

HAMRUN LOCAL COUNCIL
Report and Financial Statements
For the year ended 31 December 2014

DEPARTMENT FOR
21 MAY 2015
LOCAL GOVERNMENT

REGISTRY
- 450 25
NATIONAL AUDIT OFFICE

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Financial Statements for the period ended 31 December 2014

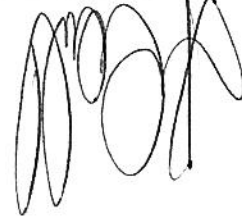
Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a Statement of Comprehensive Income of the Local Council for the period and of the Council's retained funds at the end of 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 period and its retained funds as at the period 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Council on 30 April 2015 and signed on its behalf by:


Mr. Vincent Bonello
Mayor


Ms. Karen Maria Camilleri
Executive Secretary

Hamrun Local Council

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014

	Notes	2014	2013
		Euro	Euro
Income			
Funds received from central government	4	604,855	636,151
Income raised under Local Council Bye-Laws	5	514	330
Income raised under Local Enforcement System	6	11,903	7,510
Investment Income	7	638	969
General Income	8	49,702	31,413
		667,612	676,373
Expenditure			
Personal emoluments	9	121,981	117,178
Operations and maintenance	10	286,830	273,248
Administration and other expenditure	11	138,643	192,104
Finance Costs	12	38,897	42,957
		586,351	625,487
Surplus for the year		81,261	50,886
Total Comprehensive income		81,261	50,886

Statement of Financial Position
as at 31 December 2014

Assets	Notes	2014	2013	Euro
Non-current Assets				
Property, plant and equipment	13a/b	2,162,308	2,200,274	
Total non-current assets		2,162,308	2,200,274	
Current Assets				
Receivables		42,887	38,073	
Cash at bank and in hand	14	492,458	408,865	
Total current assets	15	535,345	446,938	
Total assets		2,697,653	2,647,212	
Reserves and Liabilities				
Reserves				
Retained Earnings		1,486,953	1,405,692	
Total Equity		1,486,953	1,405,692	
Non-current liabilities				
Long term borrowings	16	816,227	876,949	
Payables	17	207,611	207,611	
Total non-current liabilities		1,023,838	1,084,560	
Current Liabilities				
Payables	17	123,330	100,159	
Short-term borrowings	16	63,352	56,801	
Total current liabilities		186,682	156,960	
Total Reserves and liabilities		2,697,653	2,647,212	

The financial statements were approved by the Council on the 30 April 2015 and were signed on its behalf by:

Mr. Vincent Bonello
Mayor

Ms. Karen Maria Camilleri
Acting Executive Secretary

**Statement of Changes in Equity
for the period ended 31 December 2014**

Retained Earnings	Euro	Balance as at 1 January 2013		Balance as at 1 January 2014	
		Profit for the year	Total comprehensive income for the year	Profit for the year	Total comprehensive income for the year
		1,354,806	50,886	1,405,692	81,261
		50,886	50,886	1,405,692	81,261
			<u>1,405,692</u>		<u>1,486,953</u>

Statement of Cash Flows
for the year ended 31 December 2014

Note

2014	2013	
Euro	Euro	
Cash flow from operating activities		
Surplus for the year	81,261	50,886
<i>Adjustments for:</i>		
Depreciation	59,397	58,285
Interest Payable	38,897	42,957
Interest receivable	(638)	(969)
<i>Movements in working capital:</i>	178,917	151,159
Decrease / (Increase) in payables	23,305	(22,836)
(Decrease) / Increase in receivables	(4,814)	92,408
<i>Net cash from operating activities</i>	197,408	220,731
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,431)	(25,378)
Interest received	638	969
<i>Net cash used in investing activities</i>	(20,793)	(24,407)
Cash flows from financing activities		
Repayment of long-term borrowings	(57,069)	(43,942)
Interest paid	(38,897)	(42,957)
<i>Net cash used in financing activities</i>	(95,966)	(86,899)
Net increase in cash and cash equivalents	80,649	109,423
Cash and cash equivalents at beginning of year	408,865	299,442
Cash and cash equivalents at end of year	489,514	408,865

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Notes to the Financial Statements for the year ended 31 December 2014

1. General Information

The Hamrun Local Council is a local government set up by the Local Councils Act, 1993. Its ultimate controlling party is the Local Councils Department within the Office of the Prime Minister.

Significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements are presented in Euro.

1.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at re-valued amounts or fair values, as explained in the accounting policies set in note 3 below.

2. General Information

The following new and revised IFRSs as adopted by the EU have been applied in the current period and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs as adopted by the EU applied in these financial statements that have had no material effect on the financial statements are set in note 2.1 below.

2.1 Standards, amendments and interpretations that are not yet effective

IFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and replaces the multiple classification and measurement tools in IAS 39 with a single model that only has two classification categories: amortised cost and fair value. Classification under IFRS 9 will be driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Subject to adoption by the EU, IFRS 9 will be effective for financial periods beginning on, or after, 1 January 2018. IFRS 9 has not yet been adopted by the EU. The Council is considering the implications of the standard and its impact on the Council's financial results and position. There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Local Council.

Notes to the Financial Statements for the year ended 31 December 2014

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2.2 Receivables

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

A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts receivable. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered as indicators that the amount to be received is impaired. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.3 General Payables

Payables and accrued expenditure are recognised initially at the transaction price and subsequently measured at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

2.4 Judgements in applying accounting policies and key sources of estimating uncertainty

In the process of applying the Council's accounting policies, the Council Members have made no judgments which can significantly affect the amounts recognized in the financial statements.

At the end of the reporting period, except as disclosed in note 20, there were no key assumptions concerning the future, or any other key sources of estimating uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. The principal accounting policies.

3.1 Income recognition

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organisation of courses, cultural, sporting and social activities is only recognised on a cash basis.

As from 1st September 2011, the Central Government re-allocated the full management of the LES system from the Joint Committee to the Regional Offices. From 1st September 2011, Hamrun Local Council will be compensated for the handling of the payments made at its council on a pro rata basis.

3.2 Borrowing costs

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

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.3 Government grants

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

Government grants are recognised in the statement of profit or loss and other comprehensive income on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate, in line with the Local Council Department instructions, based on IAS 20.

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

3.4 Property, plant and equipment

Freehold land is not depreciated.

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are renewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements for the year ended 31 December 2014

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

Rates in %	
0	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	Playground furniture
100	

Certain depreciation rates such as those of plants, playground equipment and street lighting had their depreciation rate changed from 10% to 100% in October 2002 by virtue of Legal Notice 323 of 2002. Litter bins and street signs are treated on replacement basis as per memo 121/2011.

3. 5 Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Notes to the Financial Statements
for the year ended 31 December 2014

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4. Funds received from central government		
	2014	2013
	Euro	Euro
In terms of section 55 of the Local Councils Act (Cap 363)	581,335	583,759
Supplementary Government Income	-	18,428
In terms of section 58 of the Local Councils Act (Cap 363)	-	9,554
Other Government Income	23,520	24,410
	<u>604,855</u>	<u>636,151</u>
5. Income raised from Bye-Laws		
	2014	2013
	Euro	Euro
Income raised under Local Council Bye-Laws	<u>514</u>	<u>330</u>
6. Local Enforcement Income		
	2014	2013
	Euro	Euro
Share of Profit from Joint Committee/ Fines and Penalties:		
Regional Committees	<u>11,903</u>	<u>7,510</u>
	<u>11,903</u>	<u>7,510</u>
7. Investment Income		
	2014	2013
	Euro	Euro
Bank Interest	<u>638</u>	<u>969</u>
	<u>638</u>	<u>969</u>

**Notes to the Financial Statements
for the year ended 31 December 2014**

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8. General Income			
	2014	2013	
	Euro	Euro	
Income from other activities	-	50	
Income from Rent – Car Park	21,106	23,156	
Income from permits	6,239	6,920	
Sponsorships & Contributions	4,000	-	
Contributions towards re-instatements	18,357	1,287	
	<u>49,702</u>	<u>31,413</u>	
9. Personal Emoluments		2014	2013
	Euro	Euro	
Mayor's allowance	9,396	10,415	
Executive Secretary salary and allowances	18,468	16,219	
Employees' salaries	80,262	75,049	
Councillor's Allowance	6,160	8,800	
Social Security Contributions	7,695	6,695	
	<u>121,981</u>	<u>117,178</u>	

Notes to the Financial Statements
for the year ended 31 December 2014

.....continued

2014	2013	
2014	2013	
Euro	Euro	
10. Operations and Maintenance		
Repairs and upkeep:		
	12,340	23,661
	30,696	-
	2,123	625
	7,859	13,165
	53,018	37,451
Contractual Services:		
	73,751	73,553
	5,750	8,535
	74,621	63,595
	36,100	38,575
	13,300	13,300
	14,199	15,490
	2,400	1,986
	13,115	18,485
	577	2,278
	233,813	235,797
	286,831	273,248
Total Operations and Maintenance expenses		

Notes to the Financial Statements
for the year ended 31 December 2014

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11. Administration and other expenditure			
		2014	2013
	Euro		Euro
Utilities	8,460		19,156
Other repairs and upkeep	7,804		3,225
Rent	7,687		7,687
National and International Memberships	152		1,825
Office Services	5,921		5,986
Travel	-		-
Transport	409		15
Information Services	2,116		2,156
Other contractual services	8,053		7,516
Professional services	14,998		10,662
Community and hospitality	2,547		811
Social events	14,185		9,077
Cultural events	6,913		12,754
Increase in Provision for bad Debts	-		52,949
Depreciation	59,398		58,285
	138,643		192,104
		2014	2013
	Euro		Euro
12. Finance Costs	38,897		42,957
Interest on Bank Loan	38,897		42,957

Notes to the Financial Statements
for the year ended 31 December 2014

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13a. Property, Plant and Equipment

Asset	Cost	As at 1 January 2014	As at 31 December 2014	Grants and other reimbursements	As at 1 January 2014	As at 31 December 2014	Accumulated Depreciation	As at 1 January 2014	Charge for the year	As at 31 December 2014	Net Book Value	As at 31 December 2014
Council premises & Car Park	Euro	1,882,068	1,882,068	-	-	-	-	-	-	-	1,797,386	1,797,386
Construction-Roads	Euro	319,978	319,978	-	319,978	319,978	-	273,460	15,754	289,214	30,764	30,764
Office furniture & fittings	Euro	23,474	2,364	25,838	16,968	40,762	-	13,975	890	14,865	10,973	10,973
New Street Signs	Euro	16,968	3,947	12,642	16,968	36,258	-	16,968	-	16,968	-	-
Office Equipment	Euro	36,815	45,322	57,964	36,815	32,351	32,351	16,968	3,907	36,258	4,504	4,504
Urban Improvements	Euro	45,322	889,568	889,568	45,322	36,750	36,750	16,968	2,122	38,872	19,092	19,092
Special Programmes	Euro	889,568	889,568	-	889,568	889,568	-	171,040	18,074	189,114	297,607	297,607
Motor Vehicles	Euro	-	2,478	-	2,478	2,478	-	-	-	496	1,982	1,982
Total	Euro	3,214,193	3,235,624	21,431	3,235,624	402,847	402,847	611,072	59,397	670,469	2,162,308	2,162,308

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

13a. Property, Plant and Equipment

Asset	Cost	As at 1 January 2013	Additions	As at 31 December 2013	Grants and other reimbursements	As at 1 January 2013	As at 31 December 2013	Accumulated Depreciation	As at 1 January 2013	Charge for the year	As at 31 December 2013	Net Book Value	As at 31 December 2013
Council Premises & Car Park	Euro	1,857,456	24,612	1,882,068	-	-	-	-	-	48,199	18,329	66,528	1,815,540
Construction - Roads	Euro	319,978	-	319,978	-	-	-	-	-	257,949	15,511	273,460	46,518
Office Furniture & fittings	Euro	22,874	600	23,474	-	-	-	-	-	13,249	726	13,975	9,499
New Street Signs	Euro	16,968	-	16,968	-	-	-	-	-	16,968	-	16,968	-
Office Equipment	Euro	36,649	166	36,815	-	-	-	-	-	29,357	2,994	32,351	4,464
Urban Improvements	Euro	45,322	-	45,322	-	-	-	-	-	35,797	953	36,750	8,572
Special Programmes	Euro	889,568	-	889,568	-	-	-	-	-	151,268	19,772	171,040	315,681
Total	Euro	3,188,815	25,378	3,214,193	-	-	-	-	-	552,787	58,285	611,072	2,200,274

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Notes to the Financial Statements for the year ended 31 December 2014

.....continued

14. Receivables		
Receivables		
Amounts due to Related Parties	Note	
LES debtors		
Prepayments and accrued income		
Debit Balance in Creditor List		
<i>Amounts due from related parties</i>		
Amounts due from related parties are unsecured, interest free and have no fixed date of repayment.		
2014		2013
5,829		187
24,542		21,346
8,561		8,561
3,368		7,979
587		-
42,887		38,073

15. Cash and Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the Local Council Statement of Financial Position:

2014		2013
Euro		Euro
492,290	Ordinary funds	408,684
168	Cash in Hand	181
492,458		408,865
(2,944)	Overdrawn Bank Balance (note 16)	(6,979)
489,514	Cash and cash equivalents at year end	408,865

16. Borrowings

	2014	2013
	Euro	Euro
Long term borrowings		
Bank loan	816,227	876,949
Short-term borrowings		
Bank loan	60,588	56,801
Bank balance overdrawn	2,944	-
	<u>63,532</u>	<u>56,801</u>

Long term borrowings consist of a loan borrowed by the council with the approval of the Minister responsible from Local Government. This amount is to be repaid in 20 years with monthly instalments of €7,986.04 starting following the one year moratorium on the first withdrawal. Interest is being charged at 4.15% per annum.

Security is held by Letter of Undertaking (ref. 11 4140) dated 2nd March 2009, requesting to channel through account 40017967772 all and any funds which are received by the Council from the Government of Malta, instruct the Government to effect any payment of funds and to retain sufficient funds to cover such payments.

	2014	2013
	Euro	Euro
Short-term borrowings		
Amounts falling due within one year	60,588	58,180
	<u>60,588</u>	<u>56,801</u>
Long-term borrowings		
Amounts falling due between 1 and 2 years	63,151	60,641
Amounts falling due between 2 and 5 years	205,938	197,752
Amounts falling due after 5 years	547,137	617,177
	<u>816,226</u>	<u>875,570</u>
Total borrowings	<u>876,815</u>	<u>933,750</u>

The council does not have any Capital Commitments that had been approved but not provided for within the Financial Statements as at 31st December 2014.

Non-Current Liability		
Deferred Income	207,611	207,611
Total Payables	330,941	307,770
Deferred Income		
Balance at the beginning of the year/period	224,093	233,681
Increase	-	(34)
Received	-	-
Released to Income	-	(9,554)
Balance at the end of the year/period	224,093	224,093
Short – Term Deferred Income (Grants)	7,723	7,723
Short – Term Deferred Income (Rental Income)	8,759	8,759
Long – Term Deferred Income	207,611	207,611

Amounts due to related parties are unsecured, interest free and have no fixed date of repayment.

2014	2013	
Euro	Euro	
27,357	44,842	Payables
53,471	29,348	Amounts due to Related Parties
7,723	7,723	Deferred Income – Grants
8,759	7,723	Deferred Income – Rental Income
23,460	8,759	Accruals
2,560	4,759	Payroll tax liabilities
123,330	4,728	
	100,159	Amounts due to related parties

**Notes to the Financial Statements
for the year ended 31 December 2014**

.....continued

The council has approved within its budget for the financial year ending 31st December 2014, the following capital expenditure.

Authorised by the Local Council and contracted:

Special Programmes

Tar- Rabbat Playing Field – Works in progress

45,500

19. Contingent Liabilities

A contingent liability exists with regards to additional amounts claimed by the CIR for FSS payments by means of a notification letter received on the 7th of December 2011 for the amount of €1,028.90. The Council has requested the CIR to give an explanation for the balance; however as at 31.12.2013 no reply was received.

20. Post Balance Sheet events

There where no particular important events affecting the operation of the council since the end of the accounting period.

21. Financial Risk Management

Financial assets include equity, other receivables and cash held at bank and in hand. Financial liabilities include other payables and long-term borrowings.

The Council is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

Notes to the Financial Statements

for the year ended 31 December 2014

.....continued

Financial risk management

The Council adopts an overall risk management to maintain and control its exposures.

i) Market Risk - Cash flow and fair value interest rate risk

As the Council has no interest-bearing assets, the Council's income and operating cash flows are independent of charges in market interest rates. Although the Council has borrowings issued at fixed rates, the exposure to fair value interest rate risk is limited and ultimately endorsed by Central Government.

ii) Credit Risk

Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances and the presentation of debtors net of allowances for doubtful debts, where applicable. Cash is placed with reputable banks.

Credit risk arises ever increasing variances between the main council's income, that provided by Central Government, and the cost of its outsourced services which are mostly exposed to commodity risks. Furthermore the huge reduction of other revenue from LES, following its restructuring through central government, and Permits could well expose the Council even more to credit issues unless this shortfall is recovered from other sources.

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements.

iii) Fair Values

As at 31st December 2014, the carrying amounts of financial assets and liabilities were not materially different from the carrying amounts.

iv) Liquidity risk

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

At 31 December 2014 and 31 December 2013, the contractual maturities on the financial liabilities of the Council were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

22. Related Party Transactions**Identity of Related Parties**

Central Government- as per Local Councils Act 1993, is the major and ultimate controlling related party.

All the Authorities set up by Central Government and all the entities which are owned by Central Government are considered to be related parties to the Hamrun Local Council.

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

Transactions with Related Parties

Central Government			
2014	2013	2014	2013
EUR	EUR	EUR	EUR
581,335	602,187	11,903	7,510
Income			

LES

Financial statements for the year ended 31 December 2014
Report of the Local Government Auditor to the Auditor General
Report on the Financial Statements for the year ended 31 December 2014

We were engaged to audit the accompanying financial statements of Hamrun Local Council, which comprise the statement of financial position as at 31 December 2014, and the Statement of Profit or Loss and Other 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.

Respective responsibilities of the Local Council and Local Government Auditors

As described in page 2, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

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 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 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, as well as evaluating the overall presentation of the financial statements.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however we were not able to obtain sufficient appropriate audit evidence to provide a basis for our audit opinion.

Basis for Disclaimer of Opinion

1. The Council did not provide us with any workings and supporting documentation for deferred income amounting to €224,093. Thus we were not able to test the accuracy, existence, valuation and completeness of this amount.

2. The Council's LES debtors amounting to €8,561 comprise amounts which are receivable from the Trading and Licencing Department and the Local Councils Association. We were not provided with evidence showing that this amount is due to the council, this we were not able to test the accuracy, existence, valuation and completeness of this amount.

3. No confirmations were received from the related party entities, thus we were unable to test these balances which amount to €24,542. No alternative procedures could be performed.
4. The Council's financial statements do not disclose all the quantitative and qualitative disclosure requirements under IFRS 7.
5. The Council's financial statements do not disclose the minimum lease payments payable under non-cancellable lease in accordance to IAS 17.

Disclaimer of Opinion


Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Report on other legal and regulatory requirements

In our opinion the financial statements do not comply fully with the Local Councils Act, the Financial Regulations issued in terms of this Act and the Local Council (Financial) Procedures, as the financial statements do not include budgeted figures for the year and due to the matters described in the Disclaimer of Opinion paragraph.

Other Matter

The financial statements of Hamrun Local Council for the year ended 31 December 2013 were audited by Grant Thornton, Certified Public Accountants, who expressed a qualified opinion on 30 April 2014.



Mr Manuel Castagna
For and on behalf of
Nexia BT
Certified Public Accountants
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Malta
Date: 30th April 2015