

ST. VENERA LOCAL COUNCIL

Report and Financial Statements

For the period 1 January to 31 December 2012

ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

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ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

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 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, 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 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.


Horace J. Anastasi
Mayor


Louise Gusman
Executive Secretary

Date: 22/02/2013

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Financial Statements for the year ended 31 December 2012

Statement of Comprehensive Income

	Notes	2012	2011
		€	€
INCOME			
Funds received from Central Government	3	381,647	364,401
Income raised under Local Enforcement System	4	22,069	46,147
General Income	5	13,767	60,546
		<hr/>	<hr/>
		417,483	471,094
		<hr/>	<hr/>
EXPENDITURE			
Personal emoluments	6	74,912	56,136
Operations and maintenance	7	154,344	174,120
Administration and other expenditure	8	72,451	67,834
		<hr/>	<hr/>
		(301,707)	(298,090)
		<hr/>	<hr/>
OPERATING SURPLUS FOR THE YEAR		115,776	173,004
Finance Income	9	3,159	994
		<hr/>	<hr/>
SURPLUS FOR THE PERIOD		€ 118,935	€ 173,998
		<hr/>	<hr/>

The notes on page 10 to 20 form an integral part of these financial statements.

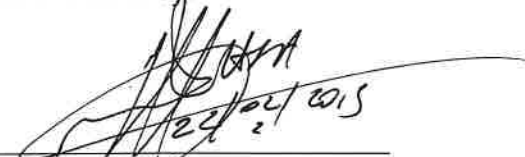
SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Statement of Financial Position

	Notes	2012 €	2011 €
ASSETS			
Non-current Assets			
Property, plant and equipment	10	<u>354,670</u>	<u>302,964</u>
Current Assets			
Receivables	11	8,635	17,640
Cash and cash equivalents	12	433,200	302,684
		<u>441,835</u>	<u>320,324</u>
Total current assets		<u>€ 796,505</u>	<u>€ 623,288</u>
RESERVES AND LIABILITIES			
Reserves			
Retained Funds		<u>656,651</u>	<u>537,716</u>
Non-Current Liabilities			
Unutilised Grant	13	28,299	28,299
Current Liabilities			
Trade & Other Payables	13	95,537	57,273
Overdrawn Bank Balance	13	16,018	-
		<u>111,555</u>	<u>57,273</u>
		<u>139,854</u>	<u>85,572</u>
TOTAL RESERVES AND LIABILITIES		<u>€ 796,505</u>	<u>€ 623,288</u>

These financial statements were approved by the Local Council on 22nd February 2013 and signed on its behalf by:


 Horace J. Anastasi
 Mayor


 Louise Gusman
 Executive Secretary

SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2012

Statement of Changes in Equity

	Retained Funds €	Total €
Balance at 01 January 2011	363,718	363,718
Surplus for the year	173,998	173,998
	<hr/>	<hr/>
Balance at 31 December 2011	537,716	537,716
	<hr/>	<hr/>
Changes in equity		
Surplus for the year	118,935	118,935
	<hr/>	<hr/>
Balance at 31 December 2012	656,651	656,651
	<hr/>	<hr/>

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Financial Statements for the year ended 31 December 2012

Statement of Cash flows

	Note	2012	2011
		€	€
Cash flow from operating activities			
Surplus for the year		118,935	173,998
Adjustment for:			
Depreciation		33,382	33,425
Interest Receivable		(3,159)	(994)
		<u>149,158</u>	<u>206,429</u>
Increase/(Decrease) in payables		38,264	(5,281)
Decrease in receivables		9,005	8,909
Decrease in inventories		-	33
		<u>47,269</u>	<u>3,661</u>
<i>Net cash from operating activities</i>		<u>196,427</u>	<u>210,090</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(87,417)	(1,289)
Proceeds on disposal		2,329	-
Interest received		3,159	994
		<u>(81,929)</u>	<u>(295)</u>
<i>Net cash generated (used in) investing activities</i>			
Cash flows from financing activities			
Proceeds from grants		-	-
		<u>-</u>	<u>-</u>
<i>Net cash from financing activities</i>			
Net increase in cash and cash equivalents		114,498	209,795
Cash and cash equivalents at beginning of year		302,684	92,889
		<u>417,182</u>	<u>302,684</u>
Cash and cash equivalents at end of year	12	<u>417,182</u>	<u>302,684</u>

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements

1. General Information

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

The financial statements were authorized for issue by the Council on the _____.
The Local Council's presentation as well as functional currency are denominated in Euro.

2. Accounting Policies and Reporting Procedures

These financial statements have been drawn up in accordance with the accounting policies and the reporting procedures prescribed for Local Council is the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363). The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These financial statements are prepared in accordance to the requirements of International Financial Reporting Standards and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

The Principal accounting policies and reporting procedures used by the Local Councils are as follows:

a. Revenue Recognition

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

b. Local Enforcement System

Income from the Local Enforcement System is recognized in the Income Statement as it accrues.

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Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

c. Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a monthly basis using the reducing balance method at the following annual percentage rates:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Utile dominium of property	16.67
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	100
Playground Furniture	100
Traffic Signs	100
Road Signs	100
Street Mirrors	100
Street Lights	100

d. Government Grants

Government grants are accounted for on a systematic basis in the Income and Expenditure Account 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 costs, then the grant is accounted for when it becomes receivable.

e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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 recognized 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 less cost to sell and the value in use. Impairment losses are immediately recognized as an expense in the Statement of Income and Expenditure.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

f. 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 receivables. The amount of the provision is the difference between the carrying amount of the asset and 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.

g. 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 present currency.

Transactions denominated in foreign currencies are translated in € at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated in € at the rates of exchange prevailing at the date of the Statement of Affairs.

h. Profit and Losses

Only profits that were realised at the date of the Statement of Affairs 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.

i. 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 banks.

j. 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.

	2012	2011
	€	€
3. Funds Received from central government		
In terms of article 55 of the Local Councils Act (Cap 363)	<u>381,647</u>	<u>364,401</u>

SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

	2012	2011
	€	€
4. Local Enforcement Income		
Income including fines and penalties	<u>22,069</u>	<u>46,147</u>
	2012	2011
	€	€
5. General Income		
Income from permits	4,097	5,964
Income from Water Services	(3,000)	3,000
Tender Documents	5,400	1,294
Advertising	-	233
Other income	362	584
Administrative Fee – LES Regions	6,728	898
MITA – Corporate Social Responsibility	-	47,000
Contributions	180	1,273
Donations & Sponsorships	-	300
	<u>13,767</u>	<u>60,546</u>
	2012	2011
	€	€
6. Personal Emoluments		
Mayor's and Councillors' Allowance	7,607	8,450
Mayor's Honoraria	9,189	9,595
Executive Secretary salary and allowances	24,660	5,593
Employee's salaries	26,929	29,749
Social Security contributions	6,527	2,749
	<u>74,912</u>	<u>56,136</u>

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

	2012	2011
	€	€
7. Operations and maintenance		
Repairs and upkeep:		
Public Property	-	4,428
Office Furniture	756	86
Road markings	2,459	1,661
Other repairs and upkeep	1,050	10
	<u>4,265</u>	<u>6,185</u>
 Contractual Services:		
Refuse collection	98,727	117,530
Bulky refuse collection	3,859	3,943
Waste Disposal	13,766	-
Road and Street Cleaning	25,270	25,270
Cleaning and maintenance of Public Conveniences	(4,495)	4,939
Cleaning and maintenance of Parks and Gardens	633	73
Other cleaning and maintenance services	50	86
Materials & Support	3,398	-
Hire of Skips	295	60
Other contractual services	1,925	2,100
Street Lighting maintenance	6,651	13,934
	<u>150,079</u>	<u>167,935</u>
	<u>154,344</u>	<u>174,120</u>

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

	2012	2011
	€	€
8. Administration and other expenditure		
Utilities	3,027	6,752
Other repairs and upkeep		
Rent	9,663	8,880
National and International Memberships	122	411
Office services	2,261	2,468
Advertising	299	-
Transport	4,772	5,680
Information Services	3,215	348
Insurance	1,719	1,590
Professional services	8,500	3,748
Penalties - DLG	-	2,793
Local Enforcement Expenditure	237	-
Community and hospitality	4,756	1,633
Bank charges	161	106
Lease of Equipment	337	-
Depreciation	33,382	33,425
	<u>72,451</u>	<u>67,834</u>

	2012	2011
	€	€
9. Finance Income		
Bank Interests	<u>3,159</u>	<u>994</u>

SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

10a. Property, Plant and Equipment

Asset	Office Furniture & Fittings €	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improvements €	Construction €	Special Programmes €	Trees €	Plant & Machinery €	Assets not Capitalised €	Total €
Cost											
As at 1 January 2012	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,963	920	1,163,166
Additions	-	-	2,270	-	-	84,251	-	-	896	-	87,417
Disposals	-	-	-	-	-	(2,329)	-	-	-	-	(2,329)
As at 31 December 2012	31,298	15,619	20,980	35,308	98,072	371,465	666,592	4,141	4,228	920	1,248,254
Grants											
As at 1 January 2012	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Additions	-	-	-	-	-	-	-	-	-	-	-
Reallocation	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2012	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Depreciation											
As at 1 January 2012	18,588	14,310	16,549	35,308	67,030	72,693	221,137	-	2,247	-	447,862
Charge for the year	1,019	252	911	-	3,112	10,206	17,712	-	170	-	33,382
Released on disposal	-	-	-	-	-	6,549	(6,549)	-	-	-	-
As at 31 December 2012	19,607	14,562	17,460	35,308	70,142	89,448	232,300	-	2,417	-	481,244
Net Book Value											
As at 31 December 2012	11,691	1,057	3,520	-	27,930	202,043	101,926	4,141	1,811	920	354,670

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Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

10b. Property, Plant and Equipment

Asset	Office Furniture & Fittings €	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improvements €	Construction €	Special Programmes €	Trees €	Plant & Machinery €	Assets not Capitalised €	Total €
Cost											
As at 1 January 2011	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,594	-	1,161,877
Additions	-	-	-	-	-	-	-	-	-	920	1,289
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2011	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,963	920	1,163,166
Grants											
As at 1 January 2011	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Additions	-	-	-	-	-	-	-	-	-	-	-
Reallocation	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2011	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Depreciation											
As at 1 January 2011	17,557	13,983	15,829	35,308	63,581	57,487	208,570	-	2,122	-	414,437
Charge for the year	1,031	327	720	-	3,449	15,206	12,567	-	125	-	33,425
Released on disposal	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2011	18,588	14,310	16,549	35,308	67,030	72,693	221,137	-	2,247	-	447,862
Net Book Value											
As at 31 December 2011	12,710	1,309	2,161	-	31,042	136,876	113,089	4,141	716	920	302,964

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

	2012 €	2011 €
11. Receivables		
Trade receivables	8,635	10,294
Prepayments and accrued income	-	7,346
Other receivables	-	-
	<u>8,635</u>	<u>17,640</u>

(i) Details of trade receivables are as follows:

Due within the credit period	8,635	534
Exceeding credit period but not provided for	-	9,760
	<u>8,635</u>	<u>10,294</u>

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

12. Cash and 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:

	2012 €	2011 €
Bank balances:		
- ordinary funds	433,151	302,632
- overdrawn balance	(16,018)	-
Cash in Hand	49	52
	<u>417,182</u>	<u>302,684</u>

	2012 €	2011 €
13. Payables		
Due within one year:-		
Payables	92,044	39,018
Accruals and deferred income	3,493	18,255
Bank Overdrawn balance	16,018	-
	<u>111,555</u>	<u>57,273</u>
Due after more than one year:-		
Unutilised Grant	<u>28,299</u>	<u>28,299</u>

Provisions include estimates for goods and services received prior to 31 December 2012 and for which invoices have not yet been received by the Local Council.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

14. Contingent Liabilities

There are a number of invoices that are being disputed by the Council for various reasons. The total of these invoices amounts to Euro 700.

15. Capital Commitments

	2012	2011
	€	€
Details of capital commitments are as follows:		
Approved but not yet contracted for (i)	122,172	593,707
	<u>122,172</u>	<u>593,707</u>
These could be analysed as follows:		
(i)		
Road Resurfacing – PPP Scheme	<u>122,172</u>	<u>593,707</u>

Against the Capital Commitment for Road Resurfacing of €122,172, 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 unutilised grants. A capital expenditure in relation to a pavement in St. Joseph High Road, has been approved. An estimate for this had been worked out and amounts to €800,000.

16. Related Parties

St. 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., South Regional Committee, Gozo Regional Committee, North Regional Committee, South Eastern Regional Committee, Police General Headquarters, 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:

	2012	2011
	€	€
Annual Financial Allocation	<u>381,647</u>	<u>364,401</u>

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements (cont...)

17. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset is any asset that is cash or a contractual right to receive cash. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Financial instruments give rise to the following risks:

i. Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The council accounts for funds received and receivable from persons guilty of contraventions under the local enforcement system. The council is not responsible for the collection of the funds which is the responsibility of another central government department.

ii. Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The council receives guaranteed funds from central government which are predetermined as to how they are to be spent in services towards the community. Other funds are available to the council to finance capital projects.

The council manages its liquidity risk by operating within the parameters of funding available to it.