

DINGLI LOCAL COUNCIL
FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

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DINGLI LOCAL COUNCIL
FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

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Financial Statements – 31 December 2011

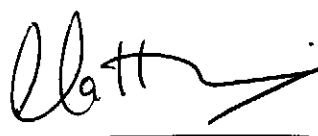
Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations 1993 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 year and of the Local Council's retained funds at the end of the 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 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 Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Mayor



Executive Secretary

DINGLI LOCAL COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

REPORT OF THE LOCAL GOVERNMENT AUDITOR TO THE AUDITOR GENERAL

DINGLI LOCAL COUNCIL**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 DECEMBER 2011

		Year ended	Year ended
		31 Dec 2011	31 Dec 2010
	Notes	Euro	Euro
Income			
Funds received from central government	3	302,747	303,011
Local Enforcement income	4	2,188	-
Investment income	5	236	458
General income	6	<u>83,773</u>	<u>43,201</u>
		<u>388,944</u>	<u>346,670</u>
Expenditure			
Personal emoluments	7	63,396	69,520
Operations and maintenance	8	132,494	117,850
Administration and other expenditure	9	<u>183,045</u>	<u>147,968</u>
		<u>378,935</u>	<u>335,338</u>
Profit for the year		<u><u>10,009</u></u>	<u><u>11,332</u></u>

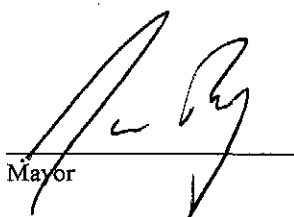
The notes on pages 7 to 17 form part of the financial statements.

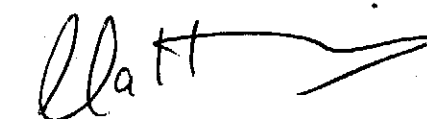
DINGLI LOCAL COUNCIL

STATEMENT OF FINANCIAL POSITION as at 31 DECEMBER 2011

	Notes	2011 Euro	2010 Euro
Assets			
Non-current assets			
Property, plant and equipment	13	582,378	475,343
Current assets			
Inventories	10	654	827
Receivables	11	82,746	23,334
Cash and cash equivalents	12	196,191	315,117
		<u>279,591</u>	<u>339,278</u>
Total assets		<u>861,969</u>	<u>814,621</u>
Reserves and Liabilities			
Reserves			
Retained funds		516,293	506,284
Non-current liabilities			
Deferred income	15	218,545	199,779
Current liabilities			
Payables	14	102,329	86,477
Current deferred income/long term borrowings	15	24,802	22,081
		<u>127,131</u>	<u>108,558</u>
Total reserves and liabilities		<u>861,969</u>	<u>814,621</u>

These financial statements were approved by the Council on 20 February 2012 and was signed on its behalf by:


Mayor


Secretary

The notes on pages 7 to 17 form part of the financial statements.

Audit report page 2.

DINGLI LOCAL COUNCIL

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY
for the year ended 31 DECEMBER 2011**

	Retained funds
	Euro
At 31 December 2009	494,952
Profit for the year	<u>11,332</u>
At 31 December 2010	506,284
Profit for the year	<u>10,009</u>
At 31 December 2011	<u><u>516,293</u></u>

The notes on pages 7 to 17 form part of the financial statements.

Audit report page 2.

DINGLI LOCAL COUNCIL

STATEMENT OF CASH FLOWS
for the year ended 31 December 2011

	Notes	2011	2010
Cash Flows from Operating Activities			
Profit for the year		10,009	11,332
Adjustment for:			
Depreciation		42,886	36,930
Interest receivable		(236)	(458)
Grants receivable		(17,340)	(660)
		35,319	47,144
Decrease in inventories		173	113
(Increase) in receivables		(59,412)	(19,951)
Increase / (Decrease) in payables		11,936	(19,580)
		(47,303)	(39,418)
<i>Net cash from operating activities</i>		(11,984)	7,726
Cash flows from investing activities			
Purchase of property, plant and equipment		(149,921)	(70,332)
Interest received		236	458
<i>Net cashfrom/(used in) investing activities</i>		(149,685)	(69,874)
Cash flows from financing activities			
Grants received		38,827	222,520
Grants taken to income		3,916	-
<i>Net cash from financing activities</i>		42,743	222,520
Net increase in cash and cash equivalents		(118,926)	160,372
Cash and cash equivalents at beginning of year		315,117	154,745
Cash and cash equivalents at end of year	12	196,191	315,117

The notes on pages 7 to 17 form part of the financial statements.

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

1. General Information

Dingli Local Council is the local authority of Dingli setup in accordance with the Local Councils Act. The office of the Local Council is situated at 'Centru tal-Komunita', Dahla tas-Sienja, Dingli.

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 the Local Councils are as follows:

Revenue recognition

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

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:

	%
Land	0
Trees	0
Buildings	1
Construction works	10
Office furniture, fixtures and fittings	7½
New street signs, street lightning	100
Urban improvements (street furniture)	10
Computer equipment	25
Office equipment	20
Plant & Machinery	20
Plants	100
Playing field equipment	100
Litter bins	100
Street lights	100

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

2. Accounting policies and reporting procedures (continued)

Government Grants

Government grants are accounted for on a systematic basis in the Income and Expenditure Account 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 cost, then the grant is accounted for when it becomes receivable.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are stated 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 Income and Expenditure.

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 in 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.

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 Council's functional and present currency.

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

Profit and Losses

Only profits that were realised at the date of the Statement of Affairs 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 Affairs at face value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and balances held with banks.

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

2. Accounting policies and reporting procedures (*continued*)

Trade and other payables

Trade and other payables are stated at cost less any impairment losses.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 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.

Critical accounting estimates and judgements

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

In the opinion of the 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.

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011
(continued)

3. Funds received from Central Government

	2011	2010
	Euro	Euro
In terms of section 55 of the Local Councils Act 1993	285,407	292,296
Other government income	<u>17,340</u>	<u>10,715</u>
	<u>302,747</u>	<u>303,011</u>

4 Local Enforcement income

	2011	2010
	Euro	Euro
Tribunal Sentenced Contraventions	<u>2,188</u>	<u>-</u>

5 Investment income

	2011	2010
	Euro	Euro
Bank interest	<u>236</u>	<u>458</u>

6 General income

	2011	2010
	Euro	Euro
Sundry contributions and donations	1,057	404
Income from permits	1,853	2,070
Cultural activities	9,922	8,761
Sponsorships	-	1,020
Other	<u>70,941</u>	<u>30,946</u>
	<u>83,773</u>	<u>43,201</u>

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011
(continued)

7. Personal emoluments

	2011	2010
Personal emoluments include, inter alia:		
	Euro	Euro
Mayor's / Concellors' Allowance	10,120	14,915
Executive Secretary's Salary	24,218	25,211
Employees' salaries	24,749	25,718
Social Security Contribution	4,309	3,676
	<u>63,396</u>	<u>69,520</u>

8. Operations and maintenance

	2011	2010
These include, inter alia:-		
	Euro	Euro
<i>Repairs and Upkeep:</i>		
Public property	761	1,775
Signs and road markings	2,524	2,583
Other repairs and upkeep	4,834	4,901
	<u>8,119</u>	<u>9,259</u>

Contractual Services:

Lease of equipment	3,815	4,054
Refuse collection	42,057	38,827
Bulky refuse	3,448	3,813
Road & street cleaning	21,666	7,472
Other contractual services	13,917	15,300
Waste disposal	15,401	15,917
Cleaning and maintenance - parks and gardens	19,242	19,925
Street lighting	4,829	3,283
	<u>124,375</u>	<u>108,591</u>
	<u>132,494</u>	<u>117,850</u>

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 DECEMBER 2011
(continued)

9. Administration and other expenses

	2011	2010
Utilities	13,271	12,552
Materials and supplies	11,301	5,849
Rent	3,727	3,529
National and international memberships	782	570
Office services	6,674	13,529
Travel	2,794	230
Transport	8,190	6,121
Insurance cover	2,627	4,519
Bank charges / interest	325	206
Information services	4,831	2,709
Professional services	11,040	11,584
Training	2,407	-
Community and hospitality	72,190	27,912
Youth Democracy Project	-	21,728
Depreciation	42,886	36,930
	<u>183,045</u>	<u>147,968</u>

10 Inventories

Stocks consist of books published by the Council still in stock

11 Receivables

	2011	2010
	Euro	Euro
These represent the following:		
Prepayments	4,147	1,612
Accrued income	78,599	21,722
	<u>82,746</u>	<u>23,334</u>

12 Cash and equivalents

	2011	2010
	Euro	Euro
These represent the following:		
Petty Cash	19	93
Bank Guarantee Account	10,060	5,000
Savings Accounts	186,112	310,024
	<u>196,191</u>	<u>315,117</u>

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011
(continued)

13 Property, plant and equipment

	Plant and Machinery	Office Furniture & Fixtures & Fittings	Office/Computer Equipment	Urban Improvements	Street Signs	Motor Vehicles	Construction & Special Programmes	Council Premises	Total
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Cost									
At 1 January 2010	807	65,347	37,969	108,648	32,004	12,113	1,085,316	161,169	1,503,373
Additions	217	-	7,308	13,386	4,226	-	45,195	-	70,332
At 31 December 2010	1,024	65,347	45,277	122,034	36,230	12,113	1,130,511	161,169	1,573,705
Grants									
At 1 January 2010	-	-	-	-	-	-	744,147	-	744,147
Received for the year	-	-	-	-	-	-	-	-	-
At 31 December 2010	-	-	-	-	-	-	744,147	-	744,147
Accumulated depreciation									
At 1 January 2010	172	25,984	27,384	72,590	32,004	1,874	149,932	7,345	317,285
Charge for the year	55	2,853	2,697	4,819	4,226	1,870	18,879	1,531	36,930
At 31 December 2010	227	28,837	30,081	77,409	36,230	3,744	168,811	8,876	354,215
Net book value									
At 31 December 2010	797	36,510	15,196	44,625	-	8,369	217,553	152,293	475,343

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011
(continued)

13 Property, plant and equipment

	Plant and Machinery	Office Furniture Fixtures & Fittings	Office/Computer Equipment	Urban Improvements	Street Signs	Motor Vehicles	Construction & Special Programmes	Council Premises	Total
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Cost									
At 1 January 2011	1,024	65,347	45,277	122,034	36,230	12,113	1,130,511	161,169	1,573,705
Additions	-	1,046	2,434	15,638	2,992	-	127,811	-	149,921
At 31 December 2011	1,024	66,393	47,711	137,672	39,222	12,113	1,258,322	161,169	1,723,626
Grants									
At 1 January 2011	-	-	-	-	-	-	744,147	-	744,147
Received for the year	-	-	-	-	-	-	-	-	-
At 31 December 2011	-	-	-	-	-	-	744,147	-	744,147
Accumulated depreciation									
At 1 January 2011	227	28,837	30,081	77,409	36,230	3,744	168,811	8,876	354,215
Charge for the year	173	2,660	3,301	5,068	2,992	1,528	25,648	1,516	42,886
At 31 December 2011	400	31,497	33,382	82,477	39,222	5,272	194,459	10,392	397,101
Net book value									
At 31 December 2011	624	34,896	14,329	55,195	-	6,841	319,716	150,777	582,378

DINGLI LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011
(continued)

14 Payables

These represent the following:

	2011	2010
	Euro	Euro
Payables	46,197	11,889
Accruals	35,617	48,951
Bank Current Account	20,515	25,637
	<u>102,329</u>	<u>86,477</u>

15 Deferred income

	2011	2010
	Euro	Euro
Government grants		
B/fwd	221,860	-
Increase in period	38,827	222,520
Released in period	(17,340)	(660)
	<u>243,347</u>	<u>221,860</u>
 At 31 December	 <u>243,347</u>	 <u>221,860</u>
 Current Deferred Income	 <u>24,802</u>	 <u>22,081</u>
 Non-Current Deferred Income	 <u>218,545</u>	 <u>199,779</u>

Non-current deferred income is analysed as follows:

	Euro	Euro
Between 1 and 2 years	48,635	37,958
Between 2 and 5 years	44,643	43,853
More than five years	125,267	117,968
	<u>218,545</u>	<u>199,779</u>

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011
(continued)

16 Financial instruments

Financial assets include debtors and cash in hand and at bank. Financial liabilities include creditors, bank overdraft and other borrowings. At the Statement of Position date the Council had no unrecognised financial instruments.

The Local 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 program focuses on the un-predictability of financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

Credit Risk

Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances and the presentation of debtors net of provisions for doubtful debts. Cash is placed with reputable banks.

Liquidity Risk

Liquidity risk is limited as the Council has sufficient funding resources and also has the ability to raise finance to meet its obligations as and when these arise.

17 Related parties

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

Name of Entity	Nature of Relationship	Amount €
Department of Local Government	Significant Control	285,407
LES Joint Committee	Joint Control	2,188
Water Services Corporation	No Control	18,197
MEPA	No Control	14,000
Green MT	No Control	6,000
		<hr/>
		325,792
		<hr/>

DINGLI LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011
(continued)

18 Capital Commitments

	2011	2010
	Euro	Euro
Authorised but not contracted for (i)	2,376	2,376
Authorised and contracted for (ii)	69,800	42,355
	<u>72,176</u>	<u>44,731</u>
(i) Authorised but not contracted for		
Traffic Signs / Street Furniture	2,376	2,376
	<u>2,376</u>	<u>2,376</u>
(i) Authorised and contracted for		
Road resurfacing	69,800	42,355
	<u>69,800</u>	<u>42,355</u>