

**LOCAL COUNCIL MELLIEHA**

**Report and Financial Statements**

**for the year ended 31 March 2002**

# LOCAL COUNCIL MELLIEHA

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## **LOCAL COUNCIL MELLIEHA**

### **STATEMENT OF COUNCIL MEMBERS' AND SECRETARY'S RESPONSIBILITIES**

The Local Councils (Financial) Regulations 1993 require the Secretary to prepare a detailed Annual Administrative Report which includes a statement of the Council's income and expenditure for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Council and the 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 Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Councils (Financial) Procedures, 1996 issued in terms of the said Act.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Councils (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Councils (Financial) Procedures, 1996.

## **LOCAL COUNCIL MELLIEHA**

### **Report of the Local Government Auditors to the Auditor General**

We have audited the financial statements of the LOCAL COUNCIL MELLIEHA set out on pages 4 to 20.

#### **Respective Responsibilities of the Council and Local Government Auditors**

As described on page 1, the Secretary and the Council are responsible for the preparation of these financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion thereon to you.

#### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Secretary and the Council members in the preparation of these financial statements and whether the accounting policies are consistent with the Local Councils Act, 1993, the Financial Regulations issued in terms of the said Act, and the Local Council (Financial) Procedures, 1996, and that such policies have been consistently applied and adequately disclosed.

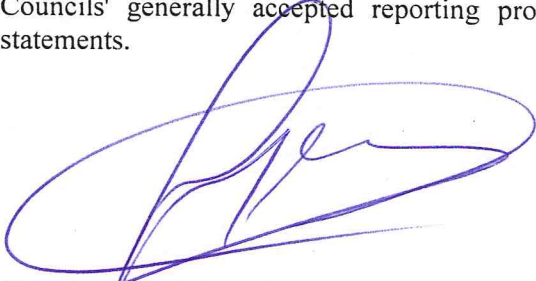
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion, the financial statements have been prepared in accordance with International Accounting Standards and give a true and fair view, of the income and expenditure of the Council for the year ended 31 March 2002 and its retained funds as at that date. Except as discussed in the following paragraph, the financial statements are in accordance with the accounting policies set out in note 1 thereto, and comply with the Local Councils Act, 1993, the Financial Regulations issued in terms of the Act, and the Local Councils (Financial) Procedures, 1996.

## LOCAL COUNCIL MELLIEHA

According to the Financial Procedures supplementing the Financial Regulations issued in terms with the Local Councils Act, 1993, the financial statements should include the budget for the year. In line with Local Councils' generally accepted reporting procedures, the budget has been excluded from these financial statements.



**GEORGE FARRUGIA & CO**

**Certified Public Accountants and Auditors**

**351/7**

**Zabbar Road**

**Fgura PLA16**

**Malta**

**Tel : 21802044 Fax : 21675418**

**Date : 13 June 2002**

# LOCAL COUNCIL MELLIEHA

## Statement of Income and Expenditure for the year ended 31 March 2002

	Notes	2001 / 2002 Actual Lm	2000 / 2001 Actual Lm
<b>Income</b>			
Funds received from government	2	363,324	361,095
Income raised under Council Bye-laws	3	4,608	6,552
Income raised under Law Enforcement System	4	30,863	28,246
Investment income	5	22,338	17,043
General Income	6	23,821	3,649
		<u>444,954</u>	<u>416,585</u>
<b>Expenditure</b>			
Personal emoluments	7	(23,708)	(20,143)
Operations and maintenance	8	(155,642)	(167,564)
Administration and other expenditure	9	(47,627)	(43,082)
		<u>(226,977)</u>	<u>(230,789)</u>
<b>Net surplus for the year</b>		217,977	185,796
Retained funds brought forward		430,272	244,476
<b>Retained funds carried forward</b>		<u>648,249</u>	<u>430,272</u>

Cap 251,417

454,987.  
395,642  
59,345

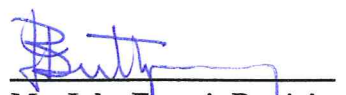
The notes on pages 9 to 20 form an integral part of these financial statements.

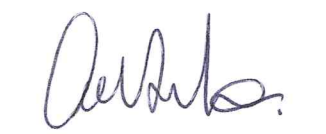
# LOCAL COUNCIL MELLIEHA

## Statement of Affairs as at 31 March 2002

	Notes	2001 / 2002 Actual Lm	2000 / 2001 Actual Lm
<b>Fixed Assets</b>			
Tangible assets	10	165,398	68,574
<b>Current Assets</b>			
Stocks	12	6,473	-
Debtors	13	17,007	11,619
Prepayments/Accrued income	14	8,248	5,280
Bank balances and Cash	17	675,382	640,602
		707,110	657,501
<b>Liabilities: amounts falling due within one year</b>			
Creditors	15	(160,617)	(261,891)
Accruals/Deferred income	16	(63,642)	(33,912)
<b>Net Current Assets</b>		482,851	361,698
<b>Net Assets</b>		648,249	430,272
<b>Capital and Reserves</b>			
Retained Funds		648,249	430,272
		648,249	430,272

The financial statements were approved by the Council on 23/04/02 and signed on its behalf by:

  
**Mr. John Francis Buttigieg**  
 Mayor

  
**Mr. Carmel Debono**  
 Executive Secretary

The notes on pages 9 to 20 form an integral part of these financial statements.



# LOCAL COUNCIL MELLIEHA

## Statement of Changes in Equity for the year ended 31 March 2002

	Retained Funds	Total
	Lm	Lm
At 1 April 2000	244,476	244,476
Retained surplus for the year	185,796	185,796
At 31 March 2001	<u>430,272</u>	<u>430,272</u>
At 1 April 2001	430,272	430,272
Retained surplus for the year	217,977	217,977
At 31 March 2002	<u>648,249</u>	<u>648,249</u>
Equity interests	<u>648,249</u>	<u>648,249</u>



# LOCAL COUNCIL MELLIEHA

## Cash Flow Statement for the year ended 31 March 2002

	2001 / 2002 Actual Lm	2000 / 2001 Actual Lm
<b>Cash Flows from Operating Activities</b>		
Surplus for the year	217,977	185,796
Reconciliation to cash generated from operations:		
Depreciation	7,168	7,698
Movement in grants account	144,866	101,265
Loss on disposal of assets	-	344
Operating Surplus before Working Capital Changes	370,011	295,103
(Increase) in stocks	(6,473)	-
(Increase) in trade debtors	(8,356)	(10,540)
(Decrease) in trade creditors	(71,544)	(200,988)
Net Cash Outflow from Operating Activities	283,638	83,575
<b>Application of cash</b>		
Purchase of tangible fixed assets	(248,858)	(67,794)
<b>Net Decrease in cash in the year</b>	34,780	15,781
Cash and equivalents at beginning of year	640,602	624,822
<b>Cash and equivalents at end of year</b>	675,382	640,603
Consisting of:		
Cash at bank and in hand	675,382	640,603

# LOCAL COUNCIL MELLIEHA

## Notes to the Financial Statements for the year ended 31 March 2002

..... continued

### 12. Stocks

	2001 / 2002 Actual Lm	2000 / 2001 Actual Lm
Stocks - Books for re-sale	6,473	-
	<u>6,473</u>	<u>-</u>

### 13. Debtors

Debtors represent amounts still due from advertising on street furniture and council magazine. Debtors also include Lm 1,700 made up of amounts due to the Council through Co-operation Agreement between Local Councils for the set-up of Local Tribunal and Maintenance of Street Lighting.

Debtors also include the amount of Lm 11,985 in respect of unpaid contraventions which were decided upon by the Local Tribunal.

### 14. Prepayments/Accrued income

Prepayments include council property rent and insurance premium. Accrued income includes bank interest receivable.

### 15. Creditors: amounts falling due within one year

Creditors include the amount of Lm 258 being credit balances in list of debtors and Lm 18,185 representing claims by suppliers and service providers, which are being disputed by the Council. Creditors also include funds received by the Council under the special Needs Funding Scheme which have not yet been utilised on the identified projects. These amount to Lm 83,487.

Creditors also include the amount of Lm 38,329 which represent capital creditors for roads resurfacing and which are expected to be paid out of Special Needs Funds.

### 16. Accruals/Deferred income

Accruals include estimates for goods and services received prior to 31 March 2002 and for which invoices have not yet been received by the Council.

# LOCAL COUNCIL MELLIEHA

## Notes to the Financial Statements for the year ended 31 March 2002

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### 17. Cash and Equivalents

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

	2001 / 2002 Actual Lm	2000 / 2001 Actual Lm
Bank Balances:		
Ordinary Funds	594,053	412,179
Special Needs Funds	81,304	228,354
	<u>675,357</u>	<u>640,533</u>
Cash in hand:		
LES Cash in hand	-	10
Petty Cash	25	59
	<u>675,382</u>	<u>640,602</u>

# LOCAL COUNCIL MELLIEHA

## Notes to the Financial Statements for the year ended 31 March 2002

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### 18. Capital commitments

	2001 / 2002 Actual Lm	2000 / 2001 Actual Lm
Details of capital commitments at the 31 March 2002 are as follows:		
Approved but not yet contracted for	124,800	203,780
Contracted for but not provided in the financial statements	384,566	227,000
	<u>509,366</u>	<u>430,780</u>
These could be analysed further as follows:	<u>Lm</u>	<u>Lm</u>
Approved but not yet contracted for:		
Acquisition of Property	80,000	75,000
Office Furniture and Fittings	500	-
New street Signs	5,000	-
Urban Improvements	19,500	126,980
Office equipment (incl. computer equipment)	1,800	1,800
Tunnara Project	8,000	-
Ta' l-Ibragg Afforestation	10,000	-
	<u>124,800</u>	<u>203,780</u>
Contracted for but not provided in financial statements:	<u>Lm</u>	<u>Lm</u>
Roads Resurfacing	275,000	215,000
Beach Facilities	25,600	12,000
Country Parks facilities	8,966	-
Traffic Improvements	55,000	-
Parish Square Project	20,000	-
	<u>384,566</u>	<u>227,000</u>

# LOCAL COUNCIL MELLIEHA

## Notes to the Financial Statements for the year ended 31 March 2002

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### 19. Contingent liabilities

The Local Council signed a Joint Cooperation Agreement with the Gharghur, Imgarr, Mosta, Naxxar and St. Paul's Bay Local Councils, whereby such agreement entails that each council deposits Lm 1,700 as bank guarantees. This is to indemnify the Joint Committee against any breach of the agreement by the Local Council.