

Notes to the Financial Statements for the year ended 31 December 2012 (cont)

7 Payables	2012	2011
	€	€
Payables	5,014	17,215
Accruals	136,665	37,451
Deferred Income grants	22,016	113,397
	<u>163,695</u>	<u>168,063</u>

8 Funds received from Central Government	2012	2011
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	212,183	205,962
Other Government Income	15,307	15,099
	<u>227,490</u>	<u>221,061</u>

9 Investment income	2012	2011
	€	€
Bank Interest Receivable	30	22
	<u>30</u>	<u>22</u>

10 General Income	2012	2011
	€	€
Local enforcement income	794	121
Income from tender documents	1,667	1,557
Income from permits	2,117	1,449
Income from PV Panels	(2,582)	2,582
Other	3,188	3,958
	<u>5,184</u>	<u>9,667</u>

During the year, ARMS Limited reversed the credits given to the Local Council with respect to the electricity generated by the PV panels as it claimed they were issued in error.

11 Personal Emoluments	2012	2011
Personal emoluments include, inter alia:	€	€
Mayor's Allowance	6,539	6,364
Councillors' Allowance	6,400	6,400
Executive Secretary's salary and allowances	26,755	25,811
Employees' salaries	17,896	16,141
Social security contributions	3,678	3,284
	<u>61,268</u>	<u>58,000</u>

Notes to the Financial Statements for the year ended 31 December 2012 (cont)**12 Operations and Maintenance**

Operations and maintenance includes, inter alia:	2012	2011
	€	€
Repairs and Upkeep:		
Road and Street Pavements (patching works)	9,480	11,700
Street signs and road markings	2,247	4,997
Public property	652	802
Council premises	66	3
Xlendi maintenance and upkeep	3,275	1,719
Other	816	1,245
Total	<u>16,536</u>	<u>20,466</u>
Contractual Services:	2012	2011
	€	€
Refuse Collection	18,978	17,117
Bulky Refuse Collection	751	548
Road and Street Cleaning	10,688	10,039
Hire of skips	-	212
Cleaning and Maintenance of Public Conveniences	6,729	6,710
Tipping fees	7,529	7,644
Cleaning and Maintenance of parks and gardens	-	36
Cleaning and maintenance of verges	410	607
Cleaning and maintenance council premises	1,160	1,252
Street Lighting	5,207	5,726
Insurance	1,829	2,135
Local Enforcement System expenses	940	855
Other contractual services	236	259
	<u>54,457</u>	<u>53,140</u>
Total Operations and Maintenance Expenses	<u>70,993</u>	<u>73,606</u>

13 Administration and other expenditure

	2012	2011
	€	€
Utilities	7,458	6,492
Materials and supplies	345	621
Rent	2,999	3,398
Office repair and upkeep	1,096	112
Office services	2,821	3,254
Transport	580	537
Information services	332	884
Professional services	7,932	16,894
Penalty	200	597
Community services and events	13,879	20,862
Depreciation	32,637	32,575
	<u>70,279</u>	<u>86,226</u>

Notes to the Financial Statements for the year ended 31 December 2012 (cont)

14. Contingencies

The Council forms part of a Local Enforcement Pooling System. Profits or losses generated from this system cannot be quantified at year end and have been excluded from these financial statements.

There is a contingent liability for tipping fees that were charged to the Local Council but not entered in the accounts amounting to €1,502 for 2010, €1,790 for 2011 and €1,640 for 2012. These amounts were not entered following instructions from the Local Council's Association since the bills for this service exceeded the amount received by the Council from Central Government for this purpose.

15 Capital Commitments

	2012 €	2011 €
i) Details of Capital commitments are as follows:		
Approved and contracted for (ii)	465,651	481,578
Approved but not yet contracted for (iii)	395,942	222,000
	<u>861,593</u>	<u>703,578</u>
ii) These could be analysed as follows:		
Approved and contracted for:		
Pjazza tal-Munxar	98,107	70,000
Conservation works on underground flour mill	258,885	268,401
Public access pathways	108,659	143,177
	<u>465,651</u>	<u>481,578</u>
iii) Approved but not yet contracted for:		
Special Programmes - PPP	290,892	-
Terrace promenade Xlendi	-	70,000
Supply and fix benches, lamp posts and litter bins	-	20,000
Pedestrian guard rails and Street furniture Xlendi Bay	105,050	132,000
	<u>395,942</u>	<u>222,000</u>

16 Related Parties

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Regional committees	No control
Ministry for Gozo	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control

Notes to the Financial Statements for the year ended 31 December 2012 – continued

16 Related Parties (cont.)

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

Significant control:	2012	2011
Revenue	€	€
Annual financial allocation	<u>212,183</u>	<u>205,962</u>

The ultimate controlling party of the local is Central Government since the Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

The Council also receives revenue from other Government entities such as Water Services Corporation for trenching works carried out in the locality, and for the reinstatement of roads as a result of the trenching works.

17. Risk management objectives and policies

The Council's activities expose it to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the council members and focuses on actively securing the council's short to medium term cash flow by minimising exposure to financial risks.

The most significant financial risks to which the council is exposed are described below.

17.1 Credit risk

The council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	2012	2011
Class of financial assets – carrying amounts	€	€
Trade and other receivables	55,491	41,348
Cash and Cash Equivalents	<u>328,266</u>	<u>296,413</u>
	<u>383,757</u>	<u>337,761</u>

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal with only creditworthy counterparties.

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See notes 4 and 5 for further information on impairment or financial assets that are past due.

None of the council's financial assets is secured by collateral or other credit enhancements

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Financial Statements for the year ended 31 December 2012 (cont)

17.2 Liquidity risk

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funds to meet the council's obligations when they become due.

The council manage its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity is deemed to be sufficient in view of an excess of financial assets.

	2012	2011
	€	€
Payables	141,679	54,666
	<u>141,679</u>	<u>54,666</u>

17.3 Summary of the financial assets and liabilities by category

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

	2012	2011
	€	€
Current Assets		
Loans and receivables:		
Trade and other receivables	55,491	41,348
Cash and Cash Equivalents	328,266	296,413
	<u>383,757</u>	<u>337,761</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	141,679	54,666
	<u>141,679</u>	<u>54,666</u>



Spiteri Bailey & Co.

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LOCAL COUNCIL MUNXAR

Report of the Local Government Auditor to the Auditor General

We have audited the accompanying financial statements of Local Council Munxar set out on pages 4 to 20, which comprise the statement of financial position as at 31st December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Local Council for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council Responsibilities for the Financial Statements

As described on page 3, the Executive Secretary and the Council are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Local Government Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 internal control of the Local Council. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of the accounting estimates made by the Executive Secretary and the Council, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Council as of 31 December 2012 and of the Council's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.



Spiteri Bailey & Co.

Accountancy Audit Advisory

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Local Councils Act, (CAP 363); the Financial Regulations issued in terms of the said Act; and the Local Councils (Financial) Procedures.

**This copy of the audit report has been signed by
Conrad Borg FCCA FIA DipIFR CPA (Partner) for and on behalf of
Spiteri Bailey & Co.**

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24 / 04 / 2013