

National Audit Office  
Notre Dame Ravelin  
Floriana VLT2000  
Malta

Phone: (+356) 22055555  
Fax: (+356) 21220708  
E-mail: [nao.malta@gov.mt](mailto:nao.malta@gov.mt)  
Website: [www.nao.gov.mt](http://www.nao.gov.mt)

Our Ref: NAO 107/2004/46  
Your Ref:

25 June 2009

The Mayor  
Pembroke Local Council  
Pembroke

Dear Sir/Madam,

**AUDIT REPORT AND FINANCIAL STATEMENTS 2008/2009**

In terms of Sections P2.06 B (c.02) of the Local Councils (Audit) Procedures 2006, I am forwarding a copy of the audit report and financial statements together with the Management Letter for the financial year April 1, 2008 – March 31, 2009.

You are kindly requested to forward a copy of the Management Letter and the Council's response to it to the Minister, through the Local Government Auditor, and to this Office as stipulated in Section P2. 05A of the same Audit Procedures by not later than August 14 or six weeks after receipt of the Management Letter from the Auditor General, after seeking the Local Council's approval.

Yours sincerely



Tanya Mercieca  
Audit Manager



30 JUN 2009

46/3523/09/I



# Grant Thornton

The Mayor  
Pembroke Local Council  
Triq Alamein  
Pembroke STJ 07

Grant Thornton House  
30, Princess Elizabeth Street  
Ta' Xbiex XBX 1104  
Malta

T (+356) 21320134  
F (+356) 21331161  
www.gtmalta.com

Our ref: ABC/scl/036109

17 June 2009

Dear Sir,

## **Financial statements for the year ended 31 March 2009**

During the course of our audit for the year ended 31 March 2009, we have reviewed the accounting system and procedures operated by your Council. We have also reviewed the operations of the Council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

### **1 Previous management letter**

#### **1.1 Fixed assets**

The plant register still does not agree to the nominal ledger records (refer to 2.1).

Details on the plant register are still not complete (refer to 2.3).

#### **1.2 Income**

As explained in 5.1 below, our testing again revealed that receipts are not deposited twice weekly.

#### **1.3 Suppliers' statements**

As noted in last year's management letter, no statements were available to confirm the year end balance of selected suppliers in accordance with Memos 8/2002 and 7/2003 (refer to 3.1).

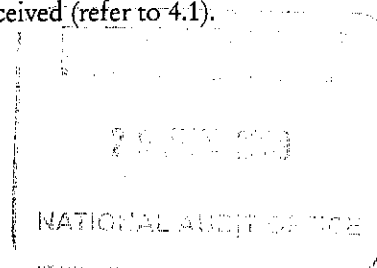
#### **1.4 Local enforcement system**

LES debtors, liabilities, income and expenses still cannot be verified since no audited financial statements of the LES Joint Committee have been received (refer to 4.1).

#### **1.5 Insurance**

Partners and Directors  
Martin Bonello-Cole  
Margaret Bonello-Cole  
Kenneth Bonnici  
Mark Bugeja  
Austin Demajo  
Wayne Pisani  
Joseph Pullicino  
Mario Vella

Certified Public Accountants  
Member firm within Grant Thornton International Ltd



Insurance policies per cover notes still do not agree to values as per fixed asset register (refer 6.1).

#### 1.6 Expenditure

The Council continued payments to Pembroke Athleta until reminded by the Local Councils Department that such payments were not permitted by the Council (refer to 7.1).

### 2 Fixed assets

#### Plant register reconciliation

- 2.1 In previous management letters we have pointed out that the plant register category totals still do not agree to those of the financial statements.
- 2.2 We repeat our recommendation that these discrepancies should be investigated and each category reconciled to the accounting records.

#### Plant register details

- 2.3 As already noted in previous years, while reviewing the plant register we found that construction works included items such as “road resurfacing” and “upgrading works”. An entry in plant and machinery is only described as ‘various tools’. Other entries such as “bollards” do not specify the location. These entries do not have sufficient details to enable us to identify and verify the existence of the asset concerned.
- 2.4 We reiterate last year’s recommendation that all details in the fixed asset register are entered in such a way as to make it possible to identify each individual asset.
- 2.5 We also noted that computer equipment is not identified by a separate code for each component e.g. Comp047 includes three computers. Furthermore these assets are not tagged to facilitate identification.
- 2.6 We recommend that every asset has its own unique code and that all office furniture and equipment is suitably tagged.
- 2.7 Whilst testing depreciation charge for the year, we noted that the depreciation charge calculated manually did not agree to that calculated by the software by € 14,112.
- 2.8 We understand that the Council has experienced problems with the computer software with respect to the calculation of the monthly depreciation charge for tangible fixed assets. We recommend that this matter is taken up with the Local Councils Department to find a solution to this software problem.

### **3 Creditors**

- 3.1 The Council does not obtain suppliers' statements as required by Memos 8/2002 and 7/2003. We were informed that no statements are requested from suppliers since most creditors are either paid immediately or on a monthly basis.
- 3.2 We again recommend that the Council should still obtain statements from its suppliers not only to comply with the relevant memos but also to ensure completeness of all invoices and to avoid the possibility of any disputes or misunderstandings arising over amounts due.

### **4 Local Enforcement System**

- 4.1 The Council forms part of the Group H Joint Committee which, from September 2002, pooled resources for the operation of the Local Enforcement System.
- 4.2 Audited financial statements of the Joint Committee for the current year have not been available and we were unable to verify the Council's share of surplus and debtors outstanding as at 31 March 2009. We noted that the Council accrued €1,000 as a provision for part of its share of the surplus. Our auditors' report is qualified since we were unable to determine the amount of further income the Council is entitled to receive.
- 4.3 We reiterate our previous recommendation that the Council insists that the Group H Joint Committee forwards audited financial statements as soon as possible after the year end in order to include the surplus or deficit arising from the pooling system and to verify the balance due from or to the Joint Committee.

### **5 Income**

- 5.1 During the year under review we again came across the following receipts which were not deposited on a timely basis, as required by section P1.14c.09 of the Local Councils (Financial) Procedures, 1996.

Details	Receipt date	Deposit date	€
Licence renewal notice number 1960862199	27/6/2008	4/7/2008	93.17
Licence renewal notice number 1960862151	13/6/2008	20/6/2008	93.17

- 5.2 Upon enquiry we were informed that deposits are only made once a week. Apart from the security implications of leaving cash and cheques on the premises unnecessarily, this contravenes the relevant regulations. We therefore recommend that all receipts are deposited at least twice weekly as stipulated by the Local Council Regulations and memos.

## 6 Insurance

- 6.1 Whilst reviewing your insurance policies we again noted that there were still discrepancies between the insurance cover and cost as per nominal ledger:

	Sum insured €	Cost as per records €
Office furniture and fittings and plant and machinery	28,400	39,228
Office equipment (including computer)	5,200	69,815

- 6.2 We urge you to look into the matter and update your policies accordingly to ensure that assets are neither over-or under-insured and in order to avoid any problems should you need to make a claim.

## 7 Expenditure

### Pembroke Athleta and Luxol

- 7.1 During the prior year, we noted that the Council issued monthly payments of € 232 to Pembroke Athleta for the latter to take care of and manage two athletic schools set up by the Council. This continued up to December 2008.
- 7.2 We understand that the Local Councils Department has already deducted an amount of € 407 from its allocation for a donation made to Pembroke Athleta during the same year since Pembroke Athleta is not one of the associations on Schedule 8 as per memo 28/2002.
- 7.3 Furthermore during the current year a payment of € 1,000 was made for a Luxol tournament. The Local Council Department deducted a further € 1,000 from its allocation since the Luxol tournament is not listed on schedule 8 as per memo 28/2002 and such payments are not within the parameters of allowable donations or Council functions..
- 7.4 This confirms the Department's opinion that such payments are not within the functions of local councils. We therefore recommend that the Council stops making such payments in accordance with instructions received from the Department.
- 7.5 In addition to the above, a similar expense of € 1,105.29 for a football tournament was incurred on 31 March 2009 notwithstanding the fact that the Council received a warning letter from the Local Council Department dated 25 September 2008 stating that such payments are not acceptable and outside the scope of the statutory functions of the Council.

## 8 Quotations

- 8.1 During the current year it was noted that no quotation was obtained for the purchase of flags costing € 315.06 .

- 8.2 We recommend that the Council adheres to the purchasing procedures laid down and obtains at least one quotation for purchases costing between € 23.28 and € 4,658.

## **9 Financial statements**

- 9.1 According to previous memos and Memo 9/2007, the Executive Secretary and his appointed accountant are responsible for preparing and sending a full set of financial statements to the National Audit Office prior to the commencement of the audit. Although these were prepared by the due date the format was not in complete accordance with the specimen financial statements set out on the Local Council Procedures, 2006.
- 9.2 We re-iterate our recommendation that in future all financial statements are prepared in the format specified in the Procedures to avoid duplication of work.

## **Conclusion**

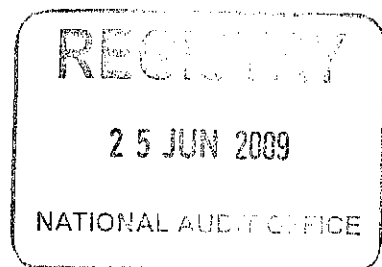
We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of your council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity of thanking you and your staff for your co-operation and assistance during the course of the audit.

Yours faithfully,



**PEMBROKE Local Council  
Annual Audit Report**



**Prepared by:  
Grant Thornton  
Certified Public Accountants**

**Table of Contents**

<b>Section</b>	<b>Page</b>
Statement of Local Council members' and Executive Secretary's responsibilities	3
Report of the Local Government auditor to the Auditor General	4 - 5
Statement of income and expenditure	6
Statement of affairs	7
Statement of changes in net assets/equity	8
Cash flow statement	9
Schedule of Special Needs Funds	10
Notes to the financial statements	11 - 20



**Financial Statements for the year ended 31 March 2009**

**Statement of Local Council members' and Executive Secretary's responsibilities**

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure 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 Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996.

The Executive Secretary is responsible for maintaining continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations 1993, and the Local Councils (Financial) Procedures 1996. 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.

**Financial Statements for the year ended 31 March 2009**

**Report of the Local Government Auditor to the Auditor General**

We have audited the financial statements of the Pembroke Local Council set out on pages 4 to 20.

**Respective responsibilities of the council and local government auditors**

As described on page 1 the Secretary and the Council are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion thereon to you.

**Basis of opinion**

Except as discussed in paragraph (1), we conducted our audit in accordance with International Standards on Auditing. Our audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Secretary and the Council members in the preparation of the financial statements, and of whether the accounting policies are consistent with the Local Councils Act, 1993, Local Councils (Amendment) Acts of 1999 and 2002, the Financial Regulations issued in terms of the said Act, and the Local Council (Financial) Procedures, 1996 and Local Councils (Procedures) (Amendments) Regulations 2002, and that such policies have been consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

- i) As from 1 September 2002, all income and expenditure from the Local Enforcement System (LES) were centralised through the Group H Joint Committee and LES debtors at that date were transferred to the Joint Committee as well. These financial statements only include € 16,362 received during the year. We were unable to determine the amount of further income the Council is entitled to receive under this agreement for the period, since no audited financial statements of the Group H Joint Committee have yet been made available.
- ii) Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Council (Financial) Procedures, 1996.

**Financial Statements for the year ended 31 March 2009**

**Report of the local government auditors to the auditor general (continued)**

**Opinion**

In our opinion, except for the effects of any adjustments that would have been necessary had we been able to obtain sufficient audit evidence regarding the matter in paragraph (i) above and the absence of the information in paragraph (ii), the financial statements have been prepared in accordance with International Accounting Standards and give a true and fair view, in accordance with the accounting policies set out in note 1 thereto, of the income and expenditure of the Council for the year ended 31 March 2009 and of its retained funds as at that date, and comply with the Local Councils Act, 1993, the Local Councils (Amendment) Acts of 1999 and 2002, the Financial Regulations issued in terms of the Act, the Local Council (Financial) Procedures, 1996 and Local Councils (Procedures) (Amendments) Regulations, 2002.



Mark A. Bugeja  
f/Grant Thornton

Certified Public Accountants

Ta' Xbiex  
Malta

17 June 2009

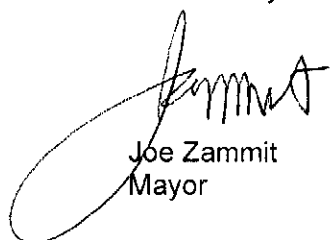
**Statement of income and expenditure for the year ended 31 March 2009**

	Notes	2009 €	2008 €
<b>Income</b>			
Funds received from Central Government	3	302,181	303,703
Income raised under Local Enforcement System	4	16,362	4,691
Income raised under Local Council bye-laws	5	4,343	3,827
Investment income	6	2,674	3,736
General income	7	8,193	26,780
		<u>333,753</u>	<u>342,737</u>
<b>Expenditure</b>			
Personal emoluments	8	58,801	59,621
Operations and maintenance	9	197,782	188,899
Administration and other expenditure	10	132,752	113,384
Finance cost	11	5,398	1,080
		<u>394,733</u>	<u>362,984</u>
<b>Deficit for the year</b>		<u>(60,980)</u>	<u>(20,247)</u>

**Statement of affairs as at 31 March 2009**

	Notes	2009 €	2008 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<u>480,653</u>	<u>543,743</u>
<b>Current assets</b>			
Inventories	13	930	-
Receivables	14	1,953	765
Cash and cash equivalents	15	<u>81,267</u>	<u>51,363</u>
		<u>84,150</u>	<u>52,128</u>
<b>Total assets</b>		<u>564,803</u>	<u>595,871</u>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Retained funds		398,590	459,570
<b>Non-current liabilities</b>			
Bank borrowings	16	92,506	99,241
<b>Current liabilities</b>			
Payables	17	67,671	34,411
Current portion of long-term borrowings	16	<u>6,036</u>	<u>2,649</u>
		<u>73,707</u>	<u>37,060</u>
<b>Total equity and liabilities</b>		<u>564,803</u>	<u>595,871</u>

These financial statements were approved by the Local Council on 17 June 2009 and signed on its behalf by:



Joe Zammit  
Mayor



Kevin Borg  
Executive Secretary

**Statement of changes in net assets/equity for the year ended 31 March 2009**

	<b>Retained Funds</b>
	€
<b>Balance at 31 March 2007</b>	479,817
Deficit for the year	<u>(20,247)</u>
<b>Balance at 31 March 2008</b>	459,570
Deficit for the year	<u>(60,980)</u>
<b>Balance at 31 March 2009</b>	<u>398,590</u>

**Cash flow statement for the year ended 31 March 2009**

	Note	2009 €	2008 €
<b>Cash flow from operating activities</b>			
Deficit for the year		(60,980)	(20,247)
Adjustments for:			
Depreciation		68,323	49,901
Interest receivable		(2,674)	(3,736)
Interest payable		5,398	1,080
		<u>10,067</u>	<u>26,998</u>
Increase/(decrease) in payables		33,260	(1,983)
(Increase)/decrease in receivables		(1,188)	176
(Increase) in inventories		(930)	-
Cash generated from operations		<u>41,209</u>	<u>25,191</u>
Interest paid		<u>(5,398)</u>	<u>(1,080)</u>
<b>Net cash from operating activities</b>		<b><u>35,811</u></b>	<b><u>24,111</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,233)	(170,248)
Interest received		<u>2,674</u>	<u>3,736</u>
<b>Net cash used in investing activities</b>		<b><u>(2,559)</u></b>	<b><u>(166,512)</u></b>
<b>Cash flows from financing activities</b>			
Grant received		-	727
Repayment of loan/Loan advance		<u>(3,348)</u>	<u>101,890</u>
<b>Net cash (used in)/from financing activities</b>		<b><u>(3,348)</u></b>	<b><u>102,617</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>29,904</b>	<b>(39,784)</b>
Cash and cash equivalents at beginning of year		<u>51,363</u>	<u>91,147</u>
Cash and cash equivalents at end of year	15	<u>81,267</u>	<u>51,363</u>

### Schedule of Special Needs funds at 31 March 2009

#### Funds received and expended

	Brought forward €	Received €	*Expended €	Carried forward €
Special programme – Pembroke Battery	1,481	-	-	1,481

#### Capital creditors

	Brought forward €	Contracted this year €	Invoices received €	Carried Forward €
Special programme – Pembroke Battery	-	-	-	-

#### Commitments

	Brought forward €	Contracted this year €	Invoices received €	Carried Forward €
Special programme – Pembroke Battery	1,481	-	-	1,481

\*Expended represents amounts transferred to grant reserve.



**Notes to the financial statements for the year ended 31 March 2009**

**1. General Information**

Pembroke Local Council is the local authority of Pembroke setup in accordance with the Local Councils Act. The office of the Local Council is situated at Triq Alamein, Pembroke.

**2. Accounting policies and reporting procedures**

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, in accordance to the requirements of International Financial Reporting Standards 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.

The principal accounting policies and reporting procedures used by the Local Councils are as follows:

**a. Revenue recognition**

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the income statement as it accrues.

**b. Local Enforcement System**

Pembroke Local Council forms part of the Group H Joint Committee, since September 2002. The amount disclosed in the financial statements under Local Enforcement Income represents the amount received from the Joint Committee after deducting the related expenses.

**Notes to the financial statements for the year ended 31 March 2009 (cont .....****c. Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a monthly basis using the reducing balance method at the following annual percentage rates:

	%
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	100
Playground furniture	100
Traffic signs	100
Road signs	100
Street mirrors	100
Street lights	100

**d. Government grants**

Government grants are accounted for on a systematic basis in the Income and Expenditure Account 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 costs, then the grant is accounted for when it becomes receivable.

**e. 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.

**Notes to the financial statements for the year ended 31 March 2009 (cont .....****f. 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 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 recognised in the Statement of Income and Expenditure.

**g. 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 present currency.

Transaction denominated in foreign currencies are translated into € at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Affairs.

**h. Profit and loss**

Only profits that were realised at the date of the Statement of Affairs 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.

**i. Cash and equivalents**

Cash and cash equivalents are carried in the Statement of Affairs at face value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and balances held with banks.

	2009 €	2008 €
<b>3. Funds received from Central Government</b>		
In terms of section 55 of the Local Councils Act (Cap 363)	302,181	303,703
In terms of section 58 of the Local Councils Act (Cap 363)	-	727
	<u>302,181</u>	<u>304,430</u>
Less: amount of special needs utilised for capital expenditure	-	(727)
	<u>302,181</u>	<u>303,703</u>

**Notes to the financial statements for the year ended 31 March 2009 (cont .....**

Pembroke Local Council

Annual Audit Report

	2009 €	2008 €
<b>4. Local Enforcement income</b>		
Amount received from Joint Committee	<u>16,362</u>	<u>4,691</u>
	2009 €	2008 €
<b>5. Income raised from bye-laws</b>		
Income from permits	<u>4,343</u>	<u>3,827</u>
	2009 €	2008 €
<b>6. Investment income</b>		
Bank interest	<u>2,674</u>	<u>3,736</u>
	2009 €	2008 €
<b>7. General income</b>		
Income from tender documents	2,700	1,106
Sponsorships	600	699
Contributions and donations	-	20,262
Others	<u>4,893</u>	<u>4,713</u>
	<u>8,193</u>	<u>26,780</u>
	2009 €	2008 €
<b>8. Personal emoluments</b>		
Mayor's allowance	5,777	5,492
Executive Secretary salary and allowances	20,039	22,145
Employees' salaries	28,986	27,832
Social Security contributions	<u>3,999</u>	<u>4,152</u>
	<u>58,801</u>	<u>59,621</u>

**Notes to the financial statements for the year ended 31 March 2009 (cont....)**

	2009 €	2008 €
<b>9. Operations and maintenance</b>		
<b>Repairs and upkeep:</b>		
Road and street pavements (patching works)	59,954	39,364
Street signs	3,489	2,496
Other repairs and upkeep	2,829	2,033
Road markings	2,670	3,923
	<u>68,942</u>	<u>47,816</u>
<b>Contractual services:</b>		
Refuse collection (including bins on wheels)	27,491	27,456
Bulky refuse collection (including open skips)	13,742	12,129
Road and street cleaning (mechanical and manual)	23,997	22,389
Cleaning and maintenance of non-urban roads	8,191	10,661
Cleaning and maintenance of parks and gardens	14,561	14,728
Cleaning and maintenance of verges	14,387	14,694
Street lighting	4,837	6,913
Other contractual services	21,634	32,113
	<u>128,840</u>	<u>141,083</u>
	<u>197,782</u>	<u>188,899</u>
	2009 €	2008 €
<b>10 Administration and other expenditure</b>		
Utilities	16,988	11,972
Other repairs and upkeep	1,030	872
Rent	905	2,697
National and international memberships	983	1,118
Office services	6,196	8,295
Travel	3,963	2,185
Transport	901	2,930
Information services	1,232	1,332
Professional services	4,403	3,757
Community and hospitality	26,429	27,639
Staff training	120	-
Reduction re internet subscription	279	279
Reduction re Pembroke Athleta donation	-	407
Reduction re Luxol donation	1,000	-
Depreciation	<u>68,323</u>	<u>49,901</u>
	<u>132,752</u>	<u>113,384</u>

**Notes to the financial statements for the year ended 31 March 2009 (cont....)**

	2009	2008
	€	€
<b>11. Finance costs</b>		
Interest on Bank Loan	<u>5,398</u>	<u>1,080</u>

**Notes to the financial statements for the year ended 31 March 2009 (cont....)**

**12a. Property, plant and equipment**

	Trees €	Plant and Machinery €	Urban Improvements €	Construction/ Property €	Office furniture & fittings €	New street signs €	Office Equipment €	Special Programmes €	Total €
<b>Cost</b>									
At 1 April 2008	15,604	12,046	228,472	538,575	26,130	11,787	67,709	319,695	1,220,018
Additions	-	336	-	2,073	718	-	2,106	-	5,233
At 31 March 2009	15,604	12,382	228,472	540,648	26,848	11,787	69,815	319,695	1,225,251
<b>Grants and other reimbursements</b>									
At 1 April 2008	-	-	-	-	-	-	3,494	319,695	323,189
Additions	-	-	-	-	-	-	-	-	-
At 31 March 2009	-	-	-	-	-	-	3,494	319,695	323,189
<b>Accumulated depreciation</b>									
At 1 April 2008	15,604	8,198	113,063	173,319	5,902	11,787	25,213	-	353,086
Charge for the year	-	604	26,770	28,496	1,819	-	10,634	-	68,323
At 31 March 2009	15,604	8,802	139,833	201,815	7,721	11,787	35,847	-	421,409
<b>Net Book Value</b>									
At 31 March 2009	-	3,580	88,639	338,833	19,127	-	30,474	-	480,653

Notes to the financial statements for the year ended 31 March 2009 (cont....)**12b. Property, plant and equipment**

	Trees €	Plant and Machinery €	Urban Improvements €	Construction/ Property €	Office furniture & fittings €	New street signs €	Office Equipment €	Special Programmes €	Total €
<b>Cost</b>									
At 1 April 2007	15,604	11,430	214,510	432,348	10,102	11,787	35,021	318,968	1,049,770
Additions	-	616	13,962	106,227	16,028	-	32,688	727	170,248
At 31 March 2008	15,604	12,046	228,472	538,575	26,130	11,787	67,709	319,695	1,220,018
<b>Grants and other reimbursements</b>									
At 1 April 2007	-	-	-	-	-	-	3,494	318,968	322,462
Additions	-	-	-	-	-	-	-	727	727
At 31 March 2008	-	-	-	-	-	-	3,494	319,695	323,189
<b>Accumulated depreciation</b>									
At 1 April 2007	15,604	7,647	88,212	150,939	5,572	11,787	23,424	-	303,185
Charge for the year	-	551	24,851	22,380	330	-	1,789	-	49,901
At 31 March 2008	15,604	8,198	113,063	173,319	5,902	11,787	25,213	-	353,086
<b>Net Book Value</b>									
At 31 March 2008	-	3,848	115,409	362,256	20,228	-	39,002	-	543,743



**Notes to the financial statements for the year ended 31 March 2009 (cont....)**

	2009 €	2008 €
<b>13. Inventories</b>		
Stationery	930	-

	2009 €	2008 €
<b>14. Receivables</b>		

Pre-pooling LES debtors	7,593	7,953
Provision for LES bad debts	(7,593)	(7,953)
Prepayments and accrued income	1,953	765
	<u>1,953</u>	<u>765</u>

**15. Cash and Cash Equivalents**

Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council Statement of Affairs:

	2009 €	2008 €
Bank balances:		
Ordinary funds	81,034	51,130
Cash in hand	233	233
	<u>81,267</u>	<u>51,363</u>

	2009 €	2008 €
--	-----------	-----------

**16. Non-current liabilities**

Bank loan – long term portion	<u>92,506</u>	<u>99,241</u>
-------------------------------	---------------	---------------

Note:

- (i) The bank loan is secured by the fact that the Government subvention is channelled through an account opened with Volksbank Malta Limited. The loan bears interest at MIBOR plus 1.45% per annum and is repayable by monthly instalments of € 711 inclusive of interest and will be cleared within 20 years from drawdown.
- (ii) The loan repayment for the current year amounts to € 6,036. This consists of 12 monthly instalments of € 503.04.

**Notes to the financial statements for the year ended 31 March 2009 (cont....)**

	2009	2008
	€	€
<b>17. Payables</b>		
Payables	37	37
Accruals	66,153	32,893
Special needs funds unutilised	1,481	1,481
	<u>67,671</u>	<u>34,411</u>