
LOCAL COUNCIL MELLIEHA

Report and Financial Statements

for the year ended 31 March 2004



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.



MGI MALTA

BUSINESS SOLUTIONS WORLDWIDE

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 21.

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.

Qualifications

The Council entered into a pooling agreement with a number of local councils within the Local Enforcement System. The agreement changed the method of recording of income from the Local Enforcement System by making the Council dependent on reports generated by the Joint Committee within the said system. Up to the date of our audit, these reports were still not available to the Council and therefore we could not verify the income generated from the Local Enforcement System for any possible misstatement.



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LOCAL COUNCIL MELLIEHA

Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matter set out above, the financial statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view, of the income and expenditure of the Council for the period 1 April 2003 to 31 March 2004 and its retained funds as at that date. 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 with the Act, and the Local Councils (Financial) Procedures, 1996.

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.

This copy of audit report has been signed by
Franco Azzopardi (Partner) for and behalf of
MGI MALTA
Certified Public Accountants and Auditors

Date : 21 June 2004

LOCAL COUNCIL MELLIEHA

Statement of Income and Expenditure for the year ended 31 March 2004

		2003 / 2004	2002 / 2003
		Actual	Actual
	Notes	Lm	Lm
Income			
Funds received from government	2	339,632	356,401
Income raised under Council Bye-laws	3	6,552	5,914
Income raised under Law Enforcement System	4	-	14,754
Investment income	5	7,434	17,578
General Income	6	39,723	6,415
		<u>393,341</u>	<u>401,062</u>
Expenditure			
Personal emoluments	7	(24,226)	(24,142)
Operations and maintenance	8	(196,330)	(196,441)
Administration and other expenditure	9	(64,419)	(57,256)
		<u>(284,975)</u>	<u>(277,839)</u>
Net surplus for the year		108,366	123,223
Retained funds brought forward		771,472	648,249
Retained funds carried forward		<u>879,838</u>	<u>771,472</u>

The notes on pages 9 to 21 form an integral part of these financial statements.

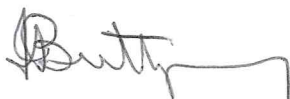
LOCAL COUNCIL MELLIEHA

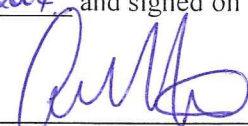
Statement of Affairs as at 31 March 2004

		2003 / 2004 Actual Lm	2002 / 2003 Actual Lm
	Notes		
Fixed Assets			
Tangible assets	10	561,432	258,877
Current Assets			
Stocks	11	3,960	4,324
Debtors	12	15,047	26,318
Prepayments/Accrued income	13	2,992	17,779
Bank balances and Cash	16	558,985	618,752
		580,984	667,173
Liabilities: amounts falling due within one year			
Creditors	14	(71,822)	(86,727)
Accruals/Deferred income	15	(190,756)	(67,851)
Net Current Assets		318,406	512,595
Net Assets		879,838	771,472
Capital and Reserves			
Retained Funds		879,838	771,472
		879,838	771,472

why does it not tally with opening trial balance.

The financial statements were approved by the Council on 31/05/2004 and signed on its behalf by:


Mr. John Francis Buttigieg
 Mayor


Mr. Carmel Debono
 Executive Secretary

The notes on pages 9 to 21 form an integral part of these financial statements.

LOCAL COUNCIL MELLIEHA

Statement of Changes in Equity for the year ended 31 March 2004

	Retained Funds	Total
	Lm	Lm
At 1 April 2002	648,249	648,249
Retained surplus for the year	123,223	123,223
At 31 March 2003	<u>771,472</u>	<u>771,472</u>
At 1 April 2003	771,472	771,472
Retained surplus for the year	108,366	108,366
At 31 March 2004	<u>879,838</u>	<u>879,838</u>
Equity interests	<u>879,838</u>	<u>879,838</u>

LOCAL COUNCIL MELLIEHA

Cash Flow Statement
for the year ended 31 March 2004

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Cash Flows from Operating Activities		
Surplus for the year	108,366	123,222
Reconciliation to cash generated from operations:		
Depreciation	30,028	23,727
Movement in grants account	6,449	86,202
Operating Surplus before Working Capital Changes	144,843	233,151
Decrease in stocks	364	2,149
Decrease in trade debtors	26,058	(18,842)
(Decrease) in trade creditors	107,998	(69,681)
Net Cash Outflow from Operating Activities	279,263	146,777
Application of cash		
Purchase of tangible fixed assets	(339,030)	(203,407)
Net Decrease in cash in the year	(59,767)	(56,630)
Cash and equivalents at beginning of year	618,752	675,382
Cash and equivalents at end of year	558,985	618,752
Consisting of:		
Cash at bank and in hand	558,985	618,752

LOCAL COUNCIL MELLIEHA

SCHEDULE OF SPECIAL NEEDS FUNDS as at 31 March 2004

Funds Received and Expended	Brought Forward Lm	Received/ Reallocated Lm	Expended Lm	Carried Forward Lm
Special Funds Country Parks	7,286	-	(6,449)	837
Total	7,286	-	(6,449)	837

Commitments	Brought Forward Lm	Contracted this year Lm	Invoices Received Lm	Carried Forward Lm
Special Funds Country Parks	7,286	-	(6,449)	837
	7,286	-	(6,449)	837

Capital Creditors	Brought Forward Lm	Invoices Received Lm	Payments Made Lm	Carried Forward Lm
Special Funds Country Parks	-	6,449	(6,449)	-
	-	6,449	6,449	-

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

1. Accounting Policies and reporting Procedures

The 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, 1993. Furthermore, the accounts are prepared under the historical cost convention and in accordance with the requirements of International Financial Reporting Standards issued by the International Accounting Standards Board.

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

Accounting conducted on an accruals basis

All income and expenditure is accounted for on an accruals basis.

The financial statements disclose any uncollected revenues due to the Council as at 31 March 2004, as well as any sums due by the Council for goods and services supplied but not yet paid.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation to date and grants received for specific projects. Depreciation is provided 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:

	%
Office Furniture and Fittings	7.50
New Street Signs	100.00
Urban Improvements	10.00
Office Equipment	20.00
Computer Equipment	25.00
Trees	0.00
Plants	100.00
Litter Bins	100.00
Playground Equipment	100.00
Street Lighting	100.00

Certain depreciation rates such as those of plants, litter bins, playground equipment, street lighting and street signs had their depreciation rate changed from 10 % to 100% in October 2002 by virtue of Legal Notice 323 of 2002.

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

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Amounts receivable

Known bad debts are written off and specific provision is made for any debts the recovery of which is considered to be doubtful.

Cash and equivalents

Cash and equivalents consist of cash in hand and balances with banks.

2. Funds received from Central Government

	2003 / 2004 Actual Lm	2002 / 2003 Actual Lm
In terms of Section 55 of the L.C. Act 1993	339,632	356,401
	<u>339,632</u>	<u>356,401</u>

3. Income raised under Council Bye-laws

	2003 / 2004 Actual Lm	2002 / 2003 Actual Lm
Trenching permits	300	251
Skips and Bins on wheels	234	68
Advertising on street furniture	2,100	2,094
Deposit of Building and Other Material	22	32
Deposit of Cranes and other machinery	1,161	471
Placement of Tables and Chairs	72	84
Placement of Kiosks	320	300
Occasional Entertainment	568	418
Organisation of courses	1,775	2,196
	<u>6,552</u>	<u>5,914</u>

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

..... continued

4. Income raised under Local Enforcement System

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Income raised under L.E.S.	-	14,754
	-	14,754

In accordance with the Local Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local Councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000.

During the previous financial year, the Local Council entered into a Pooling Agreement with other local councils amending a previous agreement that regulated the constitution of the Joint Committee for law enforcement. The share of income from contraventions recorded by the Joint Committee and appertaining to the Local Council, is regulated by the Pooling Agreement and is hence recognised in these financial statements to the extent of the amount received from and reported by the Joint Committee.

Prior to this agreement, the recording of income from contraventions for offences was based on reports generated by the contractor entrusted with the system by the Ministry.

5. Investment income

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Bank Interest Received	7,434	17,578
	7,434	17,578

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

..... continued

6. General Income

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Cultural activities	-	953
Sales of Books	462	2,273
Refund from Water Services Corp.	2,473	731
General	1,929	18
Document/Information charges	401	314
Media charges	55	189
Donations	1,987	1,742
Contributions	8,000	-
Refund of expenses	1,500	-
Amounts Due Prescribed	22,716	-
Insurance claims	-	195
Supplementary Income	200	-
	<u>39,723</u>	<u>6,415</u>

7. Personal emoluments

Personal emoluments include, inter alia:

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Mayor's Allowance	2,160	2,099
Personal Emoluments	22,066	22,043
	<u>24,226</u>	<u>24,142</u>

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

..... continued

8. Operations and Maintenance

Operations and maintenance includes, inter alia:

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Repairs and upkeep :		
Public Property	650	37
Road/Streets, Pavements	86,767	96,797
Signs	1,131	492
Road Markings	2,300	4,371
Bus shelters	357	60
Street lighting	12,187	588
Sundry Repairs	33	-
Other Repairs & Upkeep	-	503
Council Property	40	-
	<u>103,465</u>	<u>102,848</u>
Contractual Services :		
Waste Disposal	114	139
Refuse Collection	22,854	21,985
Bulky Refuse Collection	2,744	2,255
Hiring of Skips	216	192
Cleaning services	78	420
Road & Street Cleaning	14,742	14,250
Clean & Maint Non-Urban	14,384	14,250
Cleaning Public Conveniences	11,416	11,324
Cleaning Council Premises	315	303
Clean. & Maint. Parks & Gardens	7,659	5,699
Clean & Maint Beaches & C.A.	13,486	7,771
Local Enforcement Services	-	14,285
Clerical Support Services	4,826	720
Studies & Consultations	31	-
	<u>92,865</u>	<u>93,593</u>
Total	<u>196,330</u>	<u>196,441</u>

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

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9. Administration and other expenses

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Utilities	3,714	2,675
Cleaning Materials & Supplies	32	12
Uniforms	397	-
Spare Parts	1,114	966
Rent	2,855	2,855
Participaiton fee - Nat. Org.	50	166
Membership-Local Organisations	10	10
Printing	212	322
Stationery	438	569
Subscriptions	60	60
Postage	431	596
Documentation	8	7
Hire of Transport	12	-
Paymts - Use of Personal Vehicle	112	127
Public Relations Expenses	23	559
Advertising	168	150
Publications	364	2,150
Newsletters	1,767	1,864
Insurance Cover	692	647
Bank charges	76	110
IT Development Services	39	63
Management & Operating Services	7,620	9,600
Engineering Services	-	207
Legal Services	-	32
Accountancy Services	130	60
Course Fees - Local Training	41	-
Council Courses Expenses	2,208	2,546
Balance carried forward to next page	22,573	26,353

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

..... continued

9. Administration and other expenses

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Balance brought forward from previous page	22,573	26,353
Entertainment	310	416
Conference Expenses	176	197
Annual General Meeting	112	-
Social Events	279	319
Cultural Events	5,526	3,453
Donations	1,379	1,330
Library Book Donations	445	479
Sundry Minor Expenses	260	295
Administration Charges	336	687
Movement in Provision for Doubtful Debts	2,995	-
Depreciation	30,028	23,727
	<u>64,419</u>	<u>57,256</u>

10. Tangible assets

	Cost at 01/04/03	Additions	Reclassification & Prior Year Adjustments	Disposals	Cost at 31/03/04
<u>Cost of:</u>	Lm	Lm	Lm	Lm	Lm
Office Furniture & Fittings	11,819	252	-	-	12,071
New Street Signs	11,451	983	-	-	12,434
Urban Improvements	7,737	52,204	(51,848)	(110)	7,983
Office Equipment (incl. Computer Equip.)	11,228	1,172	-	-	12,400
Special programme - Public Gardens	14,762	-	51,848	-	66,610
Special programme - Parish Square	55,943	-	-	-	55,943
Special programme - Ta' l-Ibragg Afforestation	1,258	-	-	-	1,258
Special programme - Roads Resurfacing	590,775	125,877	-	-	716,652
Special programme - Progett tat-Tunnara	6,393	-	-	-	6,393
Special programmes - Traffic Improvements	4,360	-	-	-	4,360
Special programmes - Country Parks	2,695	6,966	-	-	9,661
Special programmes - Beach facilities	43,002	-	-	-	43,002
Assets not yet capitalised - SNF	-	837	-	-	837
Assets not yet capitalised - Others	63,621	202,190	-	(51,449)	214,362
	<u>825,044</u>	<u>390,481</u>	<u>-</u>	<u>(51,559)</u>	<u>1,163,966</u>

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

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10. Tangible assets (cont.)	Dep'n at 01/04/03	Charge for the period	Reclassification & Prior Year Adjustments	Released on Disposals	Dep'n at 31/03/04
Depreciation on:	Lm	Lm	Lm	Lm	Lm
Office Furniture & Fittings	(5,255)	(516)	-	-	(5,771)
New Street Signs	(9,930)	(2,504)	-	-	(12,434)
Urban Improvements	(6,431)	(1,660)	770	110	(7,211)
Office Equipment (incl. Computer Equip.)	(7,572)	(1,058)	-	-	(8,630)
Special programme - Public Gardens	(6,105)	(1,323)	(770)	-	(8,198)
Special programme - Parish Square	(15,120)	(4,082)	-	-	(19,202)
Special programme - Roads Resurfacing	(3,437)	(17,263)	-	-	(20,700)
Special programme - Progett tat-Tunnara	(1,007)	(539)	-	-	(1,546)
Special programmes - Traffic Improvements	(979)	(338)	-	-	(1,317)
Special programmes - Beach facilities	(90)	(745)	-	-	(835)
	<u>(55,926)</u>	<u>(30,028)</u>	<u>-</u>	<u>110</u>	<u>(85,844)</u>
	Grant at 01/04/03	Utilised	Reclassification & Prior Year Adjustments	Released on Disposals	Grant at 31/03/04
Grants on:	Lm	Lm	Lm	Lm	Lm
Special programme - Roads Resurfacing	(473,746)	-	-	-	(473,746)
Special programmes - Country Parks	(2,695)	(6,449)	-	-	(9,144)
Special programmes - Beach facilities	(23,800)	-	-	-	(23,800)
MTA - Public Conveniences - Golden Bay	(10,000)	-	-	-	(10,000)
	<u>(510,241)</u>	<u>(6,449)</u>	<u>-</u>	<u>-</u>	<u>(516,690)</u>
	N.B.V. 01/04/03				N.B.V. 31/03/04
Net Book Value:	Lm				Lm
Office Furniture & Fittings	6,564				6,300
New Street Signs	1,521				-
Urban Improvements	1,306				772
Office Equipment (including Computer Equip.)	3,656				3,770
Special programme - Public Gardens	8,657				58,412
Special programme - Parish Square	40,823				36,741
Special programme - Ta' l-Ibragg Afforestation	1,258				1,258
Special programme - Roads Resurfacing	113,592				222,206
Special programme - Progett tat-Tunnara	5,386				4,847
Special programmes - Traffic Improvements	3,381				3,043
Special programmes - Country Parks	-				517
Special programmes - Beach facilities	9,112				8,367
Assets not yet capitalised - SNF	-				837
Assets not yet capitalised - others	63,621				214,362
	<u>258,877</u>				<u>561,432</u>

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

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Assets not yet capitalised include:

- i) Embellishment works in Selmun Belvedere to be paid out of the remaining Special Needs Funds available by year end.
- ii) MEPA Building levies on Information Boards, Public Convenience in Zjara tal-Papa Square and Ta' Penellu open space. Acquisition of premises and upgrade thereof for new Council Administrative Offices. Works on traffic improvements in locality main streets.

11. Stocks

	2003 / 2004	2002 / 2003
	Actual	Actual
	Lm	Lm
Stocks - Books for re-sale	3,960	4,324
	<u>3,960</u>	<u>4,324</u>

12. Debtors

Debtors represent amounts still due from advertising on street furniture and council magazine. Debtors also include Lm 2,200 made up of amounts due to the Council through Co-operation Agreement between Local Councils for the set-up of Local Tribunal, Maintenance of Street Lighting and LES Pooling of resources.

Debtors also include the amount of Lm 13,665 (2002/2003: Lm 13,665) in respect of unpaid contraventions which were decided upon by the Local Tribunal. Against these amounts, the Council is also providing for the amount of Lm 2,995 (2002/2003: Lm NIL) which represent doubtful contraventions receivable.

13. Prepayments/Accrued income

Prepayments include council property rent paid in advance. Accrued income includes bank interest receivable.

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

..... continued

17. Capital commitments

	2003 / 2004 Actual Lm	2002 / 2003 Actual Lm
Details of capital commitments at the 31 March 2004 are as follows:		
Approved but not yet contracted for	253,650	101,573
Contracted for but not provided in the financial statements	351,250	405,250
	<u>604,900</u>	<u>506,823</u>
	Lm	Lm
Approved but not yet contracted for:		
Acquisition of Property	-	35,000
Construction	75,000	-
Office Furniture and Fittings	200	200
New street Signs	5,000	3,000
Urban Improvements	45,350	11,700
Office equipment (incl. computer equipment)	1,100	1,100
Tunnara Project	8,000	8,000
Ta' I-Ibragg Afforestation Project	10,000	10,000
Parish Square Project	-	15,000
Beach Facilities	-	10,000
Country Parks	6,000	7,573
Public Gardens	103,000	-
	<u>253,650</u>	<u>101,573</u>
	Lm	Lm
Contracted for but not provided in financial statements:		
Acquisition of property	71,250	55,250
Urban improvements	-	10,000
Road Resurfacing	240,000	270,000
Parish Square Project (Phase 2)	15,000	-
Public Gardens	25,000	-
Traffic Improvements	-	40,000
Thomas Spratt Square Project	-	30,000
	<u>351,250</u>	<u>405,250</u>

LOCAL COUNCIL MELLIEHA

Notes to the Financial Statements for the year ended 31 March 2004

..... continued

18. 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 200 as bank guarantees. This is to indemnify the Joint Committee against any breach of the agreement by the Local Council. The council has also Lm 2,000 guarantee in favour of MEPA for permits related to the construction of a garden in the locality.

During financial years ending 31 March 2001 and 31 March 2002, the Council signed two agreements with the Water Services Corporation concerning the replacement of water mains in Manikata, Mellieha Heights and Ta' Snajjin areas. In these agreements, the Council was committed to pay the Corporation the total amount of Lm 55,346 (2002/2003: Lm 55,346). However, to date, the Corporation has never issued any invoices in this regard, and the amounts due were never contested.