	15	37,380	35,961
Cash and Cash Equivalents	16	68,778	163,337
		<u>106,812</u>	<u>199,952</u>
<b>Total Assets</b>		<u><b>1,305,993</b></u>	<u><b>1,318,421</b></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Retained Funds		<u>453,864</u>	<u>462,982</u>
		<u>453,864</u>	<u>462,982</u>
<b>Non-Current Liabilities</b>			
Deferred income	18	<u>612,529</u>	<u>594,263</u>
		<u>612,529</u>	<u>594,263</u>
<b>Current Liabilities</b>			
Payables	17	230,635	251,946
Deferred income	18	8,965	9,230
		<u>239,600</u>	<u>261,176</u>
<b>Total Reserves and Liabilities</b>		<u><b>1,305,993</b></u>	<u><b>1,318,421</b></u>

These financial statements were approved by the Local Council on 2 May 2014 and signed on its behalf by:

\_\_\_\_\_  
Venera Micallef  
Mayor

\_\_\_\_\_  
Mark Mallia  
Deputy Executive Secretary

The notes on pages 8 to 25 form an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	<b>Retained Funds €</b>
At 1 January 2012	500,086
Prior-year adjustments	(16,817)
<b>Re-stated balance as at 1 January 2012</b>	<b>483,269</b>
Loss for the year	(20,287)
<b>At 31 December 2012</b>	<b>462,982</b>
At 1 January 2013	462,982
Loss for the year	(9,118)
<b>At 31 December 2013</b>	<b>453,864</b>

The notes on pages 8 to 25 form an integral part of these financial statements

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2013

		<b>2013</b>	<b>2012</b>
		<b>€</b>	<b>€</b>
	<i>Note</i>		
<b>Cash flows from Operating Activities</b>			
<b>Total comprehensive loss for the year</b>		<u>(9,118)</u>	<u>(20,287)</u>
Reconciliation to cash generated from operations:			
Depreciation and amortisation		64,492	44,306
Grant released		(10,042)	(10,479)
Interest receivable		<u>(319)</u>	<u>(479)</u>
Operating Profit before Working Capital Changes		45,013	13,061
Movement in other receivables		(1,419)	76,602
Movement in payables		(5,481)	17,946
Movement in other payables		<u>(6,660)</u>	<u>(66,492)</u>
<b>Cash generated from operating activities</b>		<u><b>31,453</b></u>	<u><b>41,117</b></u>
<b>Cash flows from Investing Activities</b>			
Interest received		319	479
Purchase of intangible assets		(495)	-
Purchase of property, plant & equipment		(144,710)	(242,186)
Receipt of grant		<u>28,309</u>	<u>210,786</u>
<b>Cash used in investing activities</b>		<u><b>(116,577)</b></u>	<u><b>(30,921)</b></u>
<b>Cash flows from Financing Activities</b>			
Net (decrease)/increase in Cash and Cash Equivalents		(85,124)	10,196
Cash and Cash Equivalents at the Beginning of the year		<u>153,902</u>	<u>143,706</u>
<b>Cash and Cash Equivalents at the End of the year</b>	<b>16</b>	<u><b>68,778</b></u>	<u><b>153,902</b></u>

The notes on pages 8 to 25 form an integral part of these financial statements

**Notes to the Financial Statements for the year ended 31 December 2013**

**1. General Information**

The Had-Dingli Local Council is the local Authority of Malta set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Centre of the Community, Daħla tas-Sienja Road, Had-Dingli. These financial statements were approved for issue by the Council Members on 2 May 2014. The Local Council's presentation as well as functional currency is 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 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 (Cap. 363).

*New and amended standards adopted by the Council*

The Local Council has adopted the following new and amended standards as of 1 January 2013:

- The IASB issued amendments to IFRS 1 (on Government Loans) on 13 March 2012. The amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards are effective for annual periods beginning on or after 1 January 2013.

- On 12 May 2011, the IASB also issued IFRS 13 Fair Value Measurement. This Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRS. The Standard is applicable for annual periods beginning on or after 1 January 2013.

- On 16 June 2011, the IASB issued amendments to IAS 1, which amendments are entitled Presentation of Items of Other Comprehensive Income. These Amendments will require entities to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. These amendments are effective for financial years beginning on or after 1 July 2012.

- On 16 June 2011, the IASB issued an amended version of IAS19 Employee Benefits. This represents the completion of the IASB's project to improve the accounting for pensions and other post-employment benefits. The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013.



**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**

**Accounting Policies and Reporting Procedures (cont.)**

Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) was issued in December 2011. These amendments require entities to disclose information so that users of its financial statements are able to evaluate the effect or potential effect of netting arrangements and similar agreements on the entity's financial position. It is required to be applied for annual periods beginning on or after 2013.

The amendments to IFRS 11 provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and from the disclosure requirements of paragraph 28(f) of IAS 8.

*New important standards and amendments not yet adopted by the Council*

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 2014 or later periods, but the Local Council has not early adopted them:

IFRS 9 (2009) and (2010) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. IFRS 9 Financial Instruments (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009) financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flow. The Standard requires financial assets to be subsequently measured at amortised cost or at fair value. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The new requirements in relation to financial liabilities address the problem of volatility in profit or loss arising from an issuer to measure its own debt at fair value. With the new requirements, any entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

IFRS 11 Joint Arrangements classifies joint arrangements on the basis of their substance by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case of IAS 31 Interests in Joint Ventures). Under IFRS 11, joint arrangements are classified as joint ventures or as joint operations. Joint ventures are accounted for using the equity method of consolidation since the use of proportionate consolidation for such arrangements has been eliminated. Joint operations are accounted for in a manner that is similar to the current accounting treatment applicable for jointly controlled assets and jointly controlled operations. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Ventures.

On 12 May 2011, the International Accounting Standards Board (IASB) issued IFRS 11 Joint Arrangements. At the same time, the IASB issued a revised version of IAS 28 Investments in Associates and Joint Ventures. The new and revised Standards are applicable for annual periods beginning on or after 1 January 2013, with earlier application being permitted. However when endorsing these Standards the European Union has allowed that these become applicable for annual periods beginning on and after 1 January 2014, with earlier application being permitted.

IFRS 12 Disclosure of Interests in Other Entities (effective January 2014) addresses disclosure requirements for certain interest in other entities, including joint arrangements, associates, subsidiaries and unconsolidated structured entities. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of other interests on its financial position, financial performance and cash flows.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) was issued in December 2011. The amendments clarify (a) the meaning of 'currently has a legally enforceable right of set-off; and (b) that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. The amendment is required to be applied for annual periods beginning on or after 1 January 2014.

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****Accounting Policies and Reporting Procedures (cont.)**

The IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) on 29 May 2013. The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are applicable to annual periods beginning on or after 1 January 2014.

*New important standards and amendments not yet adopted by the EU*

*A number of new International Financial Reporting Standards and amendments and revisions thereto were in issue but not yet effective during the financial year under review. These include the following:*

Improvements to IFRS 2009-2011 was issued on 17 May 2012 and covers a number of limited improvements to existing IFRS, such as IFRS 1 in relation to repeat application and borrowing costs; IAS 1 in relation to clarification on comparative information; IAS 16 in relation to classification of servicing equipment; IAS 32 in relation to the tax effect on distribution to holders of equity instruments and IAS 34 in relation to interim financial reporting and segment information for total assets and liabilities.

The Councillors and Executive Secretary are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Council anticipates that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

*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	Replacement basis
Playground Furniture	100
Traffic Signs	Replacement basis
Road Signs	Replacement basis
Street Mirrors	Replacement basis
Street Lights	100

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**

**Accounting Policies and Reporting Procedures (cont.).**

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 statement of financial position 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 council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

*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 Statement of Comprehensive Income on a straight-line basis over the period of the lease.

*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 Comprehensive Income.

*Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost includes freight, handling and other direct costs. Costs of inventories include the transfer from retained funds of any gains/losses on qualifying cash flow hedges relating to purchases of stock items. However, borrowing costs and foreign exchange differences are excluded. Net realisable value is the price at which stocks can be sold in the course of Council activities less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stocks.

*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 Comprehensive Income.

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income and expenditure account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**

**Accounting Policies and Reporting Procedures (cont.)**

*Trade and other payables*

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material in which case trade and other payables are measured at amortised cost using the effective interest method.

*Financial instruments*

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

*Financial assets*

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition.

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

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

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

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

*Financial liabilities*

The Council's financial liabilities include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

*Related parties*

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

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**

**Accounting Policies and Reporting Procedures (cont.)**

*Revenue*

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

Income from central government is not recognised until there is reasonable assurance that the Council will comply with any conditions attached to it, and that the income will be received. The received income is to be recorded gross and any deductions made for non-compliance are to be disclosed separately with expenses.

*Local Enforcement System*

The Had-Dingli Local Council formed part of the North Joint Committee until August 2012. As from September 2012, the income recognised in the Income Statement was derived from the five Regional Committees.

*Government grants*

Government grants relating to costs are deferred and recognised in the statement of comprehensive income 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 statement of comprehensive income 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.

*Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred.

*Profits and losses*

Only surpluses 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 cash equivalents*

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

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****Accounting Policies and Reporting Procedures (cont.)***Capital Management*

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

- that the Council's ability to continue as a going concern is still valid and
- that the Council maintains a positive working capital ratio.

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

**3. Judgments in applying accounting policies and key sources of estimation**

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

In the opinion of the Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

**4. Funds received from central government**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
In terms of section 55 of the Local Councils Act	299,661	304,548
Supplementary Government Income	2,534	-
Other Government Income	12,394	5,323
Grants Released	10,042	10,479
	<u>324,631</u>	<u>320,350</u>

**5. Local Enforcement system**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Contraventions and other fines	1,641	2,693
	<u>1,641</u>	<u>2,693</u>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**

**6. General Income**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Cultural Events	5,650	4,736
Community services	18,654	-
Sponsorships and donations	4,129	1,842
Contributions from WSC Reinstatement works	150	1,600
Tender Documents/Info Charges	-	29
Green MT	1,560	1,560
Skips	2,150	1,782
Sale of books and maps	392	-
Income from vending machines	150	-
Other Income	984	7,276
	<u>33,819</u>	<u>18,825</u>

**7. Loss for the year**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Loss for the year is stated after charging		
Staff salaries	61,541	66,801
Depreciation of non-current assets	<u>64,492</u>	<u>44,306</u>

**8. Personal Emoluments**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Mayor's Remuneration and allowances	8,208	6,538
Councillors' Allowances	4,437	6,400
Executive Secretary Salary and Allowances	17,340	25,635
Employees' Salaries	28,529	24,428
Social Security Contributions	3,027	3,800
	<u>61,541</u>	<u>66,801</u>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****9. Operations and Maintenance**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
<i>Repairs and Upkeep:</i>		
Road/Street Pavements	-	2,153
Signs	2,468	3,621
Road Markings	1,368	4,004
Office furniture and equipment	1,647	1,291
Plant & equipment	1,102	2,630
Motor vehicle repairs	653	1,197
Public property	1,072	8,043
Patching works	2,587	15,167
Other repairs and upkeep	3,698	3,488
	<u>14,595</u>	<u>41,594</u>
<i>Contractual Services:</i>		
Waste Disposal	22,904	23,054
Refuse Collection	42,948	42,200
Bulky Refuse Collection	5,240	6,666
Lease of equipment	501	2,315
Hiring of skips - bins on wheels	-	586
Cleaning services	235	31
Road & Street Cleaning	22,841	23,121
Other contractual services	11,145	14,081
Cleaning & Maintaining Parks & Gardens	18,220	14,104
Street Lighting	6,880	3,274
Local enforcement expenses	504	237
	<u>131,418</u>	<u>129,669</u>
 Total Operations and Maintenance Costs	 <u>146,013</u>	 <u>171,263</u>



**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**

**10. Administration and other expenditure**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Utilities	11,360	9,335
Materials and supplies	5,498	3,492
Rent	1,543	3,637
National and International Memberships	277	1,833
Postage and couriers	211	437
Office Services	3,503	8,620
Transport	10,028	9,003
Travel	17,302	1,672
Information Services	755	2,440
Insurance Coverage	3,655	2,566
Licenses and permits	256	444
Bank charges	205	136
Professional Services	10,843	9,659
Training	-	219
Other Hospitality Costs	6,137	1,409
Social and cultural events	20,196	19,084
Community Services	5,111	6,278
Penalties	602	-
Depreciation and amortisation	64,492	44,306
	<u>161,974</u>	<u>124,570</u>

**11. Finance Income**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Bank Interest Receivable	319	479
	<u>319</u>	<u>479</u>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****12. Intangible fixed assets**

	<b>Computer software €</b>	<b>Total €</b>
<b>Cost</b>		
At 1 January 2013	-	-
Additions	495	495
	-	-
At 31 December 2013	<u>495</u>	<u>495</u>
<b>Provision for diminution in value</b>		
At 1 January 2013	-	-
Charge for the year	17	17
At 31 December 2013	<u>17</u>	<u>17</u>
<b>Net Book values</b>		
At 1 January 2013	-	-
<b>At 31 December 2013</b>	<u><b>478</b></u>	<u><b>478</b></u>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****13. Property, plant and equipment**

	Council Premises	Constructi on & Special Programm es	Assets under Construct.	Street Signs	Urban Improv.	Plant & Machi nery	Office Furnit ure & fittings	Comput er Equipme nt	Motor Vehicles	Trees	Total
	€	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>											
At 1 January 2012	161,169	1,130,519	461,157	36,230	126,230	8,973	65,828	48,188	12,113	2,997	<b>2,053,404</b>
Additions	-	526	234,861	-	4,875	450	487	987	-	-	<b>242,186</b>
Assets Capitalised	-	295,555	(295,555)	-	-	-	-	-	-	-	<b>-</b>
At 31 December 2012	161,169	1,426,600	400,463	36,230	131,105	9,423	66,315	49,175	12,113	2,997	<b>2,295,590</b>
<b>Depreciation</b>											
At 1 January 2012	10,392	189,597	-	36,230	81,965	514	31,486	33,212	5,272	-	<b>388,668</b>
Charge for the year	1,501	30,186	-	-	4,511	1,458	2,504	2,897	1,249	-	<b>44,306</b>
At 31 December 2012	11,893	219,783	-	36,230	86,476	1,972	33,990	36,109	6,521	-	<b>432,974</b>
<b>Grants</b>											
At 1 January 2012	-	744,147	-	-	-	-	-	-	-	-	<b>744,147</b>
At 31 December 2012	-	744,147	-	-	-	-	-	-	-	-	<b>744,147</b>
<b>Net Book values</b>											
At 31 December 2012	<b>149,276</b>	<b>462,670</b>	<b>400,463</b>	<b>-</b>	<b>44,629</b>	<b>7,451</b>	<b>32,325</b>	<b>13,066</b>	<b>5,592</b>	<b>2,997</b>	<b>1,118,469</b>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)**
**13. Property, plant and equipment (cont.)**

	Council Premises	Constructio n & Special Programmes	Assets under Construct.	Street Signs	Urban Improv.	Plant & Machinery	Office Furniture & fittings	Comput er Equipm ent	Motor Vehicles	Trees	Total
	€	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>											
At 1 January 2013	161,169	1,426,600	400,463	36,230	131,105	9,423	66,315	49,175	12,113	2,997	<b>2,295,590</b>
Additions	-	24,402	117,930	-	1,434	-	894	50	-	-	<b>144,710</b>
Assets Capitalised	-	41,201	(41,201)	-	-	-	-	-	-	-	<b>-</b>
At 31 December 2013	161,169	1,492,203	477,192	36,230	132,539	9,423	67,209	49,225	12,113	2,997	<b>2,440,300</b>
<b>Depreciation</b>											
At 1 January 2013	11,893	219,783	-	36,230	86,476	1,972	33,990	36,109	6,521	-	<b>432,974</b>
Charge for the year	1,486	50,987	-	-	4,346	1,361	2,356	2,918	1,022	-	<b>64,475</b>
At 31 December 2013	13,379	270,770	-	36,230	90,822	3,333	36,346	39,027	7,543	-	<b>497,450</b>
<b>Grants</b>											
At 1 January 2013	-	744,147	-	-	-	-	-	-	-	-	<b>744,147</b>
At 31 December 2013	-	744,147	-	-	-	-	-	-	-	-	<b>744,147</b>
<b>Net Book values</b>											
At 31 December 2013	<b>147,790</b>	<b>477,286</b>	<b>477,192</b>	<b>-</b>	<b>41,717</b>	<b>6,090</b>	<b>30,863</b>	<b>10,198</b>	<b>4,570</b>	<b>2,997</b>	<b>1,198,703</b>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****14. Inventories**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Books published by Council held in stock	<u>654</u>	<u>654</u>

**15. Receivables**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Other receivables	-	-
Prepayments and accrued income	<u>37,380</u>	<u>35,961</u>
	<u>37,380</u>	<u>35,961</u>

*Receivables*

General receivables are analysed as follows:

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Within credit period	-	-
Exceeded credit period but not impaired	-	-
Impaired and provided for	1,467	1,467
Provision for doubtful debts	<u>(1,467)</u>	<u>(1,467)</u>
	<u>-</u>	<u>-</u>

*Local Enforcement System (LES) Debtors*

LES Debtors are stated after a specific provision for doubtful debts amounting to €1,467 (2012 - €1,467).

**16. Cash & cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts.

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Cash at Bank	68,410	163,152
Cash in Hand	368	185
Bank balance overdrawn	-	(9,435)
	<u>68,778</u>	<u>153,902</u>
Transfer to payables	-	9,435
	<u>68,778</u>	<u>163,337</u>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****17. Payables**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Payables	68,315	73,796
Bank balances overdrawn	-	9,435
Accruals and deferred income	162,320	168,715
	<u>230,635</u>	<u>251,946</u>

**18. Deferred Income**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
<b>Government grants</b>		
At 1 January	603,493	403,186
Increase in year	28,043	210,786
	<u>631,536</u>	<u>613,972</u>
Released in year	(10,042)	(10,479)
	<u>621,494</u>	<u>603,493</u>
<b>Current Deferred Income</b>	<u>8,965</u>	<u>9,230</u>
<b>Non-Current Deferred Income</b>	<u>612,529</u>	<u>594,263</u>
<b>Deferred Government Grants</b>		
Deferred between one and two years	8,965	9,230
Deferred between two and five years	21,404	56,323
Deferred in five years or more	582,160	537,940
	<u>612,529</u>	<u>603,493</u>
<b>Deferred after five years or more:</b>		
Government Grants	<u>582,160</u>	<u>537,940</u>

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****19. Capital Commitments**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	83,700	-
- Contracted for but not provided in the financial statements	-	-
	<u>          </u>	<u>          </u>
(i) Approved but not yet contracted for:		
Construction	26,000	-
Improvements	49,700	-
Special Programmes	8,000	-
	<u>83,700</u>	<u>          </u>
(i) Contracted for but not provided in the Financial Statements:		
Road resurfacing	-	-
	<u>          </u>	<u>          </u>

**20. Post Balance Sheet Events**

The Had-Dingli Local Council was awarded a grant after the balance sheet date for the Upgrading and Embellishment of the Dingli Village Centre. The total funds being awarded under this grant for this project amount to €209,850.40 excluding VAT and any other taxes.

This grant was awarded under Measure 313 (MAGF313/14)

**21. 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 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 income is received from sources 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.

**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****21. Financial Risk Management (cont.)***Liquidity Risk*

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact at year end, the Council has as cash and cash equivalents the amount of Euro 68,778. This should ensure an ongoing working capital of the Council for the next 12 months.

*Going Concern Risk*

The Council incurred a net loss of €9,118 (2012: €20,287) during the year ended 31 December 2013, and as at that date, the Council had a negative current net asset position of €132,788 (€61,224). These financial statements have been prepared on a going concern basis in view of the fact that it is understood that the ultimate controlling party will provide adequate funds for the Council to cover present liabilities as well as short term obligations and commitments arising.

**Summary of financial assets and liabilities by category:**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
<b>Current Assets</b>		
Loans and receivables:		
Accounts and other receivables	-	-
Cash and Cash Equivalents	68,778	163,337
	<u>68,778</u>	<u>163,337</u>
<b>Current Liabilities</b>		
Financial liabilities measured at amortised costs:		
Payables	<u>68,315</u>	<u>73,796</u>

*Foreign Currency Risk*

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Council does not trade in any foreign currency transactions.

*Interest Rate Risk*

The Council operates bank accounts without any financing facilities. As a result, the Council is not exposed to cash flow interest rate risk on bank balances.

*Market risks*

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.



**Notes to the Financial Statements for the year ended 31 December 2013 (cont.)****21. Financial Risk Management (cont.)***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 Executive Secretary in view of the nature of the assets and liabilities.

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.

**22. 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
North Joint Committee (Local Enforcement)	Joint Control
Street Lightening Joint Committee	Joint Control
North Regional Committee	Joint Control
Central Regional Committee	No control
Gozo Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
ARMS Limited	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Malta Tourism Authority	No control
Office of the Prime Minister	No control
Office of the Commissioner for Data Protection	No control

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

	<b>2013</b>	<b>2012</b>
	€	€
Annual Financial Allocation	<u>299,661</u>	<u>304,548</u>

**Key management compensation**

Transactions with key management personnel are disclosed in note 8.

**23. 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.

**Report of the Local Government Auditors to the Auditor General**

