



**ST. VENERA LOCAL COUNCIL  
REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 December 2011**

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**ST. VENERA LOCAL COUNCIL  
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For the year ended 31 December 2011**

<b>CONTENTS</b>	<b>PAGE</b>
<b>Statement of Local Council Members' and Executive Secretary's Responsibilities</b>	<b>3</b>
<b>Report of the Local Government Auditors on the Financial Statements</b>	<b>4 - 5</b>
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Statement of Financial Position</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Statement of Cash Flows</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10 - 25</b>

**ST. VENERA LOCAL COUNCIL  
STATEMENT OF LOCAL COUNCIL MEMBERS' AND  
EXECUTIVE SECRETARY'S RESPONSIBILITIES**

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

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, CAP 363, the Local Councils (Financial) Regulations, 1993, and the Local Councils (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Horace J. Anastasi  
Mayor  
Date: 27.09.2012



Louise Gusman  
Acting Executive Secretary





**ST. VENERA LOCAL COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2011**

		2011	2010
	Notes	Euro	Euro
<b>INCOME</b>			
Funds received from Central Government	3	364,401	377,473
Income raised under Law Enforcement system	4	46,147	6,740
General income	5	60,546	24,320
		<hr/>	<hr/>
		471,094	408,533
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Personal emoluments	6	56,087	70,118
Operations and maintenance	7	174,120	213,632
Administration and other expenditure	8	67,834	112,571
		<hr/>	<hr/>
		298,041	396,321
		<hr/>	<hr/>
<b>OPERATING SURPLUS FOR THE YEAR</b>		€ 173,053	€ 12,212
Finance Income	9	994	344
<b>PROFIT FOR THE YEAR</b>		€ 174,047	€ 12,556
		<hr/>	<hr/>

The notes on page 10 to 25 form an integral part of these financial statements


**ST. VENERA LOCAL COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
**At 31 December 2011**

	Notes	31 Dec 2011	31 Dec 2010
		Euro	Euro
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	<u>302,964</u>	<u>335,099</u>
<b>Current Assets</b>			
Inventories	11	0	33
Trade and other receivables	12	22,620	26,550
Cash and cash equivalents	13	<u>302,684</u>	<u>92,889</u>
<b>Total Current Assets</b>		<u>325,304</u>	<u>119,472</u>
<b>TOTAL ASSETS</b>		<u>€ 628,268</u>	<u>€ 454,571</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Retained funds		<u>537,765</u>	<u>363,718</u>
<b>Non-Current Liabilities</b>			
Deferred Income	14	<u>28,299</u>	0
<b>Current Liabilities</b>			
Trade and other payables	15	<u>62,204</u>	<u>90,853</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>€ 628,268</u>	<u>€ 454,571</u>

The notes on pages 10 to 25 form an integral part of these financial statements

These financial Statements were approved by the Local Council on the 27.04.12 and signed on its behalf by:



  
 Louise Gusman  
 Acting Executive Secretary

**ST. VENERA LOCAL COUNCIL**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2011**

	Retained Funds Euro
At 1 January 2010	351,162
Profit for the year	12,556
	<hr/>
At 31 December 2010	363,718
	<hr/>
At 1 January 2011	363,718
Profit for the year	174,047
	<hr/>
At 31 December 2011	537,765
	<hr/>
Reserved Funds	€ 537,765
	<hr/>



**ST. VENERA LOCAL COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2011**

	Notes	2011 Jan-Dec Euro	2010 Jan-Dec Euro
<b>Profit for the year</b>		174,047	12,556
<b>Adjustments for:</b>			
Depreciation		33,425	36,491
Interest receivable		<u>(744)</u>	<u>(344)</u>
		<u>206,728</u>	<u>48,703</u>
<b>Movement in working capital</b>			
Decrease in Inventories		33	318
Decrease/(Increase) in receivables		3,929	3,079
Increase in payables		(28,649)	13,104
Government Grants released		<u>0</u>	<u>(15,110)</u>
<b>Cash generated from operating activities</b>		182,041	50,094
<b>Cash flows from investing activities</b>			
Interest received		744	344
Acquisition of property, plant and equipment		<u>(1,289)</u>	<u>(19,607)</u>
<b>Cash absorbed in investing activities</b>		(545)	(19,263)
<b>Cash flows from financing activities</b>			
Receipt of Grant		<u>28,299</u>	<u>0</u>
<b>Cash generated from financing activities</b>		28,299	0
<b>Net increase in cash and cash equivalents</b>		209,795	30,831
Cash and cash equivalents at beginning of year		92,889	62,058
<b>Cash and cash equivalents at end of year</b>	13	<u>302,684</u>	<u>92,889</u>

The notes on page 10 to 25 form an integral part of these financial statements

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**1. GENERAL INFORMATION**

St. Venera Local Council is the local authority of St. Venera setup in accordance with the Local Councils Act 1993. The office of the Council is at Umberto Calosso Complex, St. Joseph High Street, St. Venera

The financial statements were authorised for issue by the Council on the - 27.04.2012. The Local Council's presentation as well as functional currency are denominated in €.

**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.

**Accounting Convention**

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act (CAP 363), the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards.

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).

**New and amended standards adopted by the Local Council**

The Council has adopted the following new and amended standards as of 1 January 2011:

On 6 May 2010, the IASB completed its annual improvements project, entitled Improvements to IFRS. This project incorporates amendments to a number of IFRSs, including IFRS 7 Financial Instruments: Disclosures, IAS 1 Presentation of Financial Statements and IAS 34 Interim Financial Reporting. The IFRS 7 Amendment addresses a perceived lack of clarity in the intended interaction between the qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and clarifies the required level of disclosure in connection with credit risk. The IAS 1 Amendment clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

The IAS 34 Amendment emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report and clarifies how to apply this principle in respect of financial instruments and their fair value. The Amendments, which have been endorsed by the European Union, are applicable for annual periods beginning on or after 1 January 2011, with earlier application being permitted:

- IAS 24 – Related party disclosures (effective 1 January 2011). Amendments simplified the definition of a related party, clarified its intended meaning and eliminating inconsistencies from the definition. It also provided for a partial exemption from the disclosure requirements for government-related entities.
- IFRIC 13 – Customer loyalty programmes (effective 1 January 2011). Amendments relating to fair value of credits.

**New important standards and amendments not yet adopted**

On 7 October 2010, the IASB issued amendments to IFRS 7, which amendments are entitled Disclosures-Transfers of Financial Assets. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets. The amendments also require certain additional disclosures. The amendments are applicable for annual periods beginning on or after 1 July 2011.

**New important standards and amendments not yet adopted by EU**

A number of new International Financial Reporting Standards and amendments and revisions thereto were in issue but not yet effective during the financial year under review. These include the following:

- IFRS 9 Financial Instruments is applicable for annual periods beginning on or after 1 January 2013, with earlier application being permitted. This Standard represents the completion of the classification and measurement part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This Standard addresses the classification and measurement of certain financial assets and financial liabilities. IFRS 9 requires financial assets that fall within its scope to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Standard requires financial assets to be subsequently measured at amortised cost or at fair value. The new requirements in relation to financial liabilities address the problem of volatility in profit or loss arising from an issuer to measure its own debt at fair value. With the new requirements, any entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. This Standard has not yet been adopted by the EU at the date of authorisation of these financial statements.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

- IFRS 12 Disclosure of Interests in Other Entities addresses disclosure requirements for certain interests in other entities, including joint arrangements, associates, subsidiaries and unconsolidated structured entities. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.
- On 12 May 2011, the IASB also issued IFRS 13 Fair Value Measurement. This Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRS. The Standard is applicable for annual periods beginning on or after 1 January 2013, with earlier application being permitted. IFRS 13 has not yet been endorsed by the European Union at the date of authorisation of these financial statements.
- On 16 June 2011, the IASB issued amendments to IAS 1, which amendments are entitled Presentation of Items of Other Comprehensive Income. These Amendments will require Local Councils to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. These amendments are effective for financial years beginning on or after 1 July 2012. The Amendments have not yet been endorsed by the European Union at the date of authorisation of these financial statements.
- On 16 June 2011, the IASB issued an amended version of IAS 19 Employee Benefits. This represents the completion of the IASB's project to improve the accounting for pensions and other post-employment benefits. The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013. Earlier application is permitted. The Amendment has not yet been endorsed by the European Union at the date of authorisation of these financial statements.

The Councillors and Executive Secretary are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Councillors and Executive Secretary anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

***Property, plant and equipment***

Property, plant and equipment are 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	0.0
Trees	0.0
Buildings	1.0
Office Furniture and Fittings	7.5
Construction works	10.0
Urban Improvements (street furniture)	10.0
Special Programs (Projects)	10.0
Office Equipment	20.0
Motor Vehicles	20.0
Plant and Machinery	20.0
Computer Equipment	25.0
Plants	100.0
Litter Bins	Replacement Basis
Playground Furniture	100.0
Traffic Signs	Replacement Basis
Road Signs	Replacement Basis
Street Mirrors	100.0
Street Lights	100.0

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 Statement of Financial Position 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 Council 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.

***Inventory***

Inventory is calculated at lower of cost and net realisable value.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

***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.

***Amounts Receivable***

Amounts receivable are recognized initially at fair value and subsequently measured at amortized 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 receivable. The amount of the provision is the difference between the carrying amount of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the Statement of Income and Expenditure.

***Revenue recognition***

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the income statement as it accrues.

***Payables and Borrowings***

Payable and Borrowing Costs are recognised as an expense in the period in which they are incurred. Amounts payable comprise creditor payments, that is, the amounts payable for the procurement of supplies and services. When an invoice or request for payment is received from a supplier, this is checked to the purchase order previously issued or the services contract, before payment is release in favour of any vendor. All cheque payments are signed by the Mayor and Executive Secretary and then reconciled with the bank statements on a monthly basis.

***Government Grants***

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statemt over the expected lives of the related assets.

***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 €, which is the Council's functional and presentation currency.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

***Related parties***

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24. The paragraphs adopted from IAS 24 are paragraphs 25 – 27, being amendments to government related entities' disclosures.

***Surpluses and deficits***

Only surpluses that were realised at the date of the Statement of Affairs are recognised in these Financial Statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the Financial Statements are approved.

***Cash and Equivalents***

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

***Local Enforcement System***

St. Venera Local Council forms part of the Birkirkara Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses. As from September 2011, the St. Venera Local Council now forms part of the Central Region for Local Enforcement. Income from LES now comprises a 10% administration fee on contraventions paid at St. Venera Local Council.

***Critical Estimates and Judgements***

The amounts recognised in the financial statements are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. The judgements made in applying the Local Council's accounting policies that have the most significant effect on the amounts recognised in the financial statements, together with information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed in the remaining notes to the financial statements.

***Capital Management Policies and Procedures***

The Santa Venera Local Council's objective is to continue as a going concern and to ensure that the Financial Statements' Indicator, that is the Net Asset Position of the Local Council, is above the 10% of the Annual Government Allocation, as stipulated by the Department of Local Government. This indicator is being monitored on a quarterly basis by the Council.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. FUNDS RECEIVED FROM CENTRAL GOVERNMENT**

	1 Jan 2011- 31 Dec 2011	1 Jan 2010- 31 Dec 2010
In terms of Section 55 of the Local Councils Act, 1993	€ 364,401	€ 365,228
Other Government Income	<u>0</u>	<u>€ 12,245</u>
	<u>€ 364,401</u>	<u>€ 377,473</u>

**4. LOCAL ENFORCEMENT INCOME**

	1 Jan 2011-31 Dec 2011	1 Jan 2010-31 Dec 2010
Fines and penalties Received	<u>46,147</u>	<u>6,740</u>
	<u>€ 46,147</u>	<u>€ 6,740</u>

**5. GENERAL INCOME**

	1 Jan 2011-31 Dec 2011	1 Jan 2010-31 Dec 2010
Income from photocopies	0	72
Income from permits	5,964	4,532
Income from Water Services	3,000	11,534
Tender Documents	1294	1,595
Advertising	233	140
Other Income	584	582
Administrative Fee – LES Regions	898	0
MITA – Corporate Social Responsibility	47,000	0
Contributions	1,273	1,215
Donations & Sponsorships	<u>300</u>	<u>4,650</u>
	<u>€ 60,546</u>	<u>€ 24,320</u>

**6. PERSONAL EMOLUMENTS**

	1 Jan 2011-31 Dec 2011	1 Jan 2010-31 Dec 2010
Personal Emoluments include, <i>inter alia</i>		
Mayor's Honoraria	9,546	9,607
Mayor's and Councillors' Allowances	8,450	8,741
Executive Secretary Salary and Allowances	5,886	14,997
Employees' Salaries	29,456	33,530
Social Security Contributions	<u>2,749</u>	<u>3,243</u>
	<u>€ 56,087</u>	<u>€ 70,118</u>



**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	1 Jan 2011- 31 Dec 2011	1 Jan 2010- 31 Dec 2010
	Euro	Euro
<b>7. OPERATIONS AND MAINTENANCE EXPENSES</b>		
Operations and maintenance includes, <i>inter alia</i>		
<b>REPAIRS AND UPKEEP</b>		
Public Property	4,428	4,362
Office Furniture	86	1,593
Road Markings	1,661	17,381
Other repairs & upkeep	10	1,228
	<u>€ 6,185</u>	<u>€ 24,564</u>
<b>CONTRACTUAL SERVICES</b>		
Refuse collection	117,530	115,963
Bulky refuse collection	3,943	4,437
Road and street cleaning	25,270	25,269
Cleaning and maintenance parks and gardens	73	17,336
Cleaning and maintenance public conveniences	4,939	5,273
Hire of Skips	60	3,140
Other Cleaning and Maintenance services	86	250
Bring In Sites	0	3,494
Other Contractual services	2,100	2,730
Street Lighting maintenance	13,934	11,176
	<u>€ 167,935</u>	<u>€ 189,068</u>
<b>TOTAL OPERATIONS AND MAINTENANCE EXPENSES</b>	<u>€ 174,120</u>	<u>€ 213,632</u>

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	1 Jan 2011- 31 Dec 2011	1 Jan 2010- 31 Dec 2010
	Euro	Euro
<b>8. ADMINISTRATIVE AND OTHER EXPENSES</b>		
Depreciation	33,425	36,491
Water, Electricity & Telecommunications	6,752	9,774
National and International memberships	411	310
Rent	8,880	8,879
Office Services	2,468	4,106
Insurance	1,590	1,663
Bank Charges	106	19
Information Services	348	1,829
Penalties - DLG	2,793	0
Professional services	3,748	35,630
Transport Expenses	5,680	5,491
Library Expenses	0	45
Community and hospitality	1,633	8,334
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>€ 67,834</b>	<b>€ 112,571</b>

	1 Jan 2011- 31 Dec 2011 Euro	1 Jan 2010- 31 Dec 2010 Euro
<b>9. FINANCE INCOME</b>		
Bank Interests	<b>€ 994</b>	<b>€ 344</b>

**ST. VENERA LOCAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. PROPERTY, PLANT AND EQUIPMENT (cont.)**

	Office Furniture, Fixtures & Fittings												Plant & Machinery		Assets not Capitalized		Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€		
<b>Cost</b>																	
At 1 January 2011	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,594							0	1,161,877
Additions	0	0	0	0	0	0	0	0	0	369						920	1,289
Disposals	0	0	0	0	0	0	0	0	0	0						0	0
At 31st December 2011	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,963							920	1,163,166
<b>Grants</b>																	
At 1 January 2011	0	0	0	0	0	79,974	332,366	0	0	0						0	412,340
Transferred during the year	0	0	0	0	0	0	0	0	0	0						0	0
At 31st December 2011	0	0	0	0	0	79,974	332,366	0	0	0						0	412,340
<b>Depreciation</b>																	
At 1 January 2011	17,557	13,983	15,829	35,308	63,581	57,487	208,570	0	2,122							0	414,437
Charge for the period	1,031	327	720	0	3,449	15,206	12,567	0	125							0	33,425
Released on Disposal	0	0	0	0	0	0	0	0	0	0						0	0
At 31st December 2011	18,588	14,310	16,549	35,308	67,030	72,693	221,137	0	2,247							0	447,862
<b>Net Book Value</b>																	
At 31st December 2011	12,710	1,309	2,161	0	31,042	136,876	113,089	4,141	716							920	302,964

**ST. VENERA LOCAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. PROPERTY, PLANT AND EQUIPMENT (cont.)**

	<b>Office Furniture, Fixtures &amp; Fittings</b>										
	<b>Office Fittings</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>New Street Signs</b>	<b>Urban Improvements</b>	<b>Construction</b>	<b>Special Programmes</b>	<b>Trees</b>	<b>Plant &amp; Machinery</b>	<b>Total</b>	
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	
<b>Cost</b>											
At 1 January 2010	30,980	15,619	17,850	35,027	97,788	271,679	666,592	4,141	2,594	1,142,270	
Additions	318	0	860	281	284	17,864	0	0	0	19,607	
Disposals	0	0	0	0	0	0	0	0	0	0	
At 31st December 2010	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,594	1,161,877	
<b>Grants</b>											
At 1 January 2010	0	0	0	0	0	79,974	347,476	0	0	427,450	
Transferred during the year	0	0	0	0	0	0	-15,110	0	0	-15,110	
At 31st December 2010	0	0	0	0	0	79,974	332,366	0	0	412,340	
<b>Depreciation</b>											
At 1 January 2010	16,460	13,574	15,060	35,027	59,757	41,583	194,481	0	2,004	377,946	
Charge for the period	1,097	409	769	281	3,824	15,904	14,089	0	118	36,491	
Released on Disposal	0	0	0	0	0	0	0	0	0	0	
At 31st December 2010	17,557	13,983	15,829	35,308	63,581	57,487	208,570	0	2,122	414,437	
<b>Net Book Value</b>											
At 31st December 2010	13,741	1,636	2,881	0	34,491	152,067	125,656	4,141	472	335,099	

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. INVENTORIES**

	1 Jan 2011-31 Dec 2011	1 Jan 2010- 31 Dec 2010
	Euro	Euro
Badges and wooden clocks held for resale	0	33

**12. TRADE AND OTHER RECEIVABLES**

	1 Jan 2011- 31 Dec 2011	1 Jan 2010- 31 Dec 2010
	Euro	Euro
Prepayments and Accrued income	7,395	26,263
Deposit Payments	4,931	0
Amounts invoiced but not yet settled	<u>10,294</u>	<u>287</u>
	<u>22,620</u>	<u>26,550</u>
Amounts invoiced but not yet settled are analysed as follows:		
Within credit period	534	37
Exceeded credit period(past due) but not impaired	<u>9,760</u>	<u>250</u>
	<u>10,294</u>	<u>287</u>

Prepayments include prepayments of Local Council property rental and insurance premium.

**13. CASH AND CASH EQUIVALENTS**

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

	1 Jan 2011- 31 Dec 2011 Euro	1 Jan 2010- 31 Dec 2010 Euro
Cash in Hand	52	185
Bank balances		
- Ordinary Funds	<u>302,632</u>	<u>92,704</u>
	<u>€ 302,684</u>	<u>€ 92,889</u>

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14. DEFERRED INCOME**

	2011 €	2010 €
<b>Government Grants</b>		
At beginning of year	0	0
Increase in period	<u>28,299</u>	<u>0</u>
	28,299	0
Released in period	<u>0</u>	<u>0</u>
At end of year	<u>28,299</u>	<u>0</u>
<b>Current Deferred Income</b>	<u>0</u>	<u>0</u>
<b>Non-Current Deferred Income</b>	<u>28,299</u>	<u>0</u>

**15. TRADE AND OTHER PAYABLES**

	1 Jan 2011- 31 Dec 2011 Euro	1 Jan 2010- 31 Dec 2010 Euro
Trade Payables	43,949	53,061
Other Creditors	0	35
Accruals and Deferred Income	<u>18,255</u>	<u>37,757</u>
Trade and Other Payables	<u>62,204</u>	<u>90,853</u>

Provisions include estimates for goods and services received prior to 31 December 2011 and for which invoices have not yet been received by the Local Council.

**16. CONTINGENT LIABILITIES**

The Council has a bank guarantee of Euro 1,200 in favour of M.E.P.A. There are a number of invoices that are being disputed by the Council for various reasons. The total of these invoices amounts to Euro 9,888.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**17. CAPITAL COMMITMENTS**

	1 Jan 2011- 31 Dec 2011 Euro	1 Jan 2010- 31 Dec 2010 Euro
- Capital expenditure that has been approved but not yet contracted for.		
(i) Road Resurfacing – PPP Scheme	593,707	268,840
	<u>€ 593,707</u>	<u>€ 268,840</u>

Against the Capital Commitment for Road Resurfacing of € 593,707, Central Government has already granted the St. Venera Local Council a Grant of € 28,299 towards the PPP Scheme which has been included in these financial statements with deferred income. The resurfacing works within PPP Scheme are payable over a period of 4 years, and the current portion of such works included in the Santa Venera Local Council's Budget for 2012 amounts to €109,168.

A capital expenditure in relation to a pavement in St. Joseph High Road, has been approved, but no estimates for this had been worked out by end of year.

**18. FAIR VALUES ESTIMATION**

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

**19. GOING CONCERN**

The Statement of Affairs and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council to be able to meet its financial obligations as they fall due without curtailing its future commitments.

**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. RELATED PARTY TRANSACTIONS**

The Santa Venera Local Council has the following related parties, exercising:

- i. Significant Control – The Department of Local Government
- ii. Joint Control – Group C Joint Committee for Local Enforcement, Central Regional Committee
- iii. No Control – Water Services Corporation, Enemalta Corporation, WasteServ Malta Ltd., Inland Revenue Department, Bank of Valletta plc., South Regional Committee, Gozo Regional Committee, North Regional Committee, South Eastern Regional Committee, Police General Head Quarters, Malta Environment and Planning Authority and the Department of Lands.

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

	<b>2011</b>	<b>2010</b>
	Euro	Euro
Annual Financial Allocation	364,401	365,228

**21. FINANCIAL RISK MANAGEMENT**

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, and liquidity risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

*Market Risk*

The Council's interest rate risk arises from its deposits with financial institutions. The Council does not have any long term borrowings.. In general, 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 by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

*Credit Risk*

Financial assets which potentially subject the Council to concentrations of credit risk which are principally made up of cash at bank and debtors. The Council's cash is placed with a quality financial institution. The Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability.



**ST. VENERA LOCAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

*Liquidity Risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.