



**MSIDA LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2014**

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**MSIDA LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2014**

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**MSIDA LOCAL COUNCIL
STATEMENT OF LOCAL COUNCIL MEMBERS' AND
EXECUTIVE SECRETARY'S RESPONSIBILITIES**

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

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, CAP 363, the Local Councils (Financial) Regulations, 1993, and the Local Councils (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Margaret Baldacchino Cefai
Mayor



Marita Portelli
Executive Secretary

Date: 15.5.15

MSIDA LOCAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

		2014	2013
	Notes	Euro	Euro
INCOME			
Funds received from Government	3	557,960	522,202
Income raised under Law Enforcement system	4	9,979	0
Income raised under Local Council Bye-Laws	5	12,124	11,910
General income	6	16,504	17,457
		<u>596,567</u>	<u>551,569</u>
EXPENDITURE			
Personnel emoluments	7	129,772	126,246
Operations and maintenance	8	288,166	288,992
Administration and other expenditure	9	169,793	218,119
		<u>587,731</u>	<u>633,357</u>
OPERATING PROFIT/(LOSS) FOR THE YEAR		€ 8,836	(€ 81,788)
Finance Cost	10	(6,836)	(7,903)
Finance Income	11	114	191
PROFIT/(LOSS) FOR THE YEAR		€ 2,114	(€ 89,500)

The notes on page 10 to 28 form an integral part of these financial statements

MSIDA LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2014

	Notes	31 December 2014	31 December 2013
		Euro	Euro
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	<u>1,311,818</u>	<u>1,380,983</u>
Current Assets			
Trade and other receivables	13	41,462	70,571
Cash and cash equivalents	14	<u>96,830</u>	<u>50,447</u>
Total Current Assets		<u>138,292</u>	<u>121,018</u>
TOTAL ASSETS		<u>€ 1,450,110</u>	<u>€ 1,502,001</u>
RESERVES AND LIABILITIES			
Reserves			
Retained funds		<u>503,406</u>	<u>501,292</u>
Non-Current Liabilities			
Long-term borrowings	15	154,643	172,012
Trade and other payables	17	28,637	34,365
Deferred Income	16	<u>492,978</u>	<u>515,938</u>
		<u>676,258</u>	<u>722,315</u>
Current Liabilities			
Short-term borrowings	15	17,308	16,660
Trade and other payables	17	158,922	207,232
Deferred Income	16	<u>94,216</u>	<u>54,502</u>
Total Current Liabilities		<u>270,446</u>	<u>278,394</u>
TOTAL RESERVES AND LIABILITIES		<u>€ 1,450,110</u>	<u>€ 1,502,001</u>

The notes on pages 10 to 28 form an integral part of these financial statements

These Financial Statements were approved by the Local Council on 15.5.15 and
signed on its behalf by:


Margaret Baldacchino Cefai
Mayor


Marita Portelli
Executive Secretary

MSIDA LOCAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Retained Funds Euro
At 1 January 2013	590,792
Loss for the year	<u>(89,500)</u>
At 31 December 2013	<u>501,292</u>
At 1 January 2014	501,292
Profit for the Year	<u>2,114</u>
At 31 December 2014	<u>503,406</u>

The notes on pages 10 to 28 form an integral part of these financial statements

MSIDA LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Notes	Year 2014 Euro	Year 2013 Euro
Profit/(Loss) for the year		2,114	(89,500)
Adjustments for:			
Depreciation		114,068	93,468
Provision for Bad Debts		0	44,096
Interest receivable		(114)	(191)
Interest payable		6,836	7,903
Government Grant Released		<u>(54,776)</u>	<u>(30,962)</u>
Operating Profit before Working Capital changes		68,128	24,814
Movement in working capital			
Decrease in Trade and other receivables		29,109	12,198
(Decrease)/Increase in Trade and Other Payables		<u>(9,404)</u>	<u>48,494</u>
Net cash inflow from operating activities		<u>87,833</u>	<u>85,506</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(79,278)	(403,130)
Interest received		<u>114</u>	<u>191</u>
Net cash (outflow) from investing activities		<u>(79,164)</u>	<u>(402,939)</u>
Cash flows from financing activities			
Grants received		29,000	362,713
Repayment of bank borrowings		(16,721)	(15,687)
Interest paid		<u>(6,836)</u>	<u>(7,903)</u>
Net cash inflow from financing activities		<u>5,443</u>	<u>339,123</u>
Net increase in cash and cash equivalents		14,112	21,690
Cash and cash equivalents at beginning of year		39,498	17,808
Cash and cash equivalents at end of year	14	<u>53,610</u>	<u>39,498</u>

The notes on page 10 to 28 form an integral part of these financial statements

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. GENERAL INFORMATION

Msida Local Council is the local authority of Msida incorporated in accordance with the Local Councils Act 1993. The office of the Council is at Msida Civic Centre, Pjazza Menqa, Msida.

The financial statements were authorised for issue by the Council on the 15.5.15.

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 revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standard are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts or recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The amendments are effective for annual reporting periods beginning on or after 1 January 2013 and interim periods within those annual periods. The required disclosures should be provided retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Council.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Council.

Council members anticipate that all of the relevant pronouncements will be adopted in the council's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the council's financial statements is provided below. Certain other new standards and interpretations have been issued but are not relevant and therefore are not expected to have a material impact on the council's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2018)

The IASB aims to replace *IAS 39 Financial Instruments. Recognition and Measurement* in its entirety with IFRS 9. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2018. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

Council members have yet to assess the impact that this amendment is likely to have on the financial statements of the council. However, they do not expect to implement until all chapters of IFRS 9 have been published and the standard has been adopted by the European Union.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- The meaning of 'currently has a legally enforceable right of set-off'
- That some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2015 and are required to be applied retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss 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	0.0
Trees	0.0
Buildings	3.33% (over term of lease)
Office Furniture and Fittings	7.5
Construction works	10.0
Urban Improvements (street furniture)	10.0
Special Programs (Projects)	10.0
Office Equipment	20.0
Motor Vehicles	20.0
Plant and Machinery	20.0
Computer Equipment	25.0
Plants	100.0
Litter Bins	Replacement Basis
Playground Furniture	100.0
Traffic Signs	Replacement Basis
Road Signs	Replacement Basis
Street Mirrors	100.0
Street Lights	100.0

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

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 Statement of Financial Position 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 Council 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.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24. The paragraphs adopted from IAS 24 are paragraphs 25 – 27, being amendments to government related entities' disclosures.

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 cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Income and Expenditure.

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 income statement on a straight-line basis over the period of the lease.

Amounts Receivable

Amounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the carrying amount of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the Statement of Income and Expenditure.

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Revenue recognition

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the income statement as it accrues.

Payables and Borrowings

Payable and Borrowing Costs are recognised as an expense in the period in which they are incurred. Amounts payable comprise creditor payments, that is, the amounts payable for the procurement of supplies and services. When an invoice or request for payment is received from a supplier, this is checked to the purchase order previously issued or the services contract, before payment is release in favour of any vendor. All cheque payments are signed by the Mayor and Executive Secretary and then reconciled with the bank statements on a monthly basis.

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 statemt 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.

Inventory

Inventory is calculated at lower of cost and net realisable value.

Profits and Losses

Only profits 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.

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

Local Enforcement System

Msida Local Council formed part of the Central Joint Committee from September 2002 until August 2011. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses, together with penalties issued for Pre-Pooling Debtors. As from September 2011, the Msida Local Council now forms part of the Central Region for Local Enforcement.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS1 (revised) – 'Presentation of Financial Statements'.

Capital Management Policies and Procedures

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objective are to ensure that the Council's ability to continue as a going concern is still valid and that the Council maintains a positive working capital ratio. To achieve this, the Council carries out a quarterly review of the working capital ratio (Financial Situation Indicator). This ratio was positive at the reporting date. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Financial Instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs. They are measured subsequently as described below:

Financial Assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition. Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below:

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counter party and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial Liabilities

The Council's financial liabilities included other payables. These are stated at their nominal account which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

3. FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	1 Jan 2014- 31 Dec 2014 Euro	1 Jan 2013- 31 Dec 2013 Euro
In terms of Section 55 of the Local Councils Act, 1993	€ 480,444	€ 473,363
Other Supplementary Government Income	€22,740	€17,877
Other Government Income	<u>€54,776</u>	<u>€30,962</u>
	<u>€ 557,960</u>	<u>€ 522,202</u>

4. LOCAL ENFORCEMENT INCOME

	1 Jan 2014 - 31 Dec 2014 Euro	1 Jan 2013 - 31 Dec 2013 Euro
Fines and penalties	9,979	0
Accrued	<u>€ 9,979</u>	<u>€ 0</u>

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INCOME RAISED UNDER LOCAL COUNCIL BYE-LAWS

	1 Jan 2014 - 31 Dec 2014 Euro	1 Jan 2013 - 31 Dec 2013 Euro
Income from use of crane	7,420	7,599
Income from building materials	618	605
Income from Kiosk	1,025	885
Income from chairs/tables permits	1,333	474
Income from functions	1,177	1,460
Income from hire of skips	509	829
Income from trenching	42	58
	<u>€ 12,124</u>	<u>€ 11,910</u>

6. GENERAL INCOME

	1 Jan 2014-31 Dec 2014 Euro	1 Jan 2013-31 Dec 2013 Euro
Local Library	550	352
Tender Documents	900	2,950
Advertising	821	4,492
Administration Fee Regional Committees	10,874	7,685
Administration Fee & Extra Tonnage Recycling waste	1,400	1,560
Administrative Committee	1,089	0
General Income	870	418
	<u>€ 16,504</u>	<u>€ 17,457</u>

7. PERSONNEL EMOLUMENTS

	Year ended 2014 Euro	Year ended 2013 Euro
Personnel Emoluments include, <i>inter alia</i>		
Mayor's Honoraria	10,302	10,055
Mayor's and Councillors' Allowances	11,200	9,480
Executive Secretary Salary and Allowances	30,670	24,039
Employees' Salaries	69,398	74,510
Social Security Contributions	8,202	8,162
	<u>€ 129,772</u>	<u>€ 126,246</u>

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

8. OPERATIONS AND MAINTENANCE EXPENSES

	Year ended 2014 Euro	Year ended 2013 Euro
Operations and maintenance includes, <i>inter alia</i>		
REPAIRS AND UPKEEP		
Patching	5,706	2,217
Operating materials and supplies	1,846	4,316
Road/Street Pavements	774	102
Road signs and markings	4,001	5,928
Council property	6,578	804
Office furniture & equipment	2,346	3,163
Bins	1,165	8,800
Other repairs and upkeep	5,700	5,249
	<u>28,116</u>	<u>30,579</u>
CONTRACTUAL SERVICES		
Refuse collection	80,887	76,824
Tipping Fees	60,924	52,785
Lease of Equipment	0	80
Bulky refuse collection	13,191	11,533
Road and street cleaning	49,367	48,853
Cleaning and maintenance public conveniences	8,609	8,754
Cleaning and maintenance parks and gardens	17,634	18,849
Cleaning and maintenance council premises	6,400	6,801
LES related expenditure	657	1,293
Contract Management Services	7,523	7,622
Other Contractual service	0	1,614
Street Lighting and security	14,858	23,405
	<u>260,050</u>	<u>258,413</u>
TOTAL OPERATIONS & MAINTENANCE EXPENSES	<u>288,166</u>	<u>288,992</u>

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	Year ended 2014 Euro	Year ended 2013 Euro
9. ADMINISTRATIVE AND OTHER EXPENSES		
Depreciation	114,068	93,468
Accountancy services	3,540	3,540
Advertising and public relations expenses	4,265	2,688
Bank charges	134	70
Other office services	780	46
Community services	18,744	16,784
Conference and participation expenses	300	660
Documentation	658	125
Insurance	2,320	2,599
Engineering services	(9,258)	20,900
Other support service	7,553	7,823
Postages	793	358
Printing and stationery	5,870	6,332
Rent	4,212	4,444
Provision for bad LES debts	(421,017)	36,246
Bad debts written off	423,312	0
Provision for general bad debts	0	7,850
Staff Training and Uniforms	0	109
Sundry minor expenses	2,800	2,005
Telecommunications	4,741	5,194
Transport expenses	1,406	2,312
Water and Electricity	4,572	4,566
TOTAL ADMINISTRATIVE AND OTHER EXPENSES	169,793	218,119
	Year ended 2014 Euro	Year ended 2013 Euro
10. FINANCE COST		
Bank interest	<u>6,836</u>	<u>7,903</u>
	<u>6,836</u>	<u>7,903</u>
11. FINANCE INCOME		
Bank Interest	<u>114</u>	<u>191</u>
	<u>114</u>	<u>191</u>

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
12a. PROPERTY, PLANT AND EQUIPMENT

	Trees €	Office Furniture & Fittings €	Computer & Office Equipment €	Urban Improvements €	Plant & Machinery €	Motor Vehicles €	Street Signs, Mirrors & Lights €	Construction Works €	Building €	Assets not yet utilised €	Total €
Cost											
At 1st January 2014	13,727	71,342	41,400	173,587	2,798	13,860	50,440	1,714,535	465,835	-	2,547,524
Additions	6,690	944	7,358	14,272	-	-	-	15,639	-	-	44,903
Disposals during year	-	-	-	(2,697)	-	-	-	-	-	-	(2,697)
At 31st December 2014	20,417	72,286	48,758	185,162	2,798	13,860	50,440	1,730,174	465,835	-	2,589,730
Grants											
At 1st January 2014	-	28,411	-	-	-	-	-	439,985	-	-	468,396
At 31st December 2014	-	28,411	-	-	-	-	-	439,985	-	-	468,396
Depreciation											
At 1st January 2014	-	19,602	34,802	111,372	794	11,001	50,440	410,105	60,029	-	698,145
Charge for the year	-	1,756	1,680	6,371	401	572	-	87,760	15,528	-	114,068
Released on Disposal	-	-	-	(2,697)	-	-	-	-	-	-	(2,697)
At 31st December 2014	-	21,358	36,482	115,046	1,195	11,573	50,440	497,865	75,557	-	809,516
Net Book Value											
At 31st December 2014	20,417	22,517	12,276	70,116	1,603	2,287	-	792,324	390,278	-	1,311,818

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

12b. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Trees	Office Furniture & Fittings	Computer & Office Equipment	Urban Improvements	Plant & Machinery	Motor Vehicles	Street Signs, Mirrors & Lights	Construction Works	Building	Assets not yet utilised	Total
Cost	€	€	€	€	€	€	€	€	€	€	€
At 1st January 2013	13,727	68,510	41,400	173,475	781	13,860	50,440	1,352,940	465,835	16,871	2,197,839
Additions	0	2,832	0	112	2,017	0	0	344,724	0	0	349,685
Transferred during the year								16,871		(16,871)	0
At 31st December 2013	13,727	71,342	41,400	173,587	2,798	13,860	50,440	1,714,535	465,835	0	2,547,524
Grants											
At 1st January 2013	0	28,411	0	0	0	0	0	439,985	0	0	468,396
Transferred during year	0	0	0	0	0	0	0	0	0	0	0
At 31st December 2013	0	28,411	0	0	0	0	0	439,985	0	0	468,396
Depreciation											
At 1st January 2013	0	17,834	32,932	104,466	685	10,287	50,440	343,632	44,501	0	604,677
Charge for the year	0	1,768	1,870	6,906	109	714	0	66,573	15,528	0	93,468
At 31st December 2013	0	19,602	34,802	111,372	794	11,001	50,440	410,105	60,029	0	698,145
Net Book Value											
At 31st December 2013	13,727	23,329	6,598	62,215	2,004	2,859	0	864,445	405,806	0	1,380,983

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

13. TRADE AND OTHER RECEIVABLES

	2014 Euro	2013 Euro
Trade debtors	15,226	66,436
Provision for Bad Debts (General)	(11,426)	(9,131)
Law Enforcement System Debtors	0	405,749
Provision for Bad LES Debts	0	(405,749)
Other debtors	1,000	1,211
Due from other local councils and LTD	17,403	10,462
Prepayments and accrued income	19,259	1,593
	<u>41,462</u>	<u>70,571</u>

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

Trade debtors are analysed as follows:

Within credit period	3,800	1,517
Exceeded credit period(past due) but not impaired	0	55,788
Exceeded credit period(past due) and impaired	11,426	9,131
	<u>15,226</u>	<u>66,436</u>

14. CASH AND CASH EQUIVALENT

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

	2014 Euro	2013 Euro
Petty cash	235	234
Bank balances		
- BOV Grants account	102	8
- BOV Reserve account	5,936	7,051
- BOV LES account	7,458	5,807
- BOV savings accounts	83,099	37,347
Cash and Cash Equivalent in Statement of Financial Position	96,830	50,447
Less Bank Balance Overdrawn	(43,220)	(10,949)
Cash and Cash Equivalent in Statement of Cash Flows	53,610	39,498

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

15. BORROWINGS

	2014	2013
	€	€
Borrowings		
Non-current		
Bank borrowings	<u>154,643</u>	<u>172,012</u>
Current		
Bank borrowings	<u>17,308</u>	<u>16,660</u>
Borrowings		
Repayable between one and two years	34,616	33,320
Repayable between two and five years	51,924	49,980
Repayable in five years or more	<u>68,103</u>	<u>88,712</u>
	<u>154,643</u>	<u>172,012</u>
Repayable after five years or more:		
Bank loan	<u>68,103</u>	<u>88,712</u>

Note: The bank loan is secured by channelling through account of all and any funds which are received by the council from the Government of Malta. The loan bears interest at MIBOR plus 1.5% per annum (3.65%) and is repayable by monthly instalments of €1,962.50 inclusive of interest and will be cleared within 20 years from drawdown, ie 30/05/2027.

16. DEFERRED INCOME

	2014	2013
	€	€
Government Grants		
At beginning of year	570,440	310,566
Increase in period	<u>71,530</u>	<u>290,836</u>
	641,970	601,402
Released in period	<u>(54,776)</u>	<u>(30,962)</u>
At end of year	<u>587,194</u>	<u>570,440</u>
Current Deferred Income	<u>94,216</u>	<u>54,502</u>
Non-Current Deferred Income	<u>492,978</u>	<u>515,938</u>

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

17. TRADE AND OTHER PAYABLES

	2014	2013
	Euro	Euro
Bank Balance Overdrawn	47,040	10,949
Payables	90,072	147,974
Other creditors	0	11,157
Accruals	<u>21,810</u>	<u>37,153</u>
	<u>158,922</u>	<u>207,232</u>

Provisions include estimates for goods and services received prior to 31 December 2014 and for which invoices have not yet been received by the Local Council.

Payable after more than one year:	2014	2013
	Euro	Euro
Payables (PPP Scheme)	<u>28,637</u>	<u>34,365</u>

18. CONTINGENT LIABILITIES

The Council has no Contingent Liabilities as at 31st December 2014.

19. CAPITAL COMMITMENTS

	1 Jan 2014- 31 Dec 2014	1 Jan 2013- 31 Dec 2013
	Euro	Euro
i- Capital expenditure that has been contracted for but not provided for in the financial statements	0	0
ii- Capital expenditure that has been approved but not yet contracted for.	40,000	0

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

20. 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.

21. GOING CONCERN

The Statement of Financial Position and the notes thereto, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council to be able to meet its financial obligations as they fall due without curtailing its future commitments.

22. RELATED PARTY TRANSACTIONS

The Msida Local Council has the following related parties, exercising:

- i. Significant Control – The Department of Local Government
- ii. Joint Control – Central Joint Committee for Local Enforcement, Central Regional Committee for Local Enforcement
- iii. No Control – Arms Ltd., Water Services Corporation, Enemalta Corporation, Inland Revenue Department, Malta Environment and Planning Authority, Malta Information Technology Agency, Bank of Valletta plc., Gozo Regional Committee, South Regional Committee, North Regional Committee, South Eastern Regional Committee, Police General Head Quarters and WasteServ Malta Limited.

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

	2014	2013
	Euro	Euro
Annual Financial Allocation	480,444	473,363
<u>Key Management Emoluments</u>		
Executive Secretary	30,670	24,039
Mayor's Honoraria	10,302	10,055
Mayor & Councillors' Allowances	11,200	9,480

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

23. 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

Market Risk

The Council's interest rate risk arises from its deposits with financial institutions. The Council does not have any long term borrowings. 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.

Credit Risk

Financial assets which potentially subject the Council to concentrations of credit risk which are principally made up of cash at bank and debtors. The Council's cash is placed with a quality 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. Furthermore, credit risk is limited due to the fact that government-owned customers comprise a high percentage of the council's debtor base. LES Debtor balance has been provided for fully with an allowance for bad debts.

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarized as follows:

	2014	2013
	€	€
Classes of financial assets - carrying amounts		
Trade and other receivables	39,438	68,978
Cash and cash equivalents	<u>96,830</u>	<u>50,447</u>
	<u>136,268</u>	<u>119,425</u>

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

The Council assesses the credit quality of its customers by taking into account their financial standing and past experience. The Council considers the credit quality of its financial assets as being acceptable.

Included in the council's trade receivable there are no balances which are past due and which have not been provided for.

	2014	2013
	Euro	Euro
31-60 days	5,802	14,302
61-90 days	792	929
91-180 days	582	899
181-365 days	2,676	28,665
Over 365 days	<u>11,341</u>	<u>9,190</u>
	<u>21,203</u>	<u>53,985</u>

Foreign Currency Risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The council does not trade in any foreign currency transactions.

Interest Rate Risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objective of interest rate risk management is to optimize the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

Liquidity Risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments.

At 31 December 2014, the Council's financial liabilities have contractual maturities which are summarised below:

MSIDA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

	Current within 1 year €	Non-Current 1 to 5 years €	Non-Current later than 5 years €
Payables	90,072	22,910	5,727
Bank Balance overdrawn	43,220	-	-
Borrowings	17,308	69,232	85,411
Accruals	<u>21,810</u>	<u>-</u>	<u>-</u>

This compares to the maturity of the Council's financial liabilities in the previous reporting period as follows:

	Current Within 1 year €	Non-Current 1 to 5 Years €	Non-Current later than 5 years €
Payables	147,763	22,910	11,455
Bank Balance overdrawn	10,949	-	-
Borrowings	16,660	66,640	105,372
Accruals	<u>37,152</u>	<u>-</u>	<u>-</u>

24. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the council's financial assets and liabilities as recognized at the reporting dates under review are categorized as follows:

	2014 €	2013 €
Current assets		
Loans and receivables:		
Trade and other receivables	39,438	68,978
Cash and cash equivalents	<u>96,830</u>	<u>50,447</u>
	<u>136,268</u>	<u>119,425</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	90,072	147,763
Bank Balance overdrawn	43,220	10,949
Short-term borrowings	17,308	16,660
Accruals	<u>21,810</u>	<u>37,152</u>
	<u>172,410</u>	<u>212,524</u>