



Prepared by Paul Bugeja CPA

Annual Report and Financial Statements
31 December 2012

Floriana Local Council

FLORIANA
Borgo Villhena

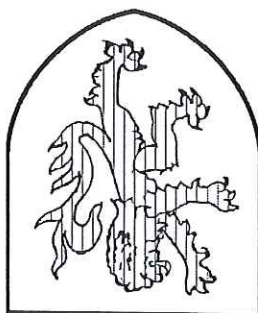
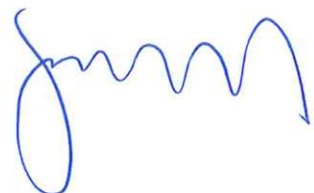


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Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure for the period and of the Council's retained funds at the end of the period. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996.

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 1993, and the Local Council (Financial) Procedures 1996. 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.



Nigel Holland
Mayor



Svetlana J Flores
Executive Secretary

LOCAL COUNCIL FLORIANA

Report of the Local Government Auditors to the Auditor General

We have audited the accompanying financial statements of LOCAL COUNCIL FLORIANA, which comprise the statement of financial position on page 5 as of 31st December 2012, 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. 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 qualified audit opinion.

Basis for qualified opinion

In accordance with the Local Enforcement System (LES) issued by the Ministry by virtue of article 72 of the Local Councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000. The recording of income from contraventions for offences is based on reports generated by the contractor entrusted with the system by the Ministry. LES receivables recognised in the Financial Statements are understated by €80,794, while the provision on such receivables is understated by €145,991.

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 property, plant and equipment held by the Council at a net book value of €792,032 as well as to ascertain that the depreciation charged of €102,313 is correct. There were no other practical ways of obtaining reasonable assurance on the completeness of the items of property, plant and equipment recorded and the depreciation calculated thereupon and recognised in the financial statements.

We have not been provided with supporting documentation pertaining to advance income receipts amounting to €12,507. We could not perform audit procedures to obtain reasonable assurance on the completeness of the amounts recorded.

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 8 - Accounting Policies, Changes in Accounting Estimates and Errors, IAS 24 - Related Party Disclosure, IAS 36 - Impairment of assets, IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, IAS 38 - Intangible Assets and IFRS 7 - Financial Instrument: Disclosures.

Qualified Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the Basis for Qualified Opinion paragraphs, the financial statements give a true and fair view of the financial position of Local Council Floriana as at 31st December, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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
Christian Vella (Partner) on its behalf

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Certified Public Accountants

Level 2

Palazzo Ca' Brugnara

Valley Road

Birkirkara BKR9024

Malta

Date 29th April 2013

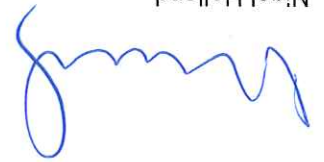
Statement of Comprehensive Income

	2012	2011	€
	Notes		
Income			
Funds received from central government	3	338,380	329,368
Income raised under Local Enforcement System	4	4,844	326,795
Investment Income	5	610	476
General Income	6	73,206	51,825
		417,040	708,464
Expenditure			
Personal emoluments	7	91,913	89,307
Operations and Maintenance	8	189,503	351,916
Administrative and other Expenditure	9	251,874	375,569
		533,290	816,792
Loss for the year		(116,250)	(108,328)

Statement of Financial Position

	Notes	2012	2011
		€	€
ASSETS			
Non-current assets			
Intangible asset	11	317	422
Tangible asset			
Property, plant and equipment	12	791,715	705,425
Current assets			
Inventories	13	15,997	13,397
Receivables	14	142,700	90,733
Cash at bank and in hand		74,232	345,363
		232,929	449,493
Total Assets		1,024,961	1,155,340
Reserves			
Retained Fund		861,428	977,678
Non - current Liabilities			
Deferred income	16	5,065	5,913
Current Liabilities			
Payables	17	158,468	171,749
Total Liabilities		163,533	177,662
Total Reserves and Liabilities		1,024,961	1,155,340

These financial statements were approved by the Local Council on 29/4/13 and are signed on its behalf by:


Nigel Holland
Mayor


Svetlitsk J Flores
Executive Secretary

Note

Retained Funds	Total	€	€	Note
Balance at 1 January 2011	1,053,688	11,768	1,065,456	
Prior year adjustment	10	11,768	1,065,456	
Restated Balance at 1 January 2011	1,065,456	1,065,456	1,065,456	
Balance at 1 January 2011	1,065,456	1,065,456	1,065,456	
Loss for the year	(108,328)	957,128	957,128	
Balance at 31 December 2011	957,128	957,128	957,128	
Balance at 1 January 2012	957,128	957,128	957,128	
Prior year adjustment	10	20,550	20,550	
Restated Balance at 1 January 2012	977,678	977,678	977,678	
Balance at 1 January 2012	977,678	977,678	977,678	
Loss for the year	(116,250)	(116,250)	(116,250)	
Balance at 31 December 2012	861,428	861,428	861,428	

Statement of Cash Flows

	2012	2011
	€	€
Cash flows from operating activities		
Loss for the year	(116,250)	(108,328)
Adjustments for:		
(Decrease)/increase in provision for doubtful debtors	(84,775)	61,297
Depreciation	102,313	76,733
Amortisation charge	105	140
Investment income receivable	(610)	(476)
(Deficit)/Surplus for the period before working capital movements	(99,217)	29,366
Movement in inventories	(2,600)	-
Movement in receivables	32,808	14,306
Movement in payables	(2,092)	59,245
Net cash (used in)/generated from operating activities	(71,101)	102,917
Cash flows from investing activities		
Investment income receivable	610	476
Payment to acquire property, plant and equipment	(188,603)	(124,569)
Net cash used in investing activities	(187,993)	(124,093)
Cash flows from financing activities		
Government grants	(849)	6,951
Movement in cash and cash equivalents	(259,943)	(14,225)
Cash and cash equivalents at the beginning of the year	334,175	348,400
Cash and cash equivalents at the end of the year	74,232	334,175

Note

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Funds Received and Expended

Commitments	Brought forward €	Waived this year €	Invoices Received €	Carried Forward €
Road Resurfacing	2,028	(2,028)	-	-

Notes to the Financial Statements For the year ended 31 December 2012

1. Statutory Information

Floriana Local Council is the local authority of Floriana setup in accordance with the Local Councils Act. The Office of the Local Council is situated at 15, E.S. Tonna Square, Floriana

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, in accordance to the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) 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 preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the council's accounting policies.

Standards, interpretations and amendments to published standards effective in 2012

The Local Council adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on or after 1 January 2012. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Local Council's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for accounting periods beginning on or after 1 January 2013. The Local Council has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Local Council's executive secretary is of the opinion that there are no requirements that will have a significant impact on the Local Council's financial statements in the period of initial application.

2. Accounting policies and reporting procedures - continued

a. Revenue recognition

Revenue is recognised upon transfer of funds from the Central Government when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the income statement as it accrued.

b. Local Enforcement System

The amount disclosed in the financial statements under Local Enforcement Income represents a percentage income received or receivable from Administrative Fee for the amount of contraventions paid at the Floriana Local Council.

c. 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.

d. Intangible assets

Intangible assets comprise computer software.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 25% using the reducing balance method. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy f).

2. Accounting policies and reporting procedures - continued

e. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on a monthly basis using the reducing balance method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Land	0%
• Trees	0%
• Buildings	1%
• Office furniture and fittings	7.5%
• Construction works	10%
• Urban Improvements (Street Furniture)	10%
• Office Equipment	20%
• Motor Vehicles	20%
• Plant and Machinery	20%
• Computer Equipment	25%

Other plant and equipment are listed on a replacement basis.

f. Impairment of assets

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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

g. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods comprises raw materials, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

h. Amounts receivable

Amounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Amounts receivable are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of amount receivables is established when there is objective evidence that the Local Council will not be able to collect all amounts due according to the set original terms. The amount of provision is recognised in the Statement of Comprehensive Income. Bad debts are written off during the year in which they are identified.

2. Accounting policies and reporting procedures - continued

i. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

j. Profits and losses

Only profits that were realized at the date of the Statement of Financial Position are recognized 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.

k. Payables

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. If not, they are presented as non-current liabilities.

l. Provisions

Provisions are recognised when the Local Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

m. Borrowings

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

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

n. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historic experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS 1 (revised) - 'Presentation of Financial Statement'

2. Accounting policies and reporting procedures - continued

o. Capital Management

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

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

To achieve the above, the Council carries out a quarterly review of the working capital ratio ('Financial Situation Indicator'). The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

p. Financial instruments

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

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

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

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

q. Financial assets

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

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

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

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

2. Accounting policies and reporting procedures - continued

q. Financial assets – continued

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

3. Funds Received from Central Government

In terms of Section 55 of the Local Councils Act (Cap 363)
Other Government Income

2012	2011
€ 327,106	€ 314,061
11,274	15,307
338,380	329,368

4. Local Enforcement Income

Contraventions
Administrative Fee

2012	2011
€ -	€ 326,202
4,844	593
4,844	326,795

5. Investment Income

Bank interest receivable

2012	2011
€ 610	€ 476

6. General Income

	2012	2011
Income from tender documents	1,825	1,405
Income from permits	11,605	10,291
Income from Bye-Law	4,127	-
Sponsorships	2,650	2,070
Contributions and donations	20,384	13,972
EU funds	32,615	24,087
	73,206	51,825

7. Personal Emoluments

	2012	2011
Mayor's remuneration	4,521	6,300
Executive Secretary and allowances	24,740	25,950
Employees' salaries	50,824	46,681
Social Security Contributions	6,184	3,976
Councillors' allowance	5,644	6,400
	91,913	89,307

8. Operations and Maintenance

Repairs and Upkeep:		2012		2011	
Road and street pavements (Patching works)	10,329	8,888	4,150	5,792	-
Public property	5,517	4,150	5,792	-	5,516
Street signs	6,207	5,792	-	5,516	11,501
Road Markings	2,445	-	-	5,516	11,501
Street Lighting	5,612	5,516	5,516	11,501	11,501
Other Repairs and Upkeep	6,383	6,383	6,383	6,383	6,383
36,493		36,493		35,847	
Contractual Services:		2012		2011	
Refuse collection (including bins on wheels)	50,912	45,874	5,620	35,332	18,037
Bulky refuse collection (including open skips)	6,340	5,620	35,332	18,037	1,310
Road and street cleaning (mechanical and manual)	29,159	35,332	18,037	1,310	3,145
Waste disposal	16,779	18,037	1,310	3,145	26,331
Cleaning Council Premises	939	1,310	3,145	26,331	8,641
Cleaning and Maintenance of Public Conveniences	2,371	3,145	26,331	8,641	2,739
Cleaning and Maintenance of Parks and Gardens	21,700	8,641	2,739	13,520	153,010
Other contractual services	8,551	8,641	2,739	13,520	153,010
Leasing equipment contract	2,739	1,421	170,358	316,069	189,503
Local Enforcement Expenses	13,520	170,358	316,069	189,503	351,916
189,503		189,503		351,916	
Total		189,503		351,916	

9. Administration and other expenditure

2012	€	2011	€
Utilities	25,943	28,180	
Other repairs and upkeeps	2,477	6,338	
Rent	2,896	3,160	
Office services	8,441	13,798	
Uniforms	1,111	765	
Travel	-	102	
Transport	2,804	5,102	
Information services	8,997	10,488	
Other contractual services	4,135	9,280	
Professional services	20,110	28,098	
Insurance	3,434	3,920	
Community and hospitality	99,663	115,027	
Bank charges	412	1,433	
(Decrease)/increase in provision for doubtful LES	(84,775)	61,297	
debtors			
Depreciation	102,313	76,733	
Amortisation charge	105	140	
Penalty fines	-	1,099	
Gardmed project expenses	53,808	10,609	
	251,874	375,569	

10. Prior Year Adjustment

During the year under review, the Local Council has received income in respect of financial year 2011 but which have not been accrued for in the previous year. This income related to New Years Eve 2011, Energy Saving Scheme 2010 and a deduction effected from last year's government allocation. This change which amounted to €20,550 is disclosed as prior year adjustment in the retained funds and shown in the statement of comprehensive income and prepayments.

2012
€

At the beginning of the year as previously stated

957,128

Prior year adjustment – Income received from Central Government

20,550

At the beginning of the year as restated

977,678

Computer Software €

At 31 December 2010	Cost	749	(187)	562
	Accumulated amortisation			
	Net book amount			
Movements for the year ended 31				
December 2011	Opening net book amount	562	(140)	422
	Amortisation charge			
	Closing net book amount			
At 31 December 2011	Cost	749	(327)	422
	Accumulated amortisation			
	Net book amount			
Movements for the year ended 31				
December 2012	Opening net book amount	422	(105)	317
	Amortisation charge			
	Closing net book amount			
At 31 December 2012	Cost	749	(432)	317
	Accumulated amortisation			
	Net book amount			

Amortisation of €105 (2011: €140) is included in administrative expenses.

12a. Property, plant and equipment

Asset	Construction €	Office furniture and fittings €	New Street Signs €	Urban improvements €	Office Equipment €	Plant and Machinery €	Computer Equipment €	Special Programmes €	Total €
Cost									
As at 1 January 2012	722,250	34,380	18,460	405,280	37,266	19,903	8,275	51,783	1,297,597
Additions	125,059	165	-	39,081	470	-	-	-	164,775
As at 31 December 2012	847,309	34,545	18,460	444,361	37,736	19,903	8,275	51,783	1,462,372
Grants and other reimbursements									
As at 1 January 2012	-	-	-	-	-	-	-	51,783	51,783
Additions	-	-	-	-	-	-	-	-	-
As at 31 December 2012	-	-	-	-	-	-	-	51,783	51,783
Accumulated Depreciation									
As at 1 January 2012	336,004	10,140	18,460	149,321	18,487	2,504	5,473	-	540,389
Charge for the year	42,390	2,343	-	27,837	3,748	1,522	645	-	78,485
As at 31 December 2012	378,394	12,483	18,460	177,158	22,235	4,026	6,118	-	618,874
Net Book Value									
As at 31 December 2012	468,915	22,062	-	267,203	15,501	15,877	2,157	-	791,715
As at 31 December 2011	386,246	24,240	-	255,959	18,779	17,399	2,802	-	705,425

12b. Property, plant and equipment

Asset	Construction €	Office furniture and fittings €	New Street Signs €	Urban improvements €	Office Equipment €	Plant and Machinery €	Computer Equipment €	Special Programmes €	Total €
Cost									
As at 1 January 2011	656,962	21,364	18,460	384,258	31,926	-	8,275	51,783	1,173,028
Additions	65,288	13,016	-	21,022	5,340	19,903	-	-	124,569
As at 31 December 2011	722,250	34,380	18,460	405,280	37,266	19,903	8,275	51,783	1,297,597
Grants and other reimbursements									
As at 1 January 2011	-	-	-	-	-	-	-	51,783	51,783
Additions	-	-	-	-	-	-	-	-	-
As at 31 December 2011	-	-	-	-	-	-	-	51,783	51,783
Accumulated Depreciation									
As at 1 January 2011	295,110	8,689	18,460	122,006	14,777	-	4,614	-	463,656
Charge for the year	40,894	1,451	-	27,315	3,710	2,504	859	-	76,733
As at 31 December 2011	336,004	10,140	18,460	149,321	18,487	2,504	5,473	-	540,389
Net Book Value									
As at 31 December 2011	386,246	24,240	-	255,959	18,779	17,399	2,802	-	705,425
As at 31 December 2010	361,852	12,675	-	262,252	17,149	-	3,661	-	657,589

13. Inventories

Books and publications	15,997	13,397
	€	€
	2012	2011

14. Receivables

Local enforcement receivables	113,640	59,530
Prepayments and accrued income	6,645	26,182
Other receivables	22,415	5,021
	142,700	90,733
	€	€
	2012	2011
		(as re-stated)

Receivables are stated net of impairment charges

as follows:

Local enforcement receivables	113,640	59,530
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The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. As at 31 December 2012, local enforcement receivables of €113,640 (2011: €59,530) were past due but not impaired.

Receivables are stated net of a provision for doubtful debts of €113,693 (2011: €143,487).

15. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council Statement of Financial Position:

Ordinary funds	99,172	343,322
Special Needs funds	2,028	2,028
Cash in hand	127	13
Bank balance overdrawn	(27,095)	(11,188)
	74,232	334,175
	€	€
	2012	2011

16. Long term liabilities

	2012	2011
Government grant	5,065	5,913
	€	€

Government grant falling due after more than one year:

	2012	2011
Between 1 and 2 years	693	848
Between 2 and 5 years	1,408	1,723
Over 5 years	2,694	3,342
	5,065	5,913
	€	€

17. Payables

	2012	2011
Payables	46,319	112,724
Accruals and deferred income	111,112	44,770
Special Needs funds - Unutilized	-	2,029
Government Grants	1,037	1,038
	158,468	160,561
	€	€

18. Contingent liabilities

At 31 December 2012, guarantees amounting to €11 (2011: €1,000) were given by the Local Council to MEPA.

The Floriana Local Council also has a contingent liability of a claim for damages amounting to less than €3,000 regarding the Fireworks Festival. No amount has been provided for in these financial statements in respect for this claim.

19. Contingent assets

At 31 December 2012, the Floriana Local Council has a contingent asset amounting to €5,825 from a third party.

20. Related party transactions

During the year, the Local Council had effected transactions with related parties resulting mainly in connection with income and administrative transactions are disclosed in notes 3 and 5 to these financial statements.

The following transactions were carried out with related parties:

	2012	2011
€	€	€
(a) Funds received from Local Government	338,380	329,368
(b) Administrative Fee relating to Regional Committees	4,844	593
(c) Local Enforcement Income	-	326,202

20. Financial risk management

Overview

The Local Council has an exposure to the following risks arising from the use of financial instruments within its activities:

- Credit risk

This note presents information about the Local Council's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Local Council's management of capital. Further quantitative disclosures are included in these financial statements.

The responsibility for the management of risk is vested in the Executive Secretary. Accordingly, it is the Executive Secretary who has the overall responsibility for establishing an appropriate risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Local Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Local Council's receivables and bank balances.

20. Financial risk management - continued

The Local Council's cash is placed with prime financial institutions.

Receivables are presented net of impairment charges for bad and doubtful debts. The Local Council has no concentration of credit risk that could materially impact on the sustainability of its operations.

Capital management

It is the policy of the Executive Secretary to maintain an adequate capital base in order to sustain the future development of the Local Council and safeguard the ability of the Local Council to continue as a going concern. In this respect, the Executive Secretary monitors the operations and results of the Local Council.

Fair values

At 31 December 2012 and 2011 the carrying amounts of cash at bank, receivables, payables and accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments and/or the relatively short period of time between the origination of the instruments and their expected realisation. The fair values of long-term borrowings are not materially different from their carrying amounts.

21. Capital commitments

Capital expenditure

Commitments for capital expenditure not provided for in these financial statements are as follows:

	2012	2011
€	€	€
Authorised but not contracted	112,860	72,500