

Notes to the Financial Statements for the year ended 31 December 2013 (cont)

j. Surplus 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 deficits 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.

k. Cash and Equivalents

Cash and Cash Equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

l. Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24.

During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Gozo Joint Committee.

m. Payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the council.

n. 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 transactions costs.

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.

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

Notes to the Financial Statements for the year ended 31 December 2013 - continued

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 counterparty 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 include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

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

o. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the council members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Notes to the Financial Statements for the year ended 31 December 2013 (cont)

3a Property, Plant and Equipment

Cost	Buildings & Improvements	Office Furniture /fittings	Computer & Office Equipment	Plant & Machinery	New Street Signs	Urban Improvements	Construction	Assets under construction	Special Programmes	Total
€	€	€	€	€	€	€	€	€	€	€
At 1 January 2013	3,736	15,115	38,310	1,210	3,785	91,581	142,060	109,199	611,234	1,016,230
Additions	-	108	3,484	-	-	-	-	32,100	121,140	156,832
Reclassifications	-	-	-	-	-	-	-	(89,129)	89,129	-
At 31 December 2013	3,736	15,223	41,794	1,210	3,785	91,581	142,060	52,170	821,503	1,173,062
Grants and other reimbursements										
At 1 January 2013	-	-	-	-	-	-	-	-	(202,470)	(202,470)
Received during the year	-	-	-	-	-	-	-	-	-	-
At 31 December 2013	-	-	-	-	-	-	-	-	(202,470)	(202,470)
Accumulated Depreciation										
At 1 January 2013	(501)	(8,684)	(31,580)	(683)	(3,785)	(23,679)	(59,017)	-	(206,639)	(334,568)
Charge for the year	(32)	(489)	(1,955)	(105)	-	(310)	(6,757)	-	(37,486)	(47,134)
At 31 December 2013	(533)	(9,173)	(33,535)	(788)	(3,785)	(23,989)	(65,774)	-	(244,125)	(381,702)
At 31 December 2013	3,203	6,050	8,259	422	-	67,592	76,286	52,170	374,908	588,890

Notes to the Financial Statements for the year ended 31 December 2013 (cont)

3b Property, Plant and Equipment

Cost	Buildings & Improvements	Office Furniture /fittings	Computer & Office Equipment	Plant & Machinery	New Street Signs	Urban Improvements	Construction	Assets under construction	Special Programmes	Total
€	€	€	€	€	€	€	€	€	€	€
At 1 January 2012	3,736	14,402	37,481	1,210	3,785	30,599	136,099	5,961	565,881	799,154
Additions	-	713	829	-	-	60,982	5,961	103,238	45,353	217,076
At 31 December 2012	3,736	15,115	38,310	1,210	3,785	91,581	142,060	109,199	611,234	1,016,230
Grants and other reimbursements										
At 1 January 2012	-	-	-	-	-	-	-	-	(202,470)	(202,470)
Received during the year	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	-	-	-	-	-	-	-	(202,470)	(202,470)
Accumulated Depreciation										
At 1 January 2012	(468)	(8,195)	(29,995)	(552)	(3,785)	(22,343)	(56,426)	-	(180,167)	(301,931)
Charge for the year	(33)	(489)	(1,585)	(131)	-	(1,336)	(2,591)	-	(26,472)	(32,637)
At 31 December 2012	(501)	(8,684)	(31,580)	(683)	(3,785)	(23,679)	(59,017)	-	(206,639)	(334,568)
At 31 December 2012	3,235	6,431	6,730	527	-	67,902	83,043	109,199	202,125	479,192

Notes to the Financial Statements for the year ended 31 December 2013 (cont)

4 Receivables	2013	2012
	€	€
Prepayments and Accrued Income	34,420	36,747
Other receivables	23,759	18,744
	<u>58,179</u>	<u>55,491</u>

Receivables

Within the current period	35,478	39,875
Exceeded credit period but not yet impaired	22,701	15,616
	<u>58,179</u>	<u>55,491</u>

5 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and Cash equivalents included in the statement of cash flows comprise the following amounts in the Local Council statement of Financial Position:

	2013	2012
Bank Balances:	€	€
Current Accounts	206,506	187,611
Savings Accounts	15,302	15,375
Bank account - Measure 323	26,335	85,277
Bank account - Measure 313	14,536	39,686
Cash in hand	318	317
Cash at bank and in hand	<u>262,997</u>	<u>328,266</u>

6 Deferred income grants

	2013	2012
	€	€
Deferred Income 1 to 2 years	31,393	14,534
Deferred Income 2 to 5 years	77,302	35,787
Deferred Income over 5 years	274,232	309,005
	<u>382,927</u>	<u>359,326</u>

	2013	2012
	€	€
Opening balance	381,342	268,084
Increase in grants	61,570	121,290
Release of grants	25,951	8,032
Closing balance	416,961	381,342
Less Current portion	34,034	22,016
Non-current portion	<u>382,927</u>	<u>359,326</u>

Notes to the Financial Statements for the year ended 31 December 2013 (cont)

7 Payables	2013	2012
	€	€
Accounts payables	11,553	5,014
Accruals	129,143	136,665
Deferred Income grants	34,034	22,016
	<u>174,730</u>	<u>163,695</u>
 8 Funds received from Central Government	 2013	 2012
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	209,620	212,183
Other Government Income	197,710	15,307
	<u>407,330</u>	<u>227,490</u>
 9 Investment income	 2013	 2012
	€	€
Bank Interest Receivable	204	30
	<u>204</u>	<u>30</u>
 10 General Income	 2013	 2012
	€	€
Local enforcement income	677	794
Income from tender documents	945	1,667
Income from permits	839	2,117
Income from PV panels	-	(2,582)
Insurance claims	223	-
Rent receivable	2,528	158
Other income	137	3,030
	<u>5,349</u>	<u>5,184</u>
 11 Personal Emoluments	 2013	 2012
Personal emoluments include, inter alia:	€	€
Mayor's Allowance	6,704	6,539
Councillors' Allowance	6,400	6,400
Executive Secretary's salary and allowances	26,874	26,755
Employees' salaries	17,893	17,896
Social security contributions	3,688	3,678
	<u>61,559</u>	<u>61,268</u>