

Notes to the Financial Statements for the year ended 31 December 2014 - continued

4 Receivables	2014	2013
	€	€
Prepayments and Accrued Income	143,939	34,420
Other receivables	5,466	23,759
	<u>149,405</u>	<u>58,179</u>

Receivables		
Within the current period	147,905	35,478
Exceeded credit period but not yet impaired	1,500	22,701
	<u>149,405</u>	<u>58,179</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:

	2014	2013
	€	€
Bank Balances:		
Current Accounts	188,742	206,506
Savings Accounts	97,748	15,302
Bank account - Measure 323	9,957	26,335
Bank account - Measure 313	91	14,536
Cash in hand	317	318
Cash at bank and in hand	<u>296,855</u>	<u>262,997</u>

6 Deferred income grants	2014	2013
	€	€
Deferred Income 1 to 2 years	42,372	31,393
Deferred Income 2 to 5 years	98,884	77,302
Deferred Income over 5 years	608,465	274,232
	<u>749,721</u>	<u>382,927</u>

	2014	2013
	€	€
Opening balance	416,961	381,342
Increase in grants	440,636	61,570
Release of grants	(63,836)	(25,951)
Closing balance	793,761	416,961
Less Current portion	(44,040)	(34,034)
Non-current portion	<u>749,721</u>	<u>382,927</u>

Notes to the Financial Statements for the year ended 31 December 2014 - continued

7 Payables	2014	2013
	€	€
Accounts payable	233,335	11,553
Accruals	34,256	129,143
Deferred Income grants	44,040	34,034
Other payables	170	-
	<u>311,801</u>	<u>174,730</u>
 8 Funds received from Central Government	 2014	 2013
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	209,291	209,620
Other Government Income	96,586	197,710
	<u>305,877</u>	<u>407,330</u>
 9 Investment income	 2014	 2013
	€	€
Bank Interest Receivable	22	204
	<u>22</u>	<u>204</u>
 10 General Income	 2014	 2013
	€	€
Local enforcement income	888	677
Income from tender documents	1,350	945
Income from permits	1,939	839
Insurance claims	-	223
Rent receivable	2,950	2,528
Other income	5,251	137
	<u>12,378</u>	<u>5,349</u>
 11 Personal Emoluments	 2014	 2013
Personal emoluments include, inter alia:	€	€
Mayor's Allowance	6,868	6,704
Councillors' Allowance	6,400	6,400
Executive Secretary's salary and allowances	28,020	26,874
Employees' salaries	18,498	17,893
Social security contributions	3,816	3,688
	<u>63,602</u>	<u>61,559</u>

Notes to the Financial Statements for the year ended 31 December 2014 - continued**12 Operations and Maintenance**

Operations and maintenance includes, inter alia:	2014	2013
	€	€

Repairs and Upkeep:

Road and Street Pavements (patching works)	12,311	7,762
Street signs and road markings	3,540	8,181
Public property	642	1,492
Council premises	346	1,456
Xlendi maintenance and upkeep	1,700	7,085
Restoration work - underground mill	4,155	165,142
Restoration Works - Mithna	826	-
Other	1,024	189
Total	24,544	191,307

Contractual Services:

	2014	2013
	€	€
Refuse Collection	20,622	19,657
Bulky Refuse Collection	524	548
Road and Street Cleaning	9,752	10,509
Cleaning and Maintenance of Public Conveniences	6,775	7,048
Tipping fees	10,743	9,032
Cleaning and Maintenance of parks and gardens	340	-
Cleaning and maintenance of verges	484	2,193
Cleaning and maintenance council premises	1,299	1,211
Street Lighting	4,577	4,744
Insurance	1,813	1,813
Local Enforcement System expenses	1,032	848
Other contractual services	272	172
	58,233	57,775

Total Operations and Maintenance Expenses	82,777	249,082
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13 Administration and other expenditure

	2014	2013
	€	€
Utilities	6,898	8,398
Materials and supplies	249	986
Rent	3,412	3,649
Office repair and upkeep	838	845
Office services	5,787	2,604
Transport	480	476
Information services	307	129
Professional services	4,943	7,077
Training	830	-
Community services and events	23,310	18,463
Provision for doubtful debts increase	3,986	-
Depreciation	98,380	47,134
	149,420	89,761

Notes to the Financial Statements for the year ended 31 December 2014 - continued**14 Capital Commitments**

	2014 €	2013 €
i) Details of Capital commitments are as follows:		
Approved and contracted for (ii)	282,895	479,755
Approved but not yet contracted for (iii)	-	59,400
	<u>282,895</u>	<u>539,155</u>
ii) These could be analysed as follows:		
Approved and contracted for:		
Pjazza tal-Munxar	64,546	76,508
Special Programmes - PPP	-	300,190
Online streaming	-	2,242
Pedestrian guard rails and Street furniture Xlendi Bay	-	100,815
Ticketing system at Mithna	13,970	-
Upgrading of Triq Zghawi Nature Walk	204,379	-
	<u>282,895</u>	<u>479,755</u>
iii) Approved but not yet contracted for:		
Special Programmes – PPP	-	29,400
Public access pathways	-	30,000
	<u>-</u>	<u>59,400</u>

15 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

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

Significant control:	2014	2013
Revenue	€	€
Annual financial allocation	<u>209,291</u>	<u>209,616</u>

The ultimate controlling party of the local is the 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.

Notes to the Financial Statements for the year ended 31 December 2014 - continued

16. 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.

16.1 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:

	2014	2013
	€	€
Class of financial assets – carrying amounts		
Trade and other receivables	149,405	58,179
Cash and Cash Equivalents	296,855	262,997
	<u>446,260</u>	<u>321,176</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.

16.2 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.

	2014	2013
	€	€
Payables	<u>311,801</u>	<u>174,730</u>
	<u>311,801</u>	<u>174,730</u>

Notes to the Financial Statements for the year ended 31 December 2014 - continued**16.3 Interest rate risk**

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 5), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

16.4 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:

	2014 €	2013 €
Current Assets		
Loans and receivables:		
Trade and other receivables	149,405	58,179
Cash and Cash Equivalents	296,855	262,997
	<u>446,260</u>	<u>321,176</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	311,801	174,730
	<u>311,801</u>	<u>174,730</u>

16.5 Capital risk management

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Council.

17 Fair value estimation

At 31 December 2014 and 31 December 2013, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.



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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 2014, 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 2014 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.