



Nadur Local Council

Annual Administrative Report

2012

Table of Contents

Mayor's Introduction	1
The Council	2
Financial and Operations Review	3-4
Income and Expenditure Variation	5
Bank Reconciliation Statement	8-9
Local Government Auditors Report plus Financial Statements	

1.0 Mayor's Introduction

The year 2012 included the end of the sixth council legislature and the beginning of the seventh council legislature. Thus we had 2 different mayors and a change in councillors during this year. Despite this the council carried on with its rigorous works.

Resurfacing works under the Public Private Partnership Scheme and Eco Gozo project were completed. These were major projects and are thus reflected in the financial statements.

This year the council continued with its many cultural and social activities. Events organised by the council were: Carnival Activities; Imnarja Activities; Wine Festival, Council Day activities. Besides these the council also organised outings for the elderly and for school Children.

The Council also took care to continue organising the child day care centre during the summer months and an elderly day care centre throughout the year as well as various courses.

All this work is in addition to the council's normal obligations and contractual works.

Charles Said
Mayor

2.0 The Council

2.1 The Council**From 1/1/2012 – till 31/3/2012**

Mayor	Miriam Portelli	Attended 100% of council meetings
Deputy Mayor	Charles Said	Attended 100% of council meetings
Councillor	Maria Natoli	Attended 100% of council meetings
Councillor	Jonathan Buttigieg	Attended 60% of council meetings
Councillor	Dr. Rita Mifsud	Attended 80% of council meetings

From 1/4/2012 – till 31/12/2012

Mayor	Charles Said	Attended 100% of council meetings
Deputy Mayor	Eucharist Camilleri	Attended 100% of council meetings
Councillor	Josianne Cutajar	Attended 92% of council meetings
Councillor	Miriam Portelli	Attended 54% of council meetings
Councillor	Maria Natoli	Attended 100% of council meetings

Executive Secretary	Rita Mifsud Attard	Attended 100% of council meetings.
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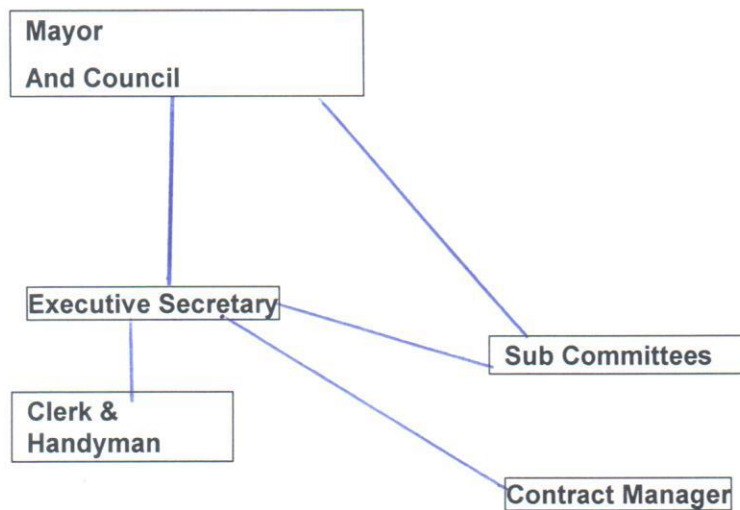
3.0 Financial and Operations review

3.1 Financial Review

During this financial year the council received €430422 from the central government and collected an additional 28010. The total income was €458432. The council had a cash balance brought forward of €148471. Whilst at the end of this year the cash balance is €66575. The auditor's report also includes €72892 as an expense that are depreciation costs.

Rita Mifsud Attard
Executive Secretary

3.2 Organization



4.1 Consolidated Income and Expenditure Variations Schedule

DESCRIPTION	a	b	c	a-b/b-a	a-c/c-a
	2012	2012	2011	2011-2012	2011-2012
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
	Euro	Euro	Euro	VAR	VAR
				Euro	Euro
Income					
Government	430,422.00	479,002.00	421,852.00	(48,580.00)	8,570.00
Bye-laws	28,010.00	25,000.00	7,455.00	3,010.00	20,555.00
Investment	1,421.00	500.00	561.00	921.00	860.00
TOTAL	459,853.00	504,502.00	429,868.00	(44,649.00)	29,985.00
Expenditure					
Personal emoluments	64,075.00	71,218.00	68,955.00	7,143.00	4,880.00
Operations and maintenance	273,660.00	233,550.00	259,912.00	(40,110.00)	(13,748.00)
Capital Expenditure	138,805.00	201,000.00	546,252.86	62,195.00	407,447.86
TOTAL	476,540.00	505,768.00	875,119.86	29,228.00	398,579.86
Balance	(16,687.00)	(1,266.00)	(445,251.86)	(73,877.00)	(368,594.86)

4.2 Detailed Income Variations Schedule

DESCRIPTION	a	b	c	a-b	a-c
	2012 ACTUAL Euro	2012 BUDGET Euro	2011 ACTUAL Euro	2011-2012 BUDGET VAR Euro	2011-2012 ACTUAL VAR Euro
Income					
Government					
Annual	414,002.00	414,002.00	396,679.00		17,323.00
Supplementary	16,420.00	45,000.00	10,503.00		5,917.00
Special needs		5,000.00		(5,000.00)	
Public/government entities		5,000.00	4,564.00	(5,000.00)	(4,564.00)
Other		10,000.00	10,106.00	(10,000.00)	(10,106.00)
	430,422.00	479,002.00	421,852.00	(20,000.00)	8,570.00
Bye-Laws					
Community Services	12,948.00	10,000.00	12,625.00	2,948.00	323.00
Contravention of bye-laws	2,177.00	5,000.00	14,386.00	(2,823.00)	(12,209.00)
Contributions and donations	10,360.00	5,000.00	7,340.00	5,360.00	3,020.00
General	2,525.00	5,000.00	5,929.00	(2,475.00)	(3,404.00)
	28,010.00	25,000.00	7,455.00	3,010.00	(12,270.00)
Investment					
Bank interest	1,421.00	500.00	561.00	921.00	860.00
Government securities					
	1,421.00	500.00	561.00	921.00	860.00
TOTAL	459,853.00	504,502.00	429,868.00	(16,069.00)	(2,840.00)

4.3 Detailed Expenditure Variations Schedule

DESCRIPTION	a	b	c	b-a	c-a
	2012	2012	2011	2011-2012	2011-2012
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
	Euro	Euro	Euro	VAR	VAR
				Euro	Euro
Expenditure					
Personal Emoluments					
Mayor's allowance	12,939.00	12,000.00	10,204.00	(939.00)	(2,735.00)
Employee salaries and wages	42,165.00	46,500.00	48,583.00	4,335.00	6,418.00
Bonuses	2,804.00	3,700.00	3,875.00	896.00	1,071.00
Income supplements	595.00	728.00	727.00	133.00	132.00
Social Security contributions	3,985.00	4,550.00	4,535.00	565.00	550.00
Allowances	330.00	3,040.00	466.00	2,710.00	136.00
Overtime	1,257.00	700.00	565.00	(557.00)	(692.00)
	64,075.00	71,218.00	68,955.00	7,143.00	4,880.00
Operations and maintenance					
Utilities	13,899.00	12,000.00	13,224.00	(1,899.00)	(675.00)
Materials and supplies	5,952.00	5,500.00	5,604.00	(452.00)	(348.00)
Repair and upkeep	40,909.00	26,000.00	35,894.00	(14,909.00)	(5,015.00)
Rent	3,341.00	2,000.00	1,912.00	(1,341.00)	(1,429.00)
International memberships	1,036.00	4,000.00	10,528.00	2,964.00	9,492.00
Office services	5,235.00	3,000.00	3,338.00	(2,235.00)	(1,897.00)
Transport	2,595.00	4,000.00	3,714.00	1,405.00	1,119.00
Travel	1,911.00	3,000.00	3,884.00	1,089.00	1,973.00
Information services	25,437.00	14,000.00	15,358.00	(11,437.00)	(10,079.00)
Contractual services	136,623.00	120,000.00	118,210.00	(16,623.00)	(18,413.00)
Professional services	11,176.00	19,000.00	23,304.00	7,824.00	12,128.00
Training	95.00	100.00		5.00	(95.00)
Community and hospitality	23,791.00	20,000.00	24,048.00	(3,791.00)	257.00
Bad debts prov'n and Bad debts					
Incidental expenses	434.00	100.00	39.00	(334.00)	(395.00)
Local Enforcement expenses	1,226.00	850.00	855.00	(376.00)	(371.00)
	273,660.00	233,550.00	259,912.00	(40,110.00)	(13,748.00)
Capital Expenditure					
Acquisition of property		7,000.00		7,000.00	
Construction	137,710.00	190,000.00	438,210.00	52,290.00	300,500.00
Improvements	1,095.00	4,000.00	680.00	2,905.00	(415.00)
Equipment			617.00		617.00
Special programmes			106,745.86		106,745.86
	138,805.00	201,000.00	546,252.86	62,195.00	407,447.86
TOTAL	476,540.00	505,768.00	875,119.86	29,228.00	398,579.86

Nadur Local Council

Annual Report
and
Financial Statements

1 January – 31 December 2012

Prepared by
JCA Limited



ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2012

<i>CONTENTS</i>	<i>PAGES</i>
Statement of Local Council Members' and Executive Secretary's responsibilities	3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Independent auditors' report	22

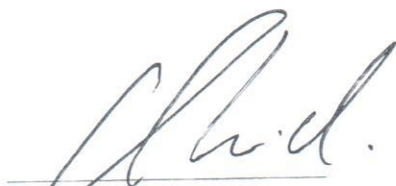
Financial Statements for the year ended 31 December 2012

Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of Comprehensive Income 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 year end, and that they comply with the Act, the Local Councils (Financial) Regulations, and the Local Councils (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 Councils (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.

Approved by the Council and signed on its behalf on the 18 April 2013 by:


Charles Said
Mayor
Rita Mifsud Attard
Executive Secretary

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	31 December 2012 €	31 December 2011 €
ASSETS			
Non-current assets			
Property, plant and equipment	3	<u>1,334,385</u>	<u>1,326,004</u>
		<u>1,334,385</u>	<u>1,326,004</u>
Current Assets			
Receivables	4	59,290	73,112
Cash and Cash Equivalents	5	<u>76,972</u>	<u>159,779</u>
		<u>136,262</u>	<u>232,891</u>
Total Assets		<u><u>1,470,647</u></u>	<u><u>1,558,895</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained Fund		808,592	805,802
Non-current liabilities			
Long term borrowings	6	70,180	76,204
Non current deferred income	6	159,871	209,612
Deferred income grants	7	143,468	116,127
Current liabilities			
Payables	8	288,536	351,150
Total reserves and liabilities		<u><u>1,470,647</u></u>	<u><u>1,558,895</u></u>

The notes on pages 8 to 21 are an integral part of the financial statements.

These Financial Statements were approved by the Local Council on the 18 April 2013 and signed on its behalf by:



Charles Said
Mayor



Rita Mifsud Attard
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	2012 €	2011 €
REVENUE			
Funds received from central government	9	430,422	428,852
Funds raised under Local Enforcement System	10	2,177	295
General Income	11	25,833	32,987
		<u>458,432</u>	<u>462,134</u>
EXPENDITURE			
Personal emoluments	12	(64,075)	(68,955)
Operations and maintenance	13	(171,505)	(147,341)
Administration and other expenditure	14	(218,060)	(197,746)
		<u>(453,640)</u>	<u>(414,042)</u>
Operating Surplus for the year		4,792	48,092
Investment income	15	1,421	561
Finance cost	16	(3,423)	(3,656)
Total Comprehensive Income for the year		<u><u>2,790</u></u>	<u><u>44,997</u></u>

The notes on pages 8 to 21 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

	Retained Earnings 2012 €	Retained Earnings 2011 €
At 1 January	805,802	760,805
Total Comprehensive Income for the year	2,790	44,997
	<hr/>	<hr/>
At 31 December	808,592	805,802

The notes on pages 8 to 21 are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Note	2012 €	2011 €
Cash Flows from Operating Activities			
Total Comprehensive Income for the year		2,790	44,997
Adjustments for:			
Depreciation		119,340	88,829
Deferred income amortised		(13,223)	(4,564)
Investment Income		(1,421)	(561)
Interest on loan		3,423	3,656
Operating Profit before Working Capital Changes		110,909	132,357
Decrease in receivables		13,822	10,084
(Decrease)/Increase in payables		(62,257)	221,201
Net Cash inflows from operating Activities		62,474	363,642
Cash flows from Investing Activities			
Purchase of property, plant and equipment		(127,721)	(632,245)
New grants received		41,118	20,830
Investment Income		1,421	561
Interest on loan		(3,423)	(3,656)
Cash Flow used in investing activities		(88,605)	(614,510)
Cash flows from Financing Activities			
Net movement in bank loan		(55,765)	203,820
Net Cash (used in)/generated from financing activities		(55,765)	203,820
Net Decrease in Cash and Cash Equivalents		(81,896)	(47,048)
Cash and Cash Equivalents at the Beginning of Year		148,471	195,519
Cash and Cash Equivalents at the End of Year	5	66,575	148,471

The notes on pages 8 to 21 are an integral part of the financial statements.

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

1. General Information

Nadur Local Council is the local Authority of Nadur setup in accordance with the Local Council's Act. The office of the Local Council is situated at North Street, Nadur NDR1222, Gozo.

Nadur Local Council started to form part of the Gozo Regional Committee in September 2011.

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.

a. Accounting convention

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).

The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards as adopted by the EU and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

b. Standards, amendments and interpretations to existing standards

Annual Improvements: 2012 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

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 2013)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. 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 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

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 the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

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

c. Revenue recognition

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

d. Local Enforcement System

Nadur Local Council formed part of Gozo Joint Committee until the 30th September 2011. After this date the Local Enforcement System was taken over by the Regional committees. During 2012 the amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is now chargeable to the Regional Committees for contraventions paid at the Council.

e. Property, Plant and Equipment

Property, plant and equipment is 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
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	replacement basis
Playground furniture	100
Road and traffic Signs	replacement basis
Street Mirrors	replacement basis
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 financial reporting 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.

f. Government Grants

Government grants are accounted for on the Income Approach according to IAS 20. They are accounted for on a systematic basis in the Statement of Comprehensive Income over the periods necessary to match them with the related costs which they are intended to compensate. If such costs have already been incurred when the grant is made, or if there are no related cost, then the grant is accounted for when it becomes receivable.

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

g. 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 Comprehensive Income.

h. 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 amounts 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 recognised in the Statement of Comprehensive Income.

i. 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 Euro, which is the Council's functional and present currency.

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.

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

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. 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.

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 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'.

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

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).

p. Borrowings

Borrowings are initially recognised at cost, being the fair value of the consideration received and including acquisition charges associated with the borrowing.

Subsequent to initial recognition, all interest-bearing borrowings, other than liabilities held for trading, are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on settlement. Liabilities which are held for trading are subsequently measured at fair value.

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

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

3a Property, Plant and Equipment

Cost	Trees & Plants	Office Furniture /fittings	Office & Computer Equipment	Plant & Machinery	Urban Improvements	New Street Signs	Construction	Special Programmes	Council Assets under Premises construction	Total
€	€	€	€	€	€	€	€	€	€	€
At 1 January 2012	5,840	28,745	16,749	27,954	443,985	13,942	1,660,680	136,328	138,150	2,472,373
Additions this year	-	1,301	4,582	4,913	28,868	-	86,457	1,600	-	127,721
At 31 December 2012	5,840	30,046	21,331	32,867	472,853	13,942	1,747,137	137,928	138,150	2,600,094
Grants and other reimbursements										
At 1 January 2012	-	-	-	-	-	-	(229,616)	(68,341)	-	(297,957)
Additions this year	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	-	-	-	-	-	(229,616)	(68,341)	-	(297,957)
Accumulated Depreciation										
At 1 January 2012	-	(16,402)	(15,541)	(25,414)	(215,457)	(13,942)	(510,682)	(47,560)	(3,414)	(848,412)
Charge this year	-	(941)	(744)	(464)	(23,116)	-	(91,462)	(1,952)	(661)	(119,340)
At 31 December 2012	-	(17,343)	(16,285)	(25,878)	(238,573)	(13,942)	(602,144)	(49,512)	(4,075)	(967,752)
Net book value										
At 31 December 2012	5,840	12,703	5,046	6,989	234,280	-	915,377	20,075	134,075	1,334,385

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

3b Property, Plant and Equipment

Cost	Trees & Plants €	Office Furniture /fittings €	Office & Computer Equipment €	Plant & Machinery €	Urban Improvements €	New Street Signs €	Construction €	Special Programmes €	Council Premises €	Assets under construction €	Total €
At 1 January 2011	5,840	28,182	16,132	27,617	418,532	13,942	1,027,636	136,328	138,150	27,769	1,840,128
Additions this year	-	563	617	337	25,453	-	605,275	-	-	-	632,245
Reclassifications	-	-	-	-	-	-	27,769	-	-	(27,769)	-
At 31 December 2011	5,840	28,745	16,749	27,954	443,985	13,942	1,660,680	136,328	138,150	-	2,472,373
Grants and other reimbursements											
At 1 January 2011	-	-	-	-	-	-	(229,616)	(68,341)	-	-	(297,957)
Additions this year	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2011	-	-	-	-	-	-	(229,616)	(68,341)	-	-	(297,957)
Accumulated Depreciation											
At 1 January 2011	-	(14,690)	(14,432)	(24,066)	(200,685)	(13,942)	(444,533)	(43,953)	(3,282)	-	(759,583)
Charge this year	-	(1,712)	(1,109)	(1,348)	(14,772)	-	(66,149)	(3,607)	(132)	-	(88,829)
At 31 December 2011	-	(16,402)	(15,541)	(25,414)	(215,457)	(13,942)	(510,682)	(47,560)	(3,414)	-	(848,412)
Net book value											
At 31 December 2011	5,840	12,343	1,208	2,540	228,528	-	920,382	20,427	134,736	-	1,326,004

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

	2012	2011
	€	€
4 Receivables		
Receivables	8,339	4,136
Accrued income	49,093	62,736
Prepayments	1,858	6,240
	<u>59,290</u>	<u>73,112</u>
Trade receivables		
Within the current period	57,944	67,779
Exceeded credit period but not yet impaired	1,346	5,333
	<u>59,290</u>	<u>73,112</u>

5 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the Local Council's statement of financial position:

	2012	2011
	€	€
Bank Balances:		
Ordinary funds	76,971	159,759
Cash in hand	1	20
Overdrawn balances	(10,397)	(11,308)
	<u>66,575</u>	<u>148,471</u>
Transfer to payables	10,397	11,308
	<u>76,972</u>	<u>159,779</u>
Cash at bank and in hand		

6 Non-current Liabilities

	2012	2011
	€	€
Borrowings	70,180	76,204
Non current liability	159,871	209,612
	<u>230,051</u>	<u>285,816</u>

The Council has a loan facility of Euro 91,444 with APS Bank Limited, in connection with the construction and finishing costs of the new premises to house the administrative offices of the Council and a public convenience at North Street, Nadur. This loan is repayable in monthly instalments of Euro 787.33, bears interest of 1.75% over the Central Bank Intervention rate, currently 3.75% per annum and is repayable in full by June 2026.

The facility is secured by:

(a) First General Hypothec over the Council's assets for Euro 116,469.

(b) First Special Hypothec for Euro 116,469 on a piece of land covering an area of 3,372 sq.mts situated at Our Lady of Fatima Street, Nadur.

The instalments falling due within one year are being disclosed with Current Liabilities while the balance is separately disclosed as falling due after one year.

Notes to the Financial Statements for the year ended 31 December 2011 (cont)

Non-current payables (Cont.)	2012	2011
	€	€
Non-current liabilities may be analysed as follows:		
Due between 1 to 2 years	36,093	61,851
Due between 2 to 5 years	108,279	106,948
Due after 5 years	85,679	117,017
	<u>230,051</u>	<u>285,816</u>

7 Deferred Income Grants	2012	2011
	€	€
Deferred Income 1 to 2 years	13,693	11,095
Deferred Income 2 to 5 years	33,357	26,879
Deferred Income over 5 years	96,418	78,153
	<u>143,468</u>	<u>116,127</u>

	2012	2011
	€	€
Opening balance	130,737	114,471
Increase in grants	41,118	20,830
Release of grants	13,223	4,564
Closing balance	158,632	130,737
Less Current portion	15,164	14,610
Non-current portion	<u>143,468</u>	<u>116,127</u>

8 Payables	2012	2011
	€	€
Payables	93,773	66,949
Unspent Funds	-	1,301
Accruals	159,754	247,534
Deferred income grants within one year	15,164	14,610
Borrowings	9,448	9,448
Overdrawn balances	10,397	11,308
	<u>288,536</u>	<u>351,150</u>

9 Funds received from Central Government	2012	2011
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	414,002	396,679
Other Government Income	16,420	32,173
	<u>430,422</u>	<u>428,852</u>

10 Income raised from Local Enforcement System

Income from Contraventions	2,177	295
	<u>2,177</u>	<u>295</u>

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

11 General Income	2012	2011
	€	€
Cultural activities	8,418	7,544
Community services	4,530	4,994
Contributions and donations	8,228	7,340
Income from tender documents	1,868	1,458
Income from permits	2,789	1,888
Other income	-	9,763
	<u>25,833</u>	<u>32,987</u>

12 Personal Emoluments	2012	2011
Personal emoluments include, inter alia:	€	€
Mayor's Allowance	6,539	3,804
Councillors' Allowance	6,400	6,400
Executive Secretary salary and allowances	25,655	25,012
Employees' Salaries	21,496	29,204
Social Security Contributions	3,985	4,535
	<u>64,075</u>	<u>68,955</u>

13 Operations and Maintenance	2012	2011
Operations and maintenance includes, inter alia:	€	€
Repairs and Upkeep:		
Road and street pavements	23,944	10,712
Street signs and road markings	2,396	1,513
Public property	4,587	5,966
Other	9,982	17,703
Total	<u>40,909</u>	<u>35,894</u>

Contractual Services:

Refuse Collection (including bins on wheels)	59,572	48,554
Bulky Refuse Collection (incl open skips)	12,528	11,038
Road and Street Cleaning (mechanical and manual)	14,812	16,014
Cleaning and Maintenance of Public Conveniences	3,799	3,094
Cleaning and maintenance - parks and gardens	7,989	6,287
Cleaning and maintenance - non- urban	5,146	1,182
Clean.&Maint-Beaches and coastal areas	-	312
Local Enforcement System - expenses	1,227	1,051
Street lighting	7,726	10,738
Other	17,797	13,177
	<u>130,596</u>	<u>111,447</u>
Total Operations and Maintenance Expenses	<u>171,505</u>	<u>147,341</u>

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

14 Administration and other expenditure	2012	2011
	€	€
Utilities	13,795	13,224
Other repairs and upkeep	5,952	5,604
National and International Memberships	1,036	10,528
Rent	3,431	1,913
Office Services	5,236	3,338
Travel	1,911	3,884
Transport	2,595	3,713
Information services	25,437	15,358
Other contractual services	3,831	3,964
Professional Services	11,176	21,678
Community and Hospitality	24,225	24,087
Training	95	-
Penalty	-	1,626
Depreciation	119,340	88,829
	<u>218,060</u>	<u>197,746</u>

15 Investment income	2012	2011
	€	€
Bank Interest Receivable	<u>1,421</u>	<u>561</u>
	<u>1,421</u>	<u>561</u>

16 Finance cost	2012	2011
	€	€
Interest on bank loan	<u>3,423</u>	<u>3,656</u>

17 Capital Commitments	2012	2011
	€	€
Capital expenditure approved but not yet contracted for	<u>333,516</u>	<u>7,000</u>

Further analysis as follows:

Capital expenditure approved but not yet contracted for:

Resurfacing of Madre Gemma Camilleri and Rakela Camilleri Streets	64,280	-
Resurfacing of Ramla Road and Dun Anton Tabone Street	252,736	-
Works on Alleys	16,500	-
Acquisition of property	-	7,000
	<u>333,516</u>	<u>7,000</u>

18 Contingent gain

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

Notes to the Financial Statements for the year ended 31 December 2012 (cont)**19 Contingent Liability**

- i) The Council has an amount due to a supplier amounting to Euro 13,819 which amount is not included as a liability in the accounts. The Council is not recognizing the liability since it is claiming that there were works which have not been carried out correctly and amounts charged which are not approved. Furthermore, there is an amount which the Local Council is objecting since rates charged were not as per contract.
- ii) The Council has an outstanding balance with a supplier amounting to Euro 9,390 which is not included as a liability in the accounts. The Council has instruction from the Local Councils Association not to pay this amount since it exceeds the government allocation for this expense. There are discussions between the Local Councils Association, Department for Local Government and the Contractor regarding this issue which is common to all the Local Councils.
- iii) There is a dispute between the Local Council and the Koperattiva Ghawdex Indafa Pubblika whereby the supplier is appealing a decision already taken in favour of the Local Council. Should the appeal be decided in favour of the supplier the Local Council might be asked to pay a sum of between Euro 42,000 and Euro 58,000.

20 Related Parties Disclosures

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
Water Services Corporation	No control

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

	2012	2011
Significant control:		
Revenue	€	€
Annual financial allocation	<u>414,002</u>	<u>396,679</u>

The ultimate controlling party of the Local Council 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.

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

21 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.

21.1 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	59,290	73,112
Cash and Cash Equivalents	76,972	159,779
	<u>136,262</u>	<u>232,891</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.

21.2 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	<u>288,536</u>	<u>351,150</u>
	<u>288,536</u>	<u>351,150</u>

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

21.3 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	59,290	73,112
Cash and Cash Equivalents	76,972	159,779
	<u>136,262</u>	<u>232,891</u>
Non-current Liabilities		
Financial liabilities measured at amortised costs:		
Borrowings	70,180	76,204
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	279,088	341,702
Borrowings	9,448	9,448
	<u>358,716</u>	<u>427,354</u>



Spiteri Bailey & Co.

Accountancy Audit Advisory

LOCAL COUNCIL NADUR

Report of the Local Government Auditor to the Auditor General

We have audited the accompanying financial statements of Local Council Nadur set out on pages 4 to 21, 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.

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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.

Partners:

William Spiteri Bailey
F.I.A., M.I.M., C.S.A., C.P.A.
Registered Auditor

Karen Spiteri Bailey
B.A. Hons. (Accty.), F.I.A., A.M.I.T., C.P.A.
Registered Auditor



Spiteri Bailey & Co.

Accountancy Audit Advisory

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.

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.

Emphasis of Matter

Without qualifying our audit opinion, we would like to bring your attention to the fact that as at 31st December 2012, the current liabilities of the Local Council exceeded its current assets by Euro 152,274 indicating possible liquidity problems.

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.
Certified Public Accountants
Members of PrimeGlobal
Dun Karm Street,
Birkirkara By-pass,
Birkirkara BKR 9038,
Malta.

18/04/13