

FGURA LOCAL COUNCIL

Report and Financial Statements

for the year ended 31 December 2013

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Fgura*

FGURA LOCAL COUNCIL

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FGURA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

Statement of Council Members' and Executive Secretary's Responsibilities

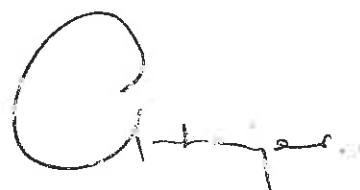
The Local Councils (Financial) Regulations 1993 require the Secretary to prepare a detailed Annual Administrative Report which includes the Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Council and the 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 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, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Council (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Council (Financial) Procedures, 1996.

This statement was approved by the Council on 29 April 2014 and signed on its behalf by:



Byron Camilleri
Mayor



Christopher Cutajar
Executive Secretary

FGURA LOCAL COUNCIL

Statement of Income

		Year ended 31 December	
Continuing Operations	Notes	2013 €	2012 €
Revenue			
Funds received from Central Government	7	600,521	554,374
Income raised under Council Bye-Laws	8	5,626	6,290
Income from Law Enforcement System	9	10,091	5,724
General Income	10	26,554	132,307
Total Income		<u>642,792</u>	<u>698,695</u>
Expenditure			
Personal emoluments	11	(126,806)	(117,551)
Operations and maintenance	12	(256,954)	(326,557)
Administrative and other expenditure	13	(227,109)	(242,077)
Other expenditure/income	14	(28,911)	(22,271)
Total Expenditure		<u>(639,780)</u>	<u>(708,456)</u>
Operating (loss) for the year		3,012	(9,761)
Finance income	15	1,787	2,807
Finance Costs	16	(72)	(68)
Finance income - net		<u>1,715</u>	<u>2,739</u>
Surplus/(Deficit) for the year		<u>4,727</u>	<u>(7,022)</u>
Surplus/(Deficit) attributable to:			
- Government of Malta		<u>4,727</u>	<u>(7,022)</u>
Statement of Comprehensive Income			
Surplus/(Deficit) for the year		<u>4,727</u>	<u>(7,022)</u>
Total Comprehensive surplus/(deficit) for the year		<u>4,727</u>	<u>(7,022)</u>
Attributable to:			
- Government of Malta		<u>4,727</u>	<u>(7,022)</u>
Total comprehensive income attributable to Government of Malta arises from:			
- Continuing operations		<u>4,727</u>	<u>(7,022)</u>

The notes on pages 7 to 45 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

STATEMENT OF FINANCIAL POSITION


		As at 31 December	
	Notes	2013 €	2012 €
Assets			
Non-current assets			
Property, plant and equipment	17	2,065,232	2,018,844
Investments held to maturity	18	13,297	13,369
Intangible asset		329	439
Total non-current assets		<u>2,078,858</u>	<u>2,032,652</u>
Current assets			
Inventories	20	875	1,027
Receivables	21	52,750	105,048
Cash and bank balances	22	340,914	302,790
Total current assets		<u>394,539</u>	<u>408,865</u>
Total assets		<u>2,473,397</u>	<u>2,441,517</u>
Reserves and liabilities			
Reserves			
Retained Earnings		1,626,953	1,622,226
Total reserves		<u>1,626,953</u>	<u>1,622,226</u>


The notes on pages 7 to 45 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

		As at 31 December	
		2013	2012
	Notes	€	€
Liabilities			
Non-current liabilities			
Borrowings	23	454,470	316,868
Other financial liabilities	24	28,331	37,775
Deferred income	25	171,040	154,389
Total non-current liabilities		653,841	509,032
Current liabilities			
Borrowings	23	23,277	18,594
Other financial liabilities	24	9,444	18,888
Payables	25	159,882	272,777
Total current liabilities		192,603	310,259
Total liabilities		846,444	819,291
Total reserves and liabilities		2,473,397	2,441,517

The financial statements were approved by the Council on 29 April 2014 and signed on its behalf by:


Byron Camilleri
Mayor


Christopher Cutajar
Executive Secretary

The notes on pages 7 to 45 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2013

	Retained Earnings €	Total €
Balance as at 1 January 2012	1,629,248	1,629,248
(Deficit) for the year	<u>(7,022)</u>	<u>(7,022)</u>
At 31 December 2012	<u>1,622,226</u>	<u>1,622,226</u>
Balance as at 1 January 2013	1,622,226	1,622,226
Surplus for the year	<u>4,727</u>	<u>4,727</u>
At 31 December 2013	<u>1,626,953</u>	<u>1,626,953</u>

The notes on pages 7 to 45 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

Statement of Cash Flows for the year ended 31 December 2013

	Note	2013 €	2012 €
Cash (absorbed by)/generated from operating activities	29	(18,312)	189,467
Net cash generated from operating activities		<u>(18,312)</u>	<u>189,467</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(148,456)	(862,719)
Additions to intangible assets		-	(472)
Interest received		858	2,769
Net cash used in investing activities		<u>(147,598)</u>	<u>(860,422)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		179,290	12,515
Repayment of bank borrowings		(33,541)	(24,658)
Urban improvements funds received		61,749	17,859
Public Private Partnership agreement		-	56,663
Public Private Partnership payment		-	-
Net cash generated from/(used in) financing activities		<u>207,498</u>	<u>62,379</u>
Net Increase in cash and cash equivalents		41,588	(608,576)
Cash and cash equivalents at beginning of year		297,986	906,562
Cash and equivalents at end of year	22	<u>339,574</u>	<u>297,986</u>

The notes on pages 7 to 45 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

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

1. General Information

The Fgura Local Council is a local authority of Malta set up in accordance with the Local Councils Act. The office of the Local Council is situated at 68 Dar il-Kunsill, Triq il-Karmnu, Fgura. These financial statements were approved for issue by the Council Member on the 29 April 2014. The Local Council's presentation as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within the Office of the Prime Minister.

2. Summary of the Significant accounting policies

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.

2.1 Basis of preparation

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 Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996

The financial statements of the Fgura Local Council have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to entities/companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

FGURA LOCAL COUNCIL

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

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2.1.1 Changes in accounting policy and disclosures

New and amended standards adopted by the Council

The following standard have been adopted by the Council for the first time for the financial year beginning on or after 1 January 2013 but does not have a material impact on the Council:

Amendment to IAS 1 - 'Financial statement presentation', with regards to other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments).

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Council, except the following set out below:

IAS 19, 'Employee benefits', was amended in June 2011. This IAS aims to treat employee benefits as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Council does not have an employees benefit scheme and as such the effect on the Council is negligible.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This does not apply to the Local Council Fgura since the Council does not prepare consolidated financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

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

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IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Local Council Fgura is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Local Council Fgura will also consider the impact of the remaining phases of IFRS 9 when completed by the Council.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

Amendments to IAS 36, 'Impairment of assets' on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of recoverable amount of Cash Generating Units which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the Council until 1 January 2014.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy this is not income tax. The interpretation addresses what the obligating event is that gives rise to pay levy and when should a liability be recognised. The Council is not currently subjected to any levies so the impact on the Council is negligible.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Council.

FGURA LOCAL COUNCIL

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

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2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Local Council Fgura are measured using the currency of the primary economic environment in which the Council operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Council's presentation currency which is also the functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains - net'.

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

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2.3 Property, plant and equipment

The Council does not yet own any land and/or buildings. It is currently in the process of building new office premises. Once completed and occupied, the land and buildings would be shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations would be performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

Freehold land is not depreciated. Depreciation on other assets is calculated using the reducing balance method. The estimated useful lives, residual values and depreciation method are renewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and grants received for specific projects. Depreciation is calculated on a monthly basis using the reducing balance method at rates estimated to write down the cost of all tangible fixed assets, other than land and trees over their expected useful lives as follows:

	Rates in %
Buildings	1.0
Office Furniture & Fittings	7.5
Construction Works	10.0
New Street Signs	100.0
Urban Improvements (Street Furniture)	10.0
Special Programmes (Projects)	10.0
Office Equipment	20.0
Motor Vehicles	20.0
Plant and Machinery	20.0
Computer Equipment	25.0
Trees	0
Litter Bins	100.0
Playground Equipment	100.0
Street Lighting	100.0

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2. 5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.4 Intangible assets

Computer Software

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly attributable to the outright purchase identifiable and unique software products controlled by the Council are recognised as intangible assets when the following criteria are met:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

FGURA LOCAL COUNCIL

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

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2.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.6 Non-Assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.7 Financial Assets

2.7.1 Classification

The Council classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 21 and 22.)

FGURA LOCAL COUNCIL

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

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(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. 7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Council has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the income statement within ‘Other (losses)/gains – net’ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as ‘Gains and losses from investment securities’.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group’s right to receive payments is established.

2. 8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

FGURA LOCAL COUNCIL

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

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2. 9 Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

FGURA LOCAL COUNCIL

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

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(b) Assets classied as available for sale

The Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Council uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

FGURA LOCAL COUNCIL

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

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2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 General Receivables

General receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

General receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

General receivables are expected to be settled within the short-term and as such cash flows relating to such receivables are not discounted since the effect of discounting is immaterial.

Known bad debts are written off at the end of the accounting period.

2.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and credit bank balance as per books.

2.13 General payables

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

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

General payables are expected to be settled within the short-term and as such cash flows relating to such payables are not discounted since the effect of discounting is immaterial.

FGURA LOCAL COUNCIL

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

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2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Financial instruments

Subsequent to initial recognition, the liability component of a financial instrument is measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

FGURA LOCAL COUNCIL

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

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2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for Central Government allocation in terms of section 55 of the Local Councils Act, 1993, goods supplied services provided and other Central Government Grants. The Local Council Fgura recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Council's activities, as described below. The Local Council Fgura bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Central Government allocation in terms of section 55 of the Local Councils Act, 1993

The Council does not have control on the amount of this income stream or the timing of its actual transfer to the Council's bank accounts. The amount receivable under this heading is communicated to the Council through the Department for Local Government after the annual Central Government budget is approved by Parliament and is transferred directly to the Council's designated bank account at the beginning of each quarter. The receipt of such funds is usually net of any deductions deemed by the Department for Local Government and these deductions may include; penalties inflicted, use of the Central Government electronic infrastructure or any other cost that the Department for Local Government passes on to the Council.

The income under this heading accounts for major income stream to the Council and is primarily tied up to specific expenditure headings on which the Council is bound to allocate.

(b) Sales of goods

The Council has a number of items (mementos) recognised in these financial statements under inventories, that are for sale to the general public.

(c) Services provided

The Council derives income from permit fees issued to the general public. The Council also provides services to the South East Regional Committee for; share of cleaning expenses; share of electronic infrastructure and Council employees attending Tribunal sittings.

The Council also derives income in the form of 10% commission on the payments of contraventions under the Local Law Enforcement system accruing to the five Regional Committees..

(c) Central Government Grants

Note 2. 8, refers to the treatment of grants that are aimed to finance the Council for the urban improvement of the locality.

2.18 Interest income

Interest income from investments is recognised using the effective interest method.

FGURA LOCAL COUNCIL

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

..... continued

3. Financial Risk Management

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

Where applicable, any significant changes in the Council's exposure to financial risks or manner in which the Council manages and measures these risks are disclosed below.

Where possible, the Council aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of risk exposure associated with the financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

With respect to credit risk, the receivables are monitored continuously for recoverability. Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidences of a reduction in the recoverability of the cash flows. Known bad debts are therefore maintained to the lowest possible, thereby lowering as much as possible the concentration of credit risk.

Interest Rate risk

The Council's interest rate risk arises from the long term bank loan. Borrowing issued at variable rates expose the Council to cash flow interest rate risk, In general, the Council Members and Executive Secretary 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 in view of the nature of the assets and liabilities.

FGURA LOCAL COUNCIL

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

..... continued

Liquidity risk

The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and plans projects accordingly. The Council Members and Executive Secretary do not consider that it is significantly exposed to liquidity risk.

	Less than 3 month	Between 3 month and 1 year	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	€	€	€	€	€	€
At 31 December 2013						
Bank Borrowings	6,648	33,240	21,937	39,887	65,811	348,772
Borrowings under Private Public Partnership	-	9,444	9,444	4,722	14,166	9,444
Trade and other payables (excluding Grants deferred income)	55,904	83,845	139,749	-	-	-
	<u>49,256</u>	<u>41,161</u>	<u>152,242</u>	<u>35,165</u>	<u>51,645</u>	<u>339,328</u>
At 31 December 2012						
Bank Borrowings	4,109	20,547	13,790	24,657	41,370	250,841
Borrowings under Private Public Partnership	-	18,888	18,888	9,444	14,166	14,166
Trade and other payables (excluding Grants deferred income)	140,945	114,658	255,603	-	-	-
	<u>136,836</u>	<u>75,223</u>	<u>288,281</u>	<u>15,213</u>	<u>27,204</u>	<u>236,675</u>

FGURA LOCAL COUNCIL

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

..... continued

Credit risk

Financial assets which potentially subject the Council to concentration of credit risk consist primarily of cash at bank and receivables. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any financial credit history. In this respect, credit with respect to receivables 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.

Included in the Council's receivables balance are the following debtors which are past due at the end of the reporting period net of an allowance for doubtful debts and excluding related party receivables. For balances with related parties refer note 31. The remaining amounts are still considered recoverable as these customers have not defaulted in the past. The credit period allowed by the Council to its debtors is 60 days.

	2013	2012
	€	€
30 to 60 days	948	268
61 to 90 days	-	-
91 - 120 days	58	6,105
over 120 days	1,761	342
	<u>1,819</u>	<u>6,447</u>

FGURA LOCAL COUNCIL

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

..... continued

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Council's accounting policies, which are described in note 2, the Council Members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Council Members have made in the process of applying the Council's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements

4.1.2 Useful lives of property, plant and equipment

As described at 2.3 above, the Council reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The depreciation rates are dictated by the Local Councils Department and as such the Council is not in a position to change the useful lives of the property, plant and equipment. The review of the estimated useful lives of the property, plant and equipment is used to decide whether to write off the asset, the said asset or group of assets are no longer useful or to impair the asset as required.

FGURA LOCAL COUNCIL

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

..... continued

5 Government grants

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Council should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

There are no unfulfilled conditions and contingences attached to recognised grants. The Council immediately writes off any variance between the value of any grants that were originally agreed upon and that the amount receivable and/or received is less than that agreed once the Council comes to know of the variance.

6. Surplus for the year		2013	2012
	Note	€	€
Surplus for the year is stated after charging:			
Personal Emoluments	11	126,806	117,551
Depreciation on property, plant and equipment	13	98,368	113,354
Loss on disposal of property, plant and equipment	13	-	611
Movement in Provision for doubtful debts	13	28,911	22,271

FGURA LOCAL COUNCIL

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

..... continued

7. Funds Received from Central Government

	2013 €	2012 €
In terms of section 55 of the Local Councils Act, 1993	514,144	529,384
Supplementary Income	39,467	7,689
Urban Improvement Funds released to income	46,910	17,301
	<u>600,521</u>	<u>554,374</u>

8. Income raised under Council Bye-Laws

	2013 €	2012 €
Permits related to construction	5,349	4,882
Other Permits	47	-
Courses	230	810
Kiosks deposits	-	598
	<u>5,626</u>	<u>6,290</u>

9. Income raised under Law Enforcement System

	2013 €	2012 €
Contraventions cut off	1,454	-
Contraventions Received	2,694	21,911
Contraventions Accrued	(947)	(24,494)
Commission from all regions	6,890	8,307
	<u>10,091</u>	<u>5,724</u>

In accordance with the Law Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local Councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000.

FGURA LOCAL COUNCIL

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

..... continued

The recording of income from contraventions for offences was based on reports generated by the contractor entrusted with the system by the Ministry.

10. General Income

	2013	2012
	€	€
W.S.C. Agreement	-	4,895
Community Services	104	-
Cultural Activities & Community Services	3,720	674
Sponsorships	2,000	2,394
Liabilities written off	(7,589)	82,969
Joint Committee Tribunal Sitzings	3,307	3,587
Refund of expenses FJC	3,473	2,335
Sports activities	4,559	-
General Income	113	1,088
Media Charges/Adverts on Street Furniture	1,149	920
Contractor Guarantees	-	21,604
Tender Document Fees	1,200	1,900
Other re-imbursements	12,992	-
Waste Management	1,526	9,941
	<u>26,554</u>	<u>132,307</u>

11. Personal emoluments

	2013	2012
	€	€
Personal emoluments include, inter alia:		
Mayor's Honoraria & Allowance	10,055	6,503
Council Members' Allowance	10,715	10,525
Executive Secretary Salary and Allowance	30,550	30,818
Employees' Salaries	67,313	61,933
Social Security Contributions - Employer's Share	8,173	7,772
	<u>126,806</u>	<u>117,551</u>

FGURA LOCAL COUNCIL

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

..... continued

12. Operations and Maintenance

Operations and maintenance includes, inter alia:

Repairs and Upkeep:

	2013	2012
	€	€
Materials and supplies	4,456	7,067
Cleaning Materials & Supplies	22	57
Operating cleaning material and supplies	1,973	2,383
Sundry Materials & Supplies	112	222
Repair & Upkeep Pavements	127	9,901
Repair & Upkeep Roads	12,135	70,815
Other Repair & Upkeep	1,212	-
Maintenance Patri Rendent Gauci	-	354
Maintenance G Stevens Square	-	30
Street Signs	4,237	2,570
Bus Shelters	148	190
Maintenance of Equipment	-	30
Sundry repairs	208	-
Street Markings	2,700	15,821
	<u>27,330</u>	<u>109,440</u>

Contractual Services:

Waste Disposal	95,711	77,410
Refuse Collection (including bins on wheels)	57,528	60,034
Bulky Refuse Collection (including open skips)	10,735	9,537
Road & Street Cleaning	33,212	29,371
Contract Management Fees	702	1,531
Clean. & Maint. of Parks & Gardens	18,010	18,685
Street Lighting	11,953	13,202
Internet service provider	-	90
Law Enforcement System	1,773	7,257
	<u>229,624</u>	<u>217,117</u>

Total Operations and Maintenance expenses	<u>256,954</u>	<u>326,557</u>
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FGURA LOCAL COUNCIL

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

..... continued

13. Administration and Other Expenses

	2013 €	2012 €
Utilities	9,878	16,553
Uniforms	-	252
Maintenance R Miller Square	378	-
Office Furniture & Equipment	499	804
Maintenance of Motor Vehicle	288	664
Other Repairs & Upkeep	2,909	7,468
Restoration of Niches	-	96
Rents	11,093	9,956
Participation fee National Meetings	553	344
European Organisation	-	400
Membership - Local Organisations	190	-
Printing	2,151	2,024
Office Srevices	124	-
Stationery	4,477	6,818
Subscriptions	177	177
Photocopy Agreement	1,579	1,944
Postages	1,958	2,064
Library Books	-	102
Other Office Services	323	556
Transport	556	109
Hire of Transport	248	-
Fuel	1,080	1,191
Other Re-imburements	1,408	8
Warden refund of extra services	-	363
Motor Vehicle Licence	211	186
Transportation of goods	60	-
Advertising	2,192	2,645
Publications and newsletters	2,310	1,292
Lease of Equipment	1,749	2,513
CCTV Cameras	432	60
Hire of football pitch	4,664	3,589
Insurance Coverage	5,223	5,014
Bank Charges	712	262
Entertainment	875	282
Conference Expenses	-	75
Balance carried forward to next page	58,297	67,811

FGURA LOCAL COUNCIL

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

..... continued

13. Administration and Other Expenses (cont.)

	2013 €	2012 €
Balance brought forward from previous page	58,297	67,811
Cleaning Council Premises	2,418	2,709
Pruning of Trees	-	200
Librarian Services	4,760	3,563
Professional Services	5,679	6,380
IT Development Services	2,206	1,235
Engineering Services	5,508	1,601
Architect Services	624	1,118
Legal Services	1,631	2,753
Medical Services	300	538
Accountancy Services	11,729	16,050
Other Support Services	431	2,215
Training	-	48
Organisation of Courses	4,218	5,118
Course fees - Local Training	655	-
Other Hospitality Costs	15	-
Social Events	7,968	9,732
Jum il-Fgura	2,610	3,434
Cultural Events	1,952	46
Sports Activities	12,332	1,615
Community Services	2,647	-
Donations	-	244
Penalties inflicted	500	25
Sundry Minor Expenses	2,151	1,644
Asset Disposals account	-	611
Amortisation of intangible asset	110	33
Depreciation	98,368	113,354
	<u>227,109</u>	<u>242,077</u>

14. Other Income and Expenses

	2013 €	2012 €
Movement in provision for LES doubtful debts	28,799	22,271
Movement in provision for doubtful debts	112	-
	<u>28,911</u>	<u>22,271</u>

FGURA LOCAL COUNCIL

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

..... continued

15. Investment income

	2013	2012
	€	€
Interest received on Government Stocks	853	870
Bank interest	934	1,937
	<u>1,787</u>	<u>2,807</u>

16. Financial Income and Expenses

	2013	2012
	€	€
<i>Financial Expenses</i>		
Movement in provision for fair value of investments	<u>72</u>	<u>68</u>

FGURA LOCAL COUNCIL

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

..... continued

17. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Motor vehicles €	Acquisition of Property development €	Property held for €	Assets Not yet Capitalised €	Total €
At 1 January 2013	7,055	1,567,424	33,634	11,735	381,163	40,360	1,685	11,586	1,001	1,085,471	8,005	3,149,119
Reclassifications	-	-	-	-	330	-	-	-	-	2,111	(2,441)	-
Additions	-	-	53	-	61,798	1,607	-	-	-	83,218	1,780	148,456
Disposals	-	-	-	-	-	-	-	-	-	-	(3,700)	(3,700)
At 31 December 2013	7,055	1,567,424	33,687	11,735	443,291	41,967	1,685	11,586	1,001	1,170,800	3,644	3,293,875
Government Grants												
At 31 December 2013	-	235,087	-	-	-	-	-	-	-	-	-	235,087
Depreciation												
At 1 January 2013	-	651,550	18,009	11,735	172,710	31,957	1,075	7,955	197	-	-	895,188
Current charge	-	84,096	1,202	-	10,083	2,131	122	726	8	-	-	98,368
At 31 December 2013	-	735,646	19,211	11,735	182,793	34,088	1,197	8,681	205	-	-	993,556
N.B.V. at 31 Dec 2013	7,055	596,691	14,476	-	260,498	7,879	488	2,905	796	1,170,800	3,644	2,065,232

FGURA LOCAL COUNCIL

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

..... continued

17. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Motor vehicles €	Acquisition of Property development €	Property held for €	Assets Not yet Capitalised €	Total €
At 1 January 2012	6,715	1,165,667	32,834	11,678	335,560	39,423	1,685	11,586	1,001	675,401	5,461	2,287,011
Reclassifications	-	-	-	-	-	-	-	-	-	1,150	(1,150)	-
Additions	340	401,757	800	57	45,603	937	-	-	-	408,920	4,305	862,719
Disposals	-	-	-	-	-	-	-	-	-	-	(611)	(611)
At 31 December 2012	7,055	1,567,424	33,634	11,735	381,163	40,360	1,685	11,586	1,001	1,085,471	8,005	3,149,119
Government Grants												
At 1 Jan & 31 Dec 2012	-	235,087	-	-	-	-	-	-	-	-	-	235,087
Depreciation												
At 1 January 2012	-	582,219	16,779	11,678	133,380	29,619	923	7,047	189	-	-	781,834
Current charge	-	69,331	1,230	57	39,330	2,338	152	908	8	-	-	113,354
Eliminated on Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	651,550	18,009	11,735	172,710	31,957	1,075	7,955	197	-	-	895,188
N.B.V. at 31 Dec 2012	7,055	680,787	15,625	-	208,453	8,403	610	3,631	804	1,085,471	8,005	2,018,844

FGURA LOCAL COUNCIL

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

..... continued

18. Financial assets at fair value through comprehensive income

	Government Stocks	Total
<i>Held to Maturity</i>	<i>(2015) - 6.1%</i>	
	€	€
Cost		
At 1 January 2013	13,976	13,976
At 31 December 2013	13,976	13,976
Fair Value Provision		
At 1 January 2013	607	607
Movement	72	72
At 31 December 2013	679	679
Net Book Value at 31 December 2013	13,297	13,297
	Government Stocks	Total
<i>Held to Maturity</i>	<i>(2015) - 6.1%</i>	
	€	€
Cost		
At 1 January 2012	13,976	13,976
At 31 December 2012	13,976	13,976
Fair Value Provision		
At 1 January 2012	539	539
Movement	68	68
At 31 December 2012	607	607
Net Book Value at 31 December 2012	13,369	13,369

FGURA LOCAL COUNCIL

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

..... continued

18. Intangible Assets

	Computer Software €	Total €
Cost		
At 1 January 2013	472	472
At 31 December 2013	472	472
Amortisation Provision		
At 1 January 2013	33	33
Movement	110	110
At 31 December 2013	143	143
Net Book Value at 31 December 2013	329	329

	Computer Software €	Total €
Cost		
At 1 January 2012	-	-
Additions	472	472
At 31 December 2012	472	472
Amortisation Provision		
At 1 January 2012	-	-
Movement	33	33
At 31 December 2012	33	33
Net Book Value at 31 December 2012	439	439

20. Inventories	2013	2012
	€	€
Stocks comprise of :		
Council medals, badges, videos and ties	875	1,027

FGURA LOCAL COUNCIL

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

..... continued

21. Receivables		2013	2012
		€	€
Falling due within One Year			
Receivables	21.1	16,532	37,364
Law Enforcement System		-	29,746
Government grants receivable	21.2	20,604	18,304
Other Related Undertakings		34	611
		<u>37,170</u>	<u>86,025</u>
Prepayments, accrued income and deferred expenditure		15,580	19,023
		<u>52,750</u>	<u>105,048</u>
		2013	2012
		€	€
21.1 Credit period analysis:			
Within credit period		6,777	8,832
Exceeded credit period but not impaired		9,789	29,143
Impaired and provided for		402,086	373,175
Provision for doubtful debts		(402,086)	(373,175)
		<u>16,566</u>	<u>37,975</u>
Provision for doubtful debts		2013	2012
		€	€
Opening balance		373,175	350,904
Increase/(Decrease) in provision for doubtful debts		28,911	22,271
		<u>402,086</u>	<u>373,175</u>
Closing balance			

FGURA LOCAL COUNCIL

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

..... continued

As at the date of the statement of financial position, the ageing analysis of the receivables is as follows:

	Total	current neither past due nor impaired	less than 30 days	30 to 60 days	60 to 90 days	90 days and over
	€	€	€	€	€	€
At 2013	<u>16,532</u>	<u>4,442</u>	<u>4,784</u>	<u>421</u>	<u>298</u>	<u>6,587</u>
At 2012	<u>37,364</u>	<u>1,225</u>	<u>831</u>	<u>509</u>	<u>472</u>	<u>34,327</u>

21.2 Government Grants

	2013 €	2012 €
Balance at the beginning of the year/period	18,304	36,163
Increase	64,049	-
Received	(61,749)	(17,859)
Balance at the end of the year/period	<u>20,604</u>	<u>18,304</u>
Amount Receivable within one year	<u>18,304</u>	<u>-</u>
Amount Receivable beyond one year	<u>2,300</u>	<u>18,304</u>

FGURA LOCAL COUNCIL

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

..... continued

22. Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents in statement of cash flows comprise the following amounts in the Council's Statement of Financial Position.

	2013 €	2012 €
Cash in hand	532	3,578
Bank balances: Current accounts	(175)	(3,639)
Bank balances: Savings accounts	339,217	298,047
	<u>339,574</u>	<u>297,986</u>
Transfer to note 23.	1,340	4,804
	<u>340,914</u>	<u>302,790</u>

FGURA LOCAL COUNCIL

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

..... continued

23. Borrowings	2013	2012
	€	€
Non-Current		
Bank Borrowing	454,470	316,868
	<u>454,470</u>	<u>316,868</u>
Current		
Credit balance in current bank account	1,340	4,804
Bank Borrowing	21,937	13,790
	<u>23,277</u>	<u>18,594</u>
Total Borrowings	<u><u>477,747</u></u>	<u><u>335,462</u></u>
(a) Bank borrowings		

The Bank Loans are guaranteed by the Central Government and secured by a 1st General Hypothec over the Local Council Fgura assets and a Special Hypothec and Privilege on Comprehensive Insurance Policy over the new premises. It attracts interest at 3.65% (31 December 2012 : 3.65%) and is repayable in monthly instalments of € 2,054.72 and € 1,269.15 (31 December 2012 : € 2,054.72) inclusive of accumulated interest.

FIGURA LOCAL COUNCIL

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

..... continued

24. Amounts payable under the PPP agreement	2013	2012
	€	€
Non-Current		
Public Private Partnership (PPP) Agreement	28,331	37,775
Current		
Public Private Partnership (PPP) Agreement	9,444	18,888
Total Amount payable under the PPP Agreement	37,775	56,663
Amount payable between one and two years	4,722	4,722
Amount payable between two and five years	14,166	14,166
Amount payable beyond five years	9,443	18,887
	28,331	37,775

The amount payable under the Public Prive Partnership (PPP) will be 50% paid out of Central Government Funds and 50% out of the Council's general funds, in line with the PPP agreement reached between the Central Government and the Council.

25. Payables	2013	2012
	€	€
Falling due within One Year		
Payables	97,857	101,434
Amounts owed to related parties	-	20
Government Grants - Deferred Income	17,641	17,154
Other taxes and social security costs	57	-
Accruals and deferred income	44,327	154,169
	159,882	272,777

FGURA LOCAL COUNCIL

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

..... continued

25. Deferred Income		2013	2012
Government Grants		€	€
	<i>Note</i>		
Balance at 1 January		171,542	194,748
Increase		64,049	
		<u>235,591</u>	<u>194,748</u>
Released to income		(46,910)	(17,301)
Forgone	(a)		(5,904)
		<u>188,681</u>	<u>171,543</u>
Balance at 31 December			
Non-Current		<u>171,040</u>	<u>154,389</u>
Current	25	<u>17,641</u>	<u>17,154</u>
Deferred Government Grants			
Amount to be released between one and two years		15,727	15,439
Amount to be released between two and five years		38,358	37,656
Amount to be released beyond five years		116,955	101,294
		<u>171,040</u>	<u>154,389</u>
Deferred after five or more years:			
Amount to be released beyond five years		<u>116,955</u>	<u>101,294</u>

Deferred Government Grants represent agreements signed with the Malta Environment & Planning Authority, the ERDF fund and other Central Government Grants, collectively referred to as 'Government Grants', up to the end of the year under review. The funds are released to income in line with the depreciation charge on the projects that were capitalised up the end of the year under review.

(a) Foregone

Foregone represents the amounts previously agreed with the relevant authority but were eventually not received. Refer also to note 21.

FGURA LOCAL COUNCIL

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

..... continued

26. Financial Instruments

The Council manages its liquidity to ensure that it will be able to continue as a going concern while maximising the return through the optimisation of the debt and equity balance. The Council's overall strategy remains unchanged from 2011.

26.1 Categories of financial instruments	2013 €	2012 €
<i>Financial Assets</i>		
Cash and bank balances (including cash and bank balances)	339,574	297,986
Investments in Central Government Stocks	13,297	13,369

FGURA LOCAL COUNCIL

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

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27. Capital commitments

	2013 €	2012 €
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	85,000	344,000
Approved but not yet contracted for	241,750	115,000
These can be analysed further as follows:		
Contracted for but not provided in the financial statements:		
- Construction	-	120,000
- Finalisation of construction works at New Council Premises	-	140,000
- Special Programmes (Library Extension)	35,000	-
- Urban Improvements	50,000	84,000
	85,000	344,000
Approved but not yet contracted for:		
- Construction	-	-
- Urban Improvements	-	-
- Finishings (excluding apertures) at New Council Premises	68,750	80,000
- Electrical and engineering services at New Council Premises	90,000	-
- Special Programme - (Smartphone software App.)	4,000	-
- Special Programme - (Bocci Club & Triq il-Pitirross)	79,000	-
- Library Extension	-	35,000
	241,750	115,000

The works on the Road Resurfacing project (Construction) will be conducted under Public Private Partnership agreements.

FGURA LOCAL COUNCIL

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

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The Council will be applying for financing of the Library extension Bocci Club development and Triq il-Pitirross, from the Central Government. The projects will only be carried out should the said financing be granted.

28. Contingent liabilities

The Constitutional Court passed a judgement on the 8 January 2010, reversing the judgement passed by the Court of Appeals on the 28 March 2008 that had awarded the Council EUR 3,494. In addition the judgement also included that the Council is liable to pay two-thirds (2/3) of the procedural expenses incurred by both the Constitutional Court and the Court of First Instance. The amount involved cannot as yet be quantified.

One of the Council's contractors, who had completed the assigned works, is claiming that the total amount certified as full and final settlement is EUR 5,140 less than it should be.

29. Cash generated from operations	2013 €	2012 €
Surplus/(Loss) for the year	4,727	(7,022)
Adjustments for:		
Depreciation	98,368	113,354
Amortisation of investments & intangibles	182	101
Urban improvement funds released to income	(46,910)	(17,301)
Investment income	(1,792)	(2,807)
Disposal of assets	-	611
Movements in working capital:		
Inventories	152	(117)
Receivables	(38,355)	16,351
Payables	(109,855)	68,526
Deferred income	46,260	(4,500)
Provision for doubtful debts	28,911	22,271
Cash (Absorbed)/Generated by Operations	(18,312)	189,467

30. Post Balance Sheet events

There were no particular important events affecting the Council which occurred since the end of the accounting period.

FGURA LOCAL COUNCIL

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

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31. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The ultimate controlling party of the Local Council Fgura is the Local Councils Department within the Office of the Prime Minister.

All the Companies, Authorities and Agencies set up by the Central Government are also considered to be related parties to Local Council Fgura but do not have significant control. The Joint Committee (up to the 31 August 2011), All Regional Committees (from 1 September 2011), the Local Councils Association and the other Local Councils are also considered to be a related parties.

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

Name of Entity:	Nature of Relationship
Department of Local Councils	Significant Control
Inland Revenue Department	No Control
Regional Committee - Local Law Enforcement	No Control
Bank of Valletta	No Control
Cleansing Services Department	No Control
Employment & Training Corporation	No Control
Enemalta Corporation	No Control
Head of School	No Control
Kunsill Malti għall-Isport	No Control
Local Councils Association	No Control
Local Councils, other than Local Council Fgura	No Control
Malta Environment and Planning Authority	No Control
Police Commissioner	No Control
Water Services Corporation	No Control
Wasteserv Malta Limited	No Control
Works Division - Director General Works	No Control

FGURA LOCAL COUNCIL

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

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

	2013 €	2012 €
Financial Income:		
Income - Annual Financial Allocation	514,144	529,384
Share of Results of Joint Committee	2,694	21,911
Interest Receivable from Malta Government Stocks	853	870
	<u>517,691</u>	<u>572,165</u>
	2013 €	2012 €
Non-Cash Transactions:		
Government Grants Released	46,910	17,301
	<u>46,910</u>	<u>17,301</u>

FGURA LOCAL COUNCIL

**REPORT OF THE LOCAL GOVERNMENT AUDITORS ON THE FGURA LOCAL COUNCIL TO
THE DIRECTOR OF AUDIT**

