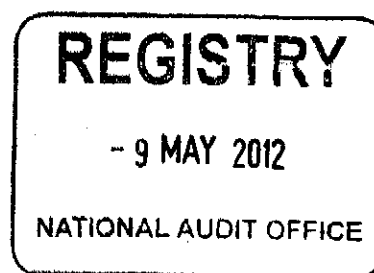


DINGLI LOCAL COUNCIL
FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011



Prepared by: Patrick Caruana

DINGLI LOCAL COUNCIL

FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

Contents

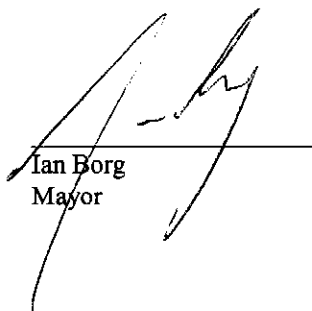
| | Page |
|--|-------------|
| Statement of Council Members' and Secretary's responsibilities | 1 |
| Report of the auditors | 2 |
| Statement of comprehensive income | 3 |
| Statement of financial position | 4 |
| Statement of changes in net assets/equity | 5 |
| Statement of cash flows | 6 |
| Notes to the financial statements | 7 to 17 |

Financial Statements – 31 December 2011

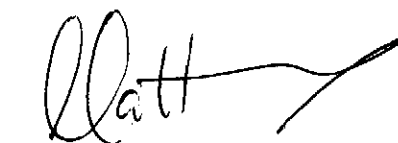
Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of Comprehensive Income 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.



Ian Borg
Mayor



Matthew Borg
Executive Secretary

LOCAL COUNCIL DINGLI

Report of the Local Government Auditors to the Auditor General

We have audited the accompanying financial statements of LOCAL COUNCIL DINGLI, which comprise the statement of financial position on page 4 as of 31st December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Statements

The Council Members and the Executive Secretary are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council Members and the Executive Secretary, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Council entered into a pooling agreement with a number of local councils within the Local Enforcement System. Due to the fact that no proper audited financial statements have been prepared by the Joint Committee, we could not obtain reasonable assurance on the completeness of the share of income which were recorded in the financial statements as well as on any possible accrued income or liabilities present as at end of the current financial year.

The Fixed Asset Register provided by the Council is not appropriately maintained. As a consequence we were limited in our procedures to verify the physical existence of the fixed assets held by the Council as well as to ascertain that the depreciation charged is correct and there were no other practical ways of obtaining reasonable assurance on the completeness of the fixed assets recorded and the depreciation calculated thereupon and recorded in the financial statements.

IFRS require that all applicable standards and their disclosure requirements are adhered to. These financial statements lack appropriate disclosure in respect to a number of disclosures as required by IAS 1 - Presentation of Financial Statements, IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, as well as IFRS 7- Financial Instrument: Disclosures.

Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements give a true and fair view the financial position of Local Council Dingli as at December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

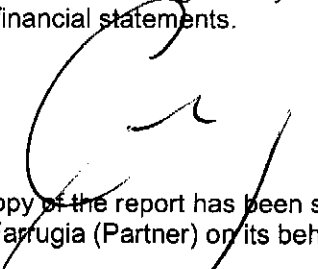
Emphasis of Matter

As of 31 December 2011, the Council's statement of financial position shows a net current liability position of €61,982. The financial statements in their entirety further 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 allow the Council to be able to meet its financial obligations as they fall due without curtailing its future commitments.

Opinion on Other Legal and Regulatory Requirements

These financial statements do not comply fully with the Local Council (Financial) Procedures, 1996.

According to the Financial Procedures supplementing the Financial Regulations issued in terms with the Local Councils Act 1993, the financial statements should include the budget for the year. In line with Local Councils' generally accepted reporting procedures, the budget has been excluded from these financial statements.



This copy of the report has been signed by
Clive Farrugia (Partner) on its behalf

3a

Certified Public Accountants
The Penthouse, Level 3
Palazzo Ca' Brugnera
Valley Road
Birkirkara BKR9024
Malta

Date: 4th May, 2012

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 | 293,987 | 303,011 |
| Local Enforcement income | 4 | 476 | - |
| Investment income | 5 | 605 | 458 |
| General income | 6 | 82,046 | 43,201 |
| | | <u>377,114</u> | <u>346,670</u> |
| Expenditure | | | |
| Personal emoluments | 7 | 65,220 | 69,520 |
| Operations and maintenance | 8 | 137,101 | 117,850 |
| Administration and other expenditure | 9 | 180,991 | 147,968 |
| | | <u>383,312</u> | <u>335,338</u> |
| (Loss) / Profit for the year | | <u>(6,198)</u> | <u>11,332</u> |

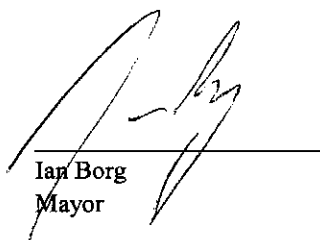
The notes on pages 7 to 17 form part of the financial statements.

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 | 882,100 | 475,343 |
| Current assets | | | |
| Inventories | 10 | 654 | 827 |
| Receivables | 11 | 116,813 | 23,334 |
| Cash and cash equivalents | 12 | 163,217 | 315,117 |
| | | <u>280,684</u> | <u>339,278</u> |
| Total assets | | <u>1,162,784</u> | <u>814,621</u> |
| Reserves and Liabilities | | | |
| Reserves | | | |
| Retained funds | | 500,086 | 506,284 |
| Non-current liabilities | | | |
| Deferred income | 15 | 320,032 | 199,779 |
| Current liabilities | | | |
| Payables | 14 | 298,918 | 86,477 |
| Current deferred income/long term borrowings | 15 | 43,748 | 22,081 |
| | | <u>342,666</u> | <u>108,558</u> |
| Total reserves and liabilities | | <u>1,162,784</u> | <u>814,621</u> |

These financial statements were approved by the Council on 04 May 2012 2012 and was signed on its behalf by:


 Ian Borg
 Mayor


 Matthew Borg
 Executive 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 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 |
| Loss for the year | <u>(6,198)</u> |
| At 31 December 2011 | <u><u>500,086</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 | | | |
| (Loss) / Profit for the year | | (6,198) | 11,332 |
| Adjustment for: | | | |
| Depreciation | | 34,453 | 36,930 |
| Interest receivable | | (605) | (458) |
| Grants receivable | | <u>(2,785)</u> | <u>(660)</u> |
| | | 24,865 | 47,144 |
| Decrease in inventories | | 173 | 113 |
| (Increase) in receivables | | (117,940) | (19,951) |
| Increase / (Decrease) in payables | | <u>234,108</u> | <u>(19,580)</u> |
| | | 116,341 | (39,418) |
| <i>Net cash from operating activities</i> | | 141,206 | 7,726 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (441,201) | (70,332) |
| Interest received | | <u>605</u> | <u>458</u> |
| <i>Net cash from/(used in) investing activities</i> | | (440,596) | (69,874) |
| Cash flows from financing activities | | | |
| Grants received | | 144,705 | 222,520 |
| Grants taken to income | | <u>2,785</u> | <u>-</u> |
| <i>Net cash from financing activities</i> | | <u>147,490</u> | <u>222,520</u> |
| Net increase in cash and cash equivalents | | (151,900) | 160,372 |
| Cash and cash equivalents at beginning of year | | <u>315,117</u> | <u>154,745</u> |
| Cash and cash equivalents at end of year | 12 | <u><u>163,217</u></u> | <u><u>315,117</u></u> |

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 formed part of Birkirkara Joint Committee. As from September 2011 the Council formed part of the Regional Committee set up to replace the 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 - Replacement basis | N/A |
| Urban improvements (street furniture) | 10 |
| Computer equipment | 25 |
| Office equipment | 20 |
| Plant & Machinery | 20 |
| Plants | 100 |
| Playing field equipment | 100 |
| Litter bins – Replacement basis | N/A |
| Street lights | 100 |

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

Government Grants

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

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 Comprehensive Income.

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 Financial Position.

Profit 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 Affairs at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

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 | 291,202 | 292,296 |
| Other government income | <u>2,785</u> | <u>10,715</u> |
| | <u><u>293,987</u></u> | <u><u>303,011</u></u> |

4 Local Enforcement income

| | 2011 | 2010 |
|-----------------------------------|------------|----------|
| | Euro | Euro |
| Tribunal Sentenced Contraventions | <u>476</u> | <u>-</u> |

5 Investment income

| | 2011 | 2010 |
|---------------|------------|------------|
| | Euro | Euro |
| Bank interest | <u>605</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>69,214</u> | <u>30,946</u> |
| | <u><u>82,046</u></u> | <u><u>43,201</u></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 / Concoillors' Allowance | 10,120 | 14,915 |
| Executive Secretary's Salary | 25,017 | 25,211 |
| Employees' salaries | 25,774 | 25,718 |
| Social Security Contribution | 4,309 | 3,676 |
| | <u>65,220</u> | <u>69,520</u> |

8. **Operations and maintenance**

| | 2011 | 2010 |
|-----------------------------|---------------|--------------|
| These include, inter alia:- | | |
| | Euro | Euro |
| <i>Repairs and Upkeep:</i> | | |
| Public property | 987 | 1,775 |
| Signs and road markings | 5,516 | 2,583 |
| Other repairs and upkeep | 4,834 | 4,901 |
| | <u>11,337</u> | <u>9,259</u> |

Contractual Services:

| | | |
|--|----------------|----------------|
| Lease of equipment | 3,815 | 4,054 |
| Refuse collection | 42,218 | 38,827 |
| Bulky refuse | 3,448 | 3,813 |
| Road & street cleaning | 21,666 | 7,472 |
| Other contractual services | 13,917 | 15,300 |
| Waste disposal | 16,629 | 15,917 |
| Cleaning and maintenance - parks and gardens | 19,242 | 19,925 |
| Street lighting | 4,829 | 3,283 |
| | <u>125,764</u> | <u>108,591</u> |
| | <u>137,101</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 | 3,611 | 3,529 |
| National and international memberships | 782 | 570 |
| Office services | 6,674 | 13,529 |
| Travel | 2,794 | 230 |
| Transport | 8,890 | 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 |
| Penalties | 5,795 | - |
| Depreciation | 34,453 | 36,930 |
| | <u>180,991</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: | | |
| Receivables | 198 | 1,612 |
| Prepayments | 4,263 | 1,612 |
| Accrued income | 112,352 | 21,722 |
| | <u>116,813</u> | <u>24,946</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 | 153,138 | 310,024 |
| | <u>163,217</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 | Trees | Assets not yet completed | Total |
|---------------------------------|----------------------------|---|----------------------------------|---------------------------|---------------------|-----------------------|--|-------------------------|--------------|---------------------------------|--------------|
| | Euro | Euro | Euro | Euro | Euro | Euro | Euro | Euro | Euro | Euro | Euro |
| Cost | | | | | | | | | | | |
| At 1 January 2011 | 1,024 | 65,348 | 45,277 | 122,034 | 36,230 | 12,113 | 1,130,519 | 161,169 | - | - | 1,573,714 |
| Additions | 7,949 | 480 | 2,911 | 4,196 | - | - | - | - | 2,997 | 422,668 | 441,201 |
| At 31 December 2011 | 8,973 | 65,828 | 48,188 | 126,230 | 36,230 | 12,113 | 1,130,519 | 161,169 | 2,997 | 422,668 | 2,014,915 |
| 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 | 287 | 2,649 | 3,131 | 4,556 | - | 1,528 | 20,786 | 1,516 | - | - | 34,453 |
| At 31 December 2011 | 514 | 31,486 | 33,212 | 81,965 | 36,230 | 5,272 | 189,597 | 10,392 | - | - | 388,668 |
| Net book value | | | | | | | | | | | |
| At 31 December 2011 | 8,459 | 34,342 | 14,976 | 44,265 | - | 6,841 | 196,775 | 150,777 | 2,997 | 422,668 | 882,100 |

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)

14 Payables

These represent the following:

| | 2011 | 2010 |
|----------------------|----------------|---------------|
| | Euro | Euro |
| Payables | 46,197 | 11,889 |
| Accruals | 232,206 | 48,951 |
| Bank Current Account | 20,515 | 25,637 |
| | <u>298,918</u> | <u>86,477</u> |

15 Deferred income

| | 2011 | 2010 |
|--|--------------------|--------------------|
| | Euro | Euro |
| Government grants | | |
| B/fwd | 221,860 | - |
| Increase in period | 144,705 | 222,520 |
| Released in period | (2,785) | (660) |
| At 31 December | <u>363,780</u> | <u>221,860</u> |
| Current Deferred Income | <u>43,748</u> | <u>22,081</u> |
| Non-Current Deferred Income | <u>320,032</u> | <u>199,779</u> |

Non-current deferred income is analysed as follows:

| | Euro | Euro |
|-----------------------|----------------|----------------|
| Between 1 and 2 years | 55,750 | 37,958 |
| Between 2 and 5 years | 63,846 | 43,853 |
| More than five years | <u>200,436</u> | <u>117,968</u> |
| | <u>320,032</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 | 293,987 |
| LES Joint Committee | Joint Control | 476 |
| Water Services Corporation | No Control | 15,300 |
| MEPA | No Control | 14,000 |
| Green MT | No Control | 6,000 |
| | | <u>329,763</u> |

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 | | |
| 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> |