

Ghasri Local Council

**Annual Report
and
Financial Statements**

1 January – 31 December 2011

Prepared by JCA Limited



**ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2011**

<i>CONTENTS</i>	<i>PAGES</i>
Statement of Local Council Members' and Executive Secretary's responsibilities	3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Independent auditors' report	21

Financial Statements for the year ended 31 December 2011

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

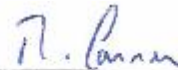
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it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

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Council and signed on its behalf on 23.4.2012 by:



Andrew Vella
Mayor



Ruben Cassar
Executive Secretary

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011


	Notes	31 December 2011 €	31 December 2010 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	298,140	317,976
		<u>298,140</u>	<u>317,976</u>
Current Assets			
Receivables	4	832	1,760
Cash and Cash Equivalents	5	71,664	41,833
		<u>72,496</u>	<u>43,593</u>
Total Assets		<u>370,636</u>	<u>361,569</u>
RESERVES AND LIABILITIES			
Capital and reserves			
Retained Fund		354,592	355,496
Liabilities			
Payables	6	16,044	6,073
TOTAL RESERVES AND LIABILITIES		<u>370,636</u>	<u>361,569</u>

The notes on pages 8 to 20 are an integral part of the financial statements.

These Financial Statements were approved by the Local Council on 23.4.2012 and signed on its behalf by:



Andrew Vella
Mayor



Ruben Cassar
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

		2011 C	2010 €
INCOME			
Funds received from central government	Notes 7	155,896	156,660
General Income	8	3,320	2,639
		<u>159,216</u>	<u>159,299</u>
EXPENDITURE			
Personal emoluments	9	(43,719)	(41,980)
Operations and maintenance	10	(64,710)	(56,218)
Administration and other expenditure	11	(52,074)	(54,514)
		<u>(160,503)</u>	<u>(152,712)</u>
Operating (Loss)/Income for the year		(1,287)	6,587
Investment income	12	383	257
Total Comprehensive (Loss)/Income for the year		<u>(904)</u>	<u>6,844</u>

The notes on pages 8 to 20 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Retained Funds 2011 €	Retained Funds 2010 €
At 1 January	355,496	348,652
Total Comprehensive (Loss)/Income for the year	(904)	6,844
At 31 December	<u>354,592</u>	<u>355,496</u>

The notes on pages 8 to 20 are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	2011	2010
	C	C
	Note	
Cash Flows from Operating Activities		
Total Comprehensive (Loss)/Income for the year	(904)	6,844
Adjustments for:		
Depreciation	20,701	22,815
Interest received	(383)	(257)
Operating Profit before Working Capital Changes	19,414	29,402
Decrease/(Increase) in receivables	928	(1,569)
Increase/(Decrease) in payables	9,971	(2,140)
Net Cash inflow from operating Activities	30,313	25,693
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(865)	(2,472)
Interest received	383	257
Cash Flow used in Investing Activities	(482)	(2,215)
Cash flows from financing activities		
Net Increase in		
Cash and Cash Equivalents	29,831	23,478
Cash and Cash Equivalents at the Beginning of year	41,833	18,355
Cash and Cash Equivalents at the End of year	5 71,664	41,833

The notes on pages 8 to 20 are an integral part of the financial statements.

Notes to the Financial Statements for the year ended 31 December 2011

1. General Information

Ghasri Local Council is the local authority of Ghasri setup in accordance with the Local Councils Act. The office of the Local Council is situated at Triq Dun Karm Caruana Ghasri.

2. Accounting Policies and Reporting Procedures

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Accounting convention

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363).

The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards as adopted by the 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.

b. Standards, amendments and interpretations to existing standards

Annual Improvements: 2010 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the council

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the council.

Council members anticipate that all of the relevant pronouncements will be adopted in the council's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Council's financial statements is provided below. Certain other new standards and interpretations have been issued but are not relevant and therefore are not expected to have a material impact on the council's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2013)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Council members have yet to assess the impact that this amendment is likely to have on the financial statements of the council. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

Notes to the Financial Statements for the year ended 31 December 2011 – continued

c. Revenue recognition

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the income statement as it accrues.

d. Local Enforcement System

Ghasri Local Council formed part of Gozo Joint Committee until the 30th September 2011. After this date the Local Enforcement System was taken over by the Gozo Regional committee. During 2011 the amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses as well as the administrative fee of 10% that is now chargeable to the Gozo Regional Committee for contraventions paid at the Council.

e. Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a monthly basis using the reducing balance method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	replacement basis
Playground furniture	100
Road and traffic Signs	replacement basis
Street Mirrors	replacement basis
Street Lights	100

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

f. Government Grants

Government grants are accounted for on the Income Approach according to IAS 20. They 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.

Notes to the Financial Statements for the year ended 31 December 2011 – continued

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Income and Expenditure.

h. Amounts Receivable

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amounts of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Income and Expenditure.

i. Foreign Currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in Euro, which is the Council's functional and present currency.

j. Surplus and deficits

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these Financial Statements. All foreseeable liabilities and potential deficits 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. Cash and Equivalents

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

l. Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24.

During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Gozo Joint Committee.

m. Payables

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.

Amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the council.

Notes to the Financial Statements for the year ended 31 December 2011 – continued

n. 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 transactions costs. They are measured subsequently as described below.

Financial assets

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

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

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

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

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

Financial liabilities

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

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

Notes to the Financial Statements for the year ended 31 December 2011 – continued

a. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. 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 revision and future periods if the revision affects both current and future periods.

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

Ghasri Local Council

Notes to the Financial Statements for the year ended 31 December 2011 - continued

3a Property, Plant and Equipment

	Property	Office Furniture /fittings	Plant & machinery	Computer Equipment	Office Equipment	Urban Improvements	New Street Signs	Construction	Total
Cost	€	€	€	€	€	€	€	€	€
At 1 January 2011	129,040	17,992	487	6,851	11,600	23,368	2,115	420,834	612,287
Additions	-	512	-	149	204	-	-	-	865
At 31 December 2011	129,040	18,504	487	7,000	11,804	23,368	2,115	420,834	613,152
Grants									
At 1 January 2011	-	-	-	-	-	-	-	(58,911)	(58,911)
Additions	-	-	-	-	-	-	-	-	-
At 31 December 2011	-	-	-	-	-	-	-	(58,911)	(58,911)
Depreciation									
At 1 January 2011	(14,259)	(9,451)	(427)	(6,634)	(8,335)	(13,341)	(2,115)	(180,838)	(235,400)
Charge for the year	(1,143)	(622)	(11)	(54)	(612)	(958)	-	(17,301)	(20,701)
At 31 December 2011	(15,402)	(10,073)	(438)	(6,688)	(8,947)	(14,299)	(2,115)	(198,139)	(256,101)
Net Book Value									
At 31 December 2011	113,638	8,431	49	312	2,857	9,069	-	163,784	298,140

Notes to the Financial Statements for the year ended 31 December 2011 - continued

3b Property, Plant and Equipment

Cost	Property	Office Furniture /fittings	Plant & machinery	Computer Equipment	Office Equipment	Urban Improvements	New Street Signs	Construction	Total
€	€	€	€	€	€	€	€	€	€
At 1 January 2010	129,040	17,992	487	6,851	11,500	20,996	2,115	420,834	609,815
Additions	-	-	-	-	100	2,371	-	-	2,472
At 31 December 2010	129,040	17,992	487	6,851	11,600	23,368	2,115	420,834	612,287
Grants									
At 1 January 2010	-	-	-	-	-	-	-	(58,911)	(58,911)
Additions	-	-	-	-	-	-	-	-	-
At 31 December 2010	-	-	-	-	-	-	-	(58,911)	(58,911)
Depreciation									
At 1 January 2010	(13,105)	(8,784)	(413)	(6,572)	(7,605)	(12,282)	(2,115)	(161,709)	(212,585)
Charge for the year	(1,154)	(667)	(14)	(62)	(730)	(1,059)	-	(19,129)	(22,815)
At 31 December 2010	(14,259)	(9,451)	(427)	(6,634)	(8,335)	(13,341)	(2,115)	(180,838)	(235,400)
Net Book Value									
At 31 December 2010	114,781	8,541	60	217	3,265	10,027	-	181,085	317,976

Notes to the Financial Statements for the year ended 31 December 2011 – continued

	2011	2010
	€	€
4 Receivables		
Receivables	766	1,650
Prepayments	66	110
	<u>832</u>	<u>1,760</u>
Receivables		
Within the credit period	66	1,460
Exceeded credit period but not yet impaired	766	300
	<u>832</u>	<u>1,760</u>

The receivables relate to an amount due from Water Services Corporation for the reinstatement of roads for works carried out during 2009. The Corporation will be settling the outstanding amounts during 2012.

5 Cash and Cash Equivalents

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

	2011	2010
	€	€
Bank Balances:		
Current Accounts	1,433	7,540
Savings Accounts	70,081	34,277
Cash in hand	150	16
Cash at bank and in hand	<u>71,664</u>	<u>41,833</u>
6 Payables		
	2011	2010
	€	€
Accounts payable	13,939	2,908
Accruals	2,105	3,165
	<u>16,044</u>	<u>6,073</u>

Ghasri Local Council

Notes to the Financial Statements for the year ended 31 December 2011 – continued

	2011	2010
7 Funds received from Central Government	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	155,431	156,660
Other Government Income	465	-
	<u>155,896</u>	<u>156,660</u>

8 General Income	2011	2010
	€	€
Local enforcement income	16	8
Income from tender documents	246	-
Income from permits	312	165
Income from road re-instatements	-	1,800
Contributions and donations	2,746	666
	<u>3,320</u>	<u>2,639</u>

9 Personal Emoluments	2011	2010
	€	€
Personal emoluments include, inter alia:		
Mayor's Allowance	5,764	8,924
Councillors' Allowance	6,400	6,400
Executive Secretary salary and allowances	30,170	24,945
Social Security Contributions	1,385	1,711
	<u>43,719</u>	<u>41,980</u>

10 Operations and Maintenance	2011	2010
	€	€
Operations and maintenance includes, inter alia:		

Repairs and Upkeep:

Road and Street Pavements (patching works)	26,215	9,499
Council Property	46	-
Public Property	1,891	1,133
Walkways	70	212
Signs and markings	690	-
Other	1,660	1,867
Total	<u>30,572</u>	<u>12,711</u>

Notes to the Financial Statements for the year ended 31 December 2011 – continued**10 Operations and Maintenance (cont.)**

<i>Contractual Services:</i>	2011	2010
	€	€
Refuse Collection	12,188	12,330
Bulky Refuse Collection	473	692
Road and Street Cleaning	12,013	11,990
Cleaning and Maintenance - Public Conveniences	2,653	2,628
Cleaning and Maintenance - verges	-	836
Cleaning and Maintenance - Non-Urban roads	7	10,643
Cleaning services	2,794	1,665
Street Lighting	3,049	1,980
Other	961	743
	<u>34,138</u>	<u>43,507</u>
 Total Operations and Maintenance Expenses	 <u>64,710</u>	 <u>56,218</u>

11 Administration and other expenditure	2011	2010
	€	€
Utilities	3,439	1,726
Materials and supplies	128	299
National and International Memberships	41	292
Office Services	2,120	2,346
Transport	1,015	1,061
Travel	922	5,704
Rent	330	396
Information services	1,233	866
Professional Services	10,570	9,193
Community services and events	11,189	9,816
Twinning costs	386	-
Depreciation	20,701	22,815
	<u>52,074</u>	<u>54,514</u>

12 Investment Income	2011	2010
	€	€
Bank Interest Receivable	<u>383</u>	<u>257</u>
	<u>383</u>	<u>257</u>

Notes to the Financial Statements for the year ended 31 December 2011 – continued

13 Capital Commitments

	2011	2010
Approved but not yet contracted for:	€	€
Construction	12,830	1,500
Improvements	5,000	2,500
Equipment	1,000	1,000
Special Programmes	25,000	22,000
	<u>43,830</u>	<u>27,000</u>
Approved and contracted for:	€	€
Construction:		
Reconstruction of Pavement in Lighthouse Street, L-Ghasri	<u>7,170</u>	<u>-</u>

14. Financial Instruments and Related Parties Disclosures

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Gozo Joint Committee (Local Enforcement)	Joint control
Gozo Regional Committee	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control

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

	2011	2010
Significant control:	€	€
Annual financial allocation	<u>155,431</u>	<u>156,660</u>
No control:		
Water Services Corporation	<u>900</u>	<u>150</u>

Notes to the Financial Statements for the year ended 31 December 2011 (cont)

15. Risk management objectives and policies

The Council's activities expose it to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the council members and focuses on actively securing the council's short to medium term cash flow by minimising exposure to financial risks.

The most significant financial risks to which the council is exposed are described below.

15.1 Credit risk

The council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	2011	2010
	€	€
Class of financial assets – carrying amounts		
Trade and other receivables	832	1,760
Cash and Cash Equivalents	71,664	41,833
	<u>72,496</u>	<u>43,593</u>

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal with only creditworthy counterparties.

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See notes 4 and 5 for further information on impairment of financial assets that are past due.

None of the council's financial assets is secured by collateral or other credit enhancements

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

15.2 Liquidity risk

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funds to meet the council's obligations when they become due.

The council manage its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity is deemed to be sufficient in view of an excess of financial assets.

	2011	2010
	€	€
Payables	16,044	6,073
	<u>16,044</u>	<u>6,073</u>

Notes to the Financial Statements for the year ended 31 December 2011 (cont)

15.3 Summary of the financial assets and liabilities by category

The carrying amounts of the council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows:

	2011 €	2010 €
Current Assets		
Loans and receivables:		
Trade and other receivables	832	1,760
Cash and Cash Equivalents	71,664	41,833
	<u>72,496</u>	<u>43,593</u>
 Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	16,044	6,073
	<u>16,044</u>	<u>6,073</u>

16. Contingent gains

During December 2010 the Local Council paid the Mayor the proportional increase based on the salary of the members of Parliament amounting to €2,559.83. During 2011 the Mayor has refunded €600 of this amount and should be refunding the remaining balance of €1,959.83 during 2012.

Financial Statements for the year ended 31 December 2011

Independent Auditor's report



Spiteri Bailey & Co.

Accountancy Audit Advisory

LOCAL COUNCIL GHASRI

Report of the Local Government Auditor to the Auditor General

We have audited the accompanying financial statements of Local Council Ghasri set out on pages 4 to 20, which comprise the statement of financial position as at 31st December 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Local Council for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Spiteri Bailey & Co.
Triq Dun Karm, Birkirkara Bypass
Birkirkara BKR 9038, Malta

Tel: +356 21499250
Mob: +356 79499248
Fax: +356 21444815

advice@spiteribailey.com
www.spiteribailey.com

Council Responsibilities for the Financial Statements

As described on page 3, the Executive Secretary and the Council are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Local Government Auditor's 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 judgement, 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 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 internal control of the Local Council. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of the accounting estimates made by the Executive Secretary and the Council, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Council as of 31 December 2011 and of the Council's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.



Spiteri Bailey & Co.

Accountancy Audit Advisory

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Local Councils Act, (CAP 363); the Financial Regulations issued in terms of the said Act; and the Local Councils (Financial) Procedures.

This copy of the audit report has been signed by
William Spiteri Bailey FIA MIM CSA CPA (Partner) for and on behalf of
Spiteri Bailey & Co.

Certified Public Accountants
Members of IGAF Worldwide
Dun Karm Street,
Birkirkara By-pass,
Birkirkara,
Malta.

28/04/12