



LOCAL COUNCIL MELLIEHA

Report and Financial Statements

for the year ending 31 December 2010



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**Statement of Local Council Members' and Executive Secretary's Responsibilities  
for the year ended 31 December 2010**

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The Local Councils (Financial) Regulations 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 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 Local Council on 10/05/2011 and signed on its behalf by:



Robert Cutajar  
Mayor



Carmel Debono  
Executive Secretary

## **LOCAL COUNCIL MELLIEHA**

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

We have audited the accompanying financial statements of LOCAL COUNCIL MELLIEHA, which comprise the statement of financial position on page 5 as of 31<sup>st</sup> December 2010, and the statement of 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.

#### ***Council's Responsibility for the Financial Statements***

The Council Members and the Executive Secretary are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraph, 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 judgment, 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 Members and the Executive Secretary, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Council entered into a pooling agreement with a number of local councils within the Local Enforcement System. There were no alternative acceptable audit procedures we could perform to obtain reasonable assurance on the completeness of the share of income or expenses, which were recorded in the financial statements as well as on any accrued income or liabilities present as at end of the current financial year.

#### ***Opinion***

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of Local Council Mellieha as at 31<sup>st</sup> December, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

***Opinion on Other Legal and Regulatory Requirements***

These financial statements do not comply fully with the Local Council (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 the report has been signed by  
Neville Cutajar (Partner) on its behalf

**3a**

Certified Public Accountants  
The Penthouse, Level 3  
Palazzo Ca' Brugnera  
Valley Road  
Birkirkara BKR9024  
Malta

**Date: 10<sup>th</sup> May 2011**



**Statement of Comprehensive Income  
for the year ended 31 December 2010**

		<b>2010</b> <i>01 Jan - 31 Dec</i> <i>12 months</i>	<b>2009</b> <i>01 Apr - 31 Dec</i> <i>9 months</i>
	<b>Notes</b>	<b>€</b>	<b>€</b>
<b>Revenue</b>			
Funds received from Central Government	3	1,030,211	798,543
Income raised under Local Council Bye-Laws	4	13,328	10,678
Income raised under Local Enforcement System	5	-	1,640
General Income	6	96,441	40,694
		<u>1,139,980</u>	<u>851,555</u>
<b>Expenditure</b>			
Personal Emoluments	7	(112,913)	(56,496)
Operations and maintenance	8	(337,583)	(212,517)
Administration and other expenditure	9	(454,059)	(279,303)
		<u>(904,555)</u>	<u>(548,316)</u>
<b>Operating surplus for the year / period</b>		<b>235,425</b>	<b>303,239</b>
Finance income	10	10,641	7,339
		<u>246,066</u>	<u>310,578</u>
Loss on sale of assets	7	-	(70)
<b>Profit for the year / period</b>	<b>7</b>	<b><u>246,066</u></b>	<b><u>310,508</u></b>

The notes on pages 8 to 24 form an integral part of these financial statements.

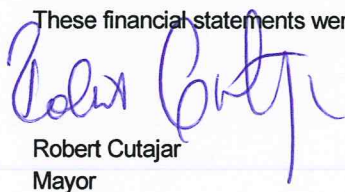
Statement of Financial Position  
as at 31 December 2010

		2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-Current Assets</b>			
Property, plant and equipment	11	2,727,696	2,721,120
		<u>2,727,696</u>	<u>2,721,120</u>
<b>Current Assets</b>			
Inventories	12	11,293	8,186
Receivables	13	74,752	52,027
Cash and cash equivalents	14	1,305,015	833,745
		<u>1,391,060</u>	<u>893,958</u>
<b>Total Assets</b>		<u>4,118,756</u>	<u>3,615,078</u>
<b>EQUITY</b>			
<b>Reserves</b>			
Retained earnings		3,581,593	3,335,527
<b>Total equity</b>		<u>3,581,593</u>	<u>3,335,527</u>
<b>Non-Current Liabilities</b>			
Deferred income	16	186,413	191,774
		<u>186,413</u>	<u>191,774</u>
<b>Current Liabilities</b>			
Payables	15	350,750	87,777
		<u>350,750</u>	<u>87,777</u>
<b>Total Liabilities</b>		<u>537,163</u>	<u>279,551</u>
<b>Total reserves and liabilities</b>		<u>4,118,756</u>	<u>3,615,078</u>

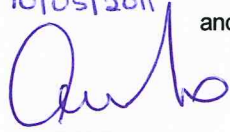
These financial statements were approved by the Local Council on

10/05/2011

and signed on its behalf by:



Robert Cutajar  
Mayor



Carmel Debono  
Executive Secretary

The notes on pages 8 to 24 form an integral part of these financial statements.

**Statement of Changes in Equity  
for the year ended 31 December 2010**

	<b>Retained Funds</b>	<b>Total</b>
	<b>€</b>	<b>€</b>
<b>At 1 April 2009</b>	3,025,019	3,025,019
Profit for the period	310,508	310,508
<b>At 31 December 2009</b>	<u>3,335,527</u>	<u>3,335,527</u>
<b>At 1 January 2010</b>	3,335,527	3,335,527
Profit for the year	246,066	246,066
<b>At 31 December 2010</b>	<u>3,581,593</u>	<u>3,581,593</u>
Equity interests	<u>3,581,593</u>	<u>3,581,593</u>



**Statement of Cash Flows**  
for the year ended 31 December 2010

	<b>2010</b>		<b>2009</b>	
	<b>01 Jan - 31 Dec</b>		<b>01 Apr - 31 Dec</b>	
	<b>12 months</b>		<b>9 months</b>	
	€	€	€	€
<b>Net profit for the year / period</b>	246,066		310,508	
Reconciliation to cash generated from operations:				
Depreciation	276,074		153,524	
Deficit on disposal of assets	-		70	
Interest receivable	(10,641)		(7,339)	
Operating profit before working capital changes	511,499		456,763	
Decrease / (Increase) in inventories	(3,107)		792	
(Increase) in receivables	(10,826)		5,847	
(Increase) / (Decrease) in other receivables	(10,377)		(38,948)	
Increase / (Decrease) in payables	158,955		(228,253)	
Increase / (Decrease) in other payables	104,755		(1,288)	
Grant released	(11,197)		(7,048)	
<b>Cash generated from operating activities</b>		<b>739,702</b>		<b>187,865</b>
<b>Cash flow from investing activities</b>				
Interest received	9,119		6,094	
Purchase of property, plant & equipment	(282,651)		(274,208)	
Receipt of grant	5,100		20,000	
<b>Cash used in investing activities</b>		<b>(268,432)</b>		<b>(248,114)</b>
<b>Net Increase / (Decrease) in cash in the year / period</b>		<b>471,270</b>		<b>(60,249)</b>
Cash and equivalents at beginning of year / period		<u>833,745</u>		<u>893,994</u>
<b>Cash and equivalents at end of year / period</b>		<u><b>1,305,015</b></u>		<u><b>833,745</b></u>

## 1. General Information

The Mellieha Local Council is the local authority of Malta set up in accordance with the Local Councils Act(1993). The office of the Local Council is situated at 126, New Mill Street, Mellieha. These financial statements were approved for issue by the Council Members on . 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*

Certain new standards, amendments and interpretations to existing standards have been published and effective for the current period, however these changes are not expected to have a material effect on the Local Council's financial statements.

- IAS 1 (amendment) - Presentation of financial statements (effective from 1 January 2010).
- IAS 7 (amendment) - Statement of cash flows. Amendments to reflect changes in other standards.
- IAS 17 (amendment) - Leases - Amendments to reflect changes in other standards.
- IAS 27 (revised) - Consolidated and separate financial statements (effective from 1 July 2009).
- IAS 36 (Impairment of assets) - Amendments to reflect changes in other standards.
- IAS 38 (amendment) - Intangible Assets (effective from 1 July 2009).
- IAS 39 (amendment) - Financial instruments: Recognition and Measurement (effective from 1 January 2010).
- IFRS 2 (amendments) - Group cash-settled and share-based payment transactions (effective from 1 January 2010).
- IFRS 3 (revised) - Business combinations (effective from 1 July 2009).
- IFRS 5 (amendment) - Measurement of non-current assets (or disposal groups) classified as held-for-sale (effective from 1 January 2010).
- IFRIC 9 (amendment) and IAS 39 - Embedded derivatives (effective from 1 July 2009). Amendments to reflect changes in other standards.
- IFRIC 17 - Distribution of non-cash assets to owners (effective on or after 1 July 2009).
- IFRIC 18 - Transfer of assets from customers (effective from 1 July 2009).

*New Important standards and early adopted*

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January 2011 or later periods and the Local Council has early adopted them:

- 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.

*New Important standards and early adopted*

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January 2011 or later periods and the Local Council has not early adopted them:

- IAS 32 (amendment) - Financial Instruments: Presentation (effective from 1 February 2010).
- IAS 27 - Consolidate and separate financial statements (effective from July 2010).
- IAS 34 - Interim financial reporting (effective 1 January 2011).
- IFRS 3 (amendments) - Business Combinations (effective from 1 January 2011).
- IFRS 7 (amendments) - Financial Instruments (effective from January 2011).
- IFRIC 13 - Customer loyalty programmes (effective 1 January 2011).
- IAS 12 (amendment) - Income taxes - IAS 12 (effective from 1 January 2012).
- IAS 1 (amendments) - Presentation of Financial Statements (effective from 1 January 2013).
- IFRS 9 - Financial Instruments - (Effective from 1 January 2013).

*Intangible Fixed Assets*

Computer Software

Computer software is valued at cost less accumulated depreciation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the reducing balance method at 20% per annum.



**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses 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
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
Litter Bins	100
Playground Furniture	100
Traffic Signs	100
Road Signs	100
Street Mirrors	100
Street Lights	100

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 balance sheet 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 company 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.

**Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

***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 costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

***Amounts receivable***

Amounts receivable are recognised initially at fair value and subsequently measured at amortised 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 recognised in the Statement of Comprehensive Income.

***Related parties***

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24.

During the year under review the Local Council has opted to early adopt the partial exemptions as provided by IAS 24, effective from periods starting 1 January 2011. The paragraphs adopted from IAS 24 are paragraphs 25 - 27, being amendments to government related entities' disclosures.

***Revenue***

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

***Local Enforcement System***

The Mellieha Local Council forms part of the North Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of loss derived from the Joint Committee after deducting the related expenses from the income.

***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 statement 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.

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



**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**Surpluses and deficits**

Only surpluses that were realised at the date of the Statement of Financial Position 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 Financial Position at face value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and balances held with banks.

**3. Funds received from central government**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
In terms of section 55 of the Local Councils Act	953,148	675,723
Supplementary Government Income	10,000	12,972
EU Funding	11,088	4,800
Other Government Income	44,778	98,000
Grants Released	11,197	7,048
	<u>1,030,211</u>	<u>798,543</u>

**Note**

The Council has received additional funds through the submission of various applications including Scheme for Special Needs, Scheme for Lokaltajiet Indaf, Scheme for Sustainable Localities and Scheme for Inizjattivi ta' Attivitajiet.

**4. Income raised from Bye-Laws**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Bye-Law - Advertising on Street Furniture	-	70
Bye-Law - Use of facilities	3,807	175
Bye-Law - Organisation of Courses	9,521	10,433
	<u>13,328</u>	<u>10,678</u>

**Notes to the Financial Statements  
for the year ended 31 December 2010**

**5. Local Enforcement System**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Sentenced Cases - Accrued Income	-	(1,886)
Share of Profit from Joint Committee	-	3,526
	<u>-</u>	<u>1,640</u>

**6. General Income**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Library Services	-	466
Cultural Events & sponsorships from NGOs	6,572	22,183
Sale of books and other merchandise	5,799	1,815
Tree Planting Contributions	225	-
Rent Receivable	(104)	-
General Income	69	365
Tender Documents/Info. Charges	1,660	857
Donations	715	23
Contributions	67,520	628
Refund of expenses	395	500
Insurance Claims	295	-
Income from Permits	13,295	13,857
	<u>96,441</u>	<u>40,694</u>

The item Contributions amounting to € 67,520 includes arrears payable by the Water Services Corporation covering the period 2007 to 2009 on account of the road reinstatement agreement signed with the Council.

**7. Profit for the year**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Profit for the year is stated after charging:		
Staff salaries	112,913	56,496
Depreciation of tangible assets	276,074	153,524
Deficit on disposal of tangible fixed assets	-	70
	<u>-</u>	<u>-</u>

*Staff salaries*

	<b>2010</b> 01 Jan - 31 Dec 12 months €	<b>2009</b> 01 Apr - 31 Dec 9 months €
Mayor's Remuneration	13,386	4,500
Councillors' Allowances	8,800	-
Executive Secretary Salary and Allowances	26,833	17,542
Employees' Salaries	56,763	30,549
Social Security Contributions	7,131	3,905
	<u>112,913</u>	<u>56,496</u>

**8. Operations and Maintenance**

	<b>2010</b> 01 Jan - 31 Dec 12 months €	<b>2009</b> 01 Apr - 31 Dec 9 months €
<i>Repairs and Upkeep:</i>		
Road/Street Pavements	48,692	38,841
Signs	6,919	623
Road Markings	5,491	700
Bus shelters	2,076	-
Other repairs and Upkeep	83	51
Council Property	644	833
Repairs and maintenance - litter bins	2,294	-
	<u>66,199</u>	<u>41,048</u>

<i>Contractual Services:</i>		
Waste Disposal	339	194
Refuse Collection	115,329	60,816
Bulky Refuse Collection	9,586	5,842
Open Skips & Bring-in Sites	1,225	3,627
Road & Street Cleaning	38,919	25,108
Cleaning & Maint. Non-Urban	27,246	16,548
Cleaning - Public Conveniences	28,703	20,703
Cleaning - Council Premises	2,957	2,246
Other Contractual Services	-	6,295
Clean. & Maint. Parks & Gardens	27,777	17,753
Clean. & Maint. Beaches	138	4,676
Street Lighting	9,628	5,570
Studies & Consultations	3,250	2,091
Share of loss from Joint Committee	6,287	-
	<u>271,384</u>	<u>171,469</u>
 Total Operations and Maintenance Costs	 <u>337,583</u>	 <u>212,517</u>



**9. Administration and other expenditure**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Utilities	17,193	9,585
Other repairs and upkeep	3,119	1,597
Rent	1,233	674
National and International Memberships	460	592
Office Services	5,143	3,121
Transport	663	520
Travel	1,763	1,688
Information Services	18,624	16,320
Lease of Equipment	2,732	2,722
Insurance Coverage	3,175	2,361
Bank Charges	226	152
Professional Services	18,813	12,650
EU Projects Expenses	30,015	-
Tuition for courses and expenses	11,425	9,942
Entertainment	1,465	996
Conference Expenses	3,466	-
Visits - Foreign Delegations	-	3,274
Social Events	-	228
Cultural Events	51,399	40,468
Community Services	3,676	12,619
Donations	-	100
Sundry Minor Expenses	2,486	2,700
Provision for Doubtful Debtors	-	1,141
Bad Debts written off	-	2,329
General and administrative expenses	373	-
Twinning expenses	536	-
Depreciation	276,074	153,524
	<u>454,059</u>	<u>279,303</u>

**10. Finance Income**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Bank Interest Receivable	10,641	7,339
	<u>10,641</u>	<u>7,339</u>



Notes to the Financial Statements  
for the year ended 31 December 2010

**11. Property, plant and equipment**

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Special Programmes	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
At 1 April 2009	338,425	351,212	67,183	114,729	26,794	44,530	4,131,905	5,074,778
Additions	-	214,403	2,127	888	855	850	544,036	763,159
Assets Capitalised	-	(489,380)	-	429	-	-	-	(488,951)
Impairment	-	-	-	-	(116)	-	-	(116)
At 31 December 2009	338,425	76,235	69,310	116,046	27,533	45,380	4,675,941	5,348,870
<b>Depreciation</b>								
At 1 April 2009	3,698	-	67,183	110,206	20,542	14,683	906,062	1,122,374
On disposals/impairment	-	-	-	-	(46)	-	-	(46)
Charge for the period	676	-	2,127	1,660	1,558	1,704	145,799	153,524
At 31 December 2009	4,374	-	69,310	111,866	22,054	16,387	1,051,861	1,275,852
<b>Grants</b>								
At 1 April 2009	-	-	-	-	-	-	-	-
At 31 December 2009	-	-	-	-	-	-	1,351,898	1,351,898
<b>Net book values</b>								
At 31 December 2009	334,051	76,235	-	4,180	5,479	28,993	2,272,182	2,721,120

**Notes to the Financial Statements  
for the year ended 31 December 2010**

**11. Property, plant and equipment**

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Special Programmes	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
At 1 January 2010	338,425	76,235	69,310	116,046	27,533	45,380	4,675,940	5,348,869
Additions	-	271,981	4,013	2,221	1,415	1,087	1,934	282,651
At 31 December 2010	338,425	348,216	73,323	118,267	28,948	46,467	4,677,874	5,631,520
<b>Depreciation</b>								
At 1 January 2010	4,374	-	69,310	111,866	22,054	16,387	1,051,861	1,275,852
Charge for the year	1,118	-	4,013	1,665	2,579	2,732	263,967	276,074
At 31 December 2010	5,492	-	73,323	113,531	24,633	19,119	1,315,828	1,551,926
<b>Grants</b>								
At 1 January 2010	-	-	-	-	-	-	1,351,898	1,351,898
At 31 December 2010	-	-	-	-	-	-	1,351,898	1,351,898
<b>Net book values</b>								
At 31 December 2010	332,933	348,216	-	4,736	4,315	27,348	2,010,148	2,727,696

**12. Inventories**

	<b>2010</b> 01 Jan - 31 Dec 12 months €	<b>2009</b> 01 Apr - 31 Dec 9 months €
Books and other publications	11,293	8,186

**13. Receivables**

	<b>2010</b> 01 Jan - 31 Dec 12 months €	<b>2009</b> 01 Apr - 31 Dec 9 months €
Receivables	11,823	997
Other receivables	2,036	1,165
Prepayments and accrued income	60,893	49,865
	<u>74,752</u>	<u>52,027</u>

**Receivables**

General receivables are analysed as follows:

	<b>2010</b> 01 Jan - 31 Dec 12 months €	<b>2009</b> 01 Apr - 31 Dec 9 months €
Within credit period	298	-
Exceeded credit period but not impaired	11,525	997
Impaired and provided for	826	854
Provision for doubtful debts	(826)	(854)
	<u>11,823</u>	<u>997</u>

**14. Notes to the cashflow statement***Cash & cash equivalents*

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Bank Balances	1,304,800	832,718
Cash in Hand	215	1,027
	<u>1,305,015</u>	<u>833,745</u>

**15. Payables**

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Payables	198,308	39,352
Accruals and deferred income	152,442	48,425
	<u>350,750</u>	<u>87,777</u>

16. Deferred Income	2010	2009
	01 Jan - 31 Dec 12 months €	01 Apr - 31 Dec 9 months €
<b>Government grants</b>		
At 1 January 2010	202,971	190,019
Increase in year	5,100	20,000
	<u>208,071</u>	<u>210,019</u>
Released in year	(11,197)	(7,048)
At 31 December 2010	<u>196,874</u>	<u>202,971</u>
<b>Current Deferred Income</b>	<u>10,461</u>	<u>11,197</u>
<b>Non-Current Deferred Income</b>	<u>186,413</u>	<u>191,774</u>
<b>Deferred Government Grants</b>		
Deferred between one and two years	9,424	10,077
Deferred between two and five years	23,031	24,579
Deferred in five years or more	153,958	157,118
	<u>186,413</u>	<u>191,774</u>
<b>Deferred after five years or more:</b>		
Government Grants	<u>153,958</u>	<u>157,118</u>



## 17. Capital commitments

	2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	546,000	545,000
Contracted for but not provided in the financial statements	959,517	764,600
(i) Approved but not yet contracted for:		
Acquisition of Property	145,000	80,000
Office Improvements	58,000	-
Office Furniture and Fittings	-	14,000
Urban Improvements	3,000	97,000
Office Equipment & Computer Equipment	3,000	3,000
Ta' Brag Family Park Project	-	250,000
Torri l-Abjad Project	16,000	-
Tunnara Project	8,000	1,000
Improvements to Sports Facilities	-	20,000
Triq Qasam Barrani Embellishment & Traffic Mgt	90,000	-
Misrah il-Parrocca Manikata Embellishment	20,000	-
Misrah iz-Zjara tal-Papa Embellishment	90,000	-
Tas-Sur Belvedere Floodlighting	50,000	-
Improvements to coastal areas	10,000	-
Open Spaces and Public Gardens	53,000	80,000
	546,000	545,000
(ii) Contracted for but not provided in the Financial Statements:		
New Street Signs	10,000	9,600
Road Resurfacing	300,000	250,000
Urban Improvements	63,000	-
Ta' Brag Family Park Project	370,000	-
Misrah iz-Zjara tal-Papa Embellishment	-	80,000
Selmun and Imgiebah Heritage Trail	40,000	-
Open Spaces and Public Gardens	176,517	385,000
Improvements to coastal areas	-	40,000
	959,517	764,600

**18. Contingent liabilities**

*Contingent Liabilities*

The Council is involved in a court case filed by 2 individuals which involves the road levels following road resurfacing. Although the outcome of this decision is uncertain, the Council does not anticipate that should there be involved any expenses these will exceed € 30,000.

The Council also has a guarantee in favour of MEPA amounting to € 1,164.69 which will expire on 30/04/2011.

**19. Financial Risk Management**

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

*Credit risk*

Financial assets which potentially subject the Council to concentrations of credit risk consist principally of cash at bank and debtors. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one 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. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

*Other risks*

The Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Council to cash flow interest rate risk. 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.

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.

**20. Related party transactions**

During the year under review, the Council carried out transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Councils	Significant control
North Joint Committee (Local Enforcement)	Joint Control
Street Lightining Joint Committee	Joint Control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control

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

	<b>2010</b>	<b>2009</b>
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	<b>€</b>	<b>€</b>
Annual Financial Allocation	953,148	675,723

**21. 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.