

National Audit Office
Notre Dame Ravelin
Floriana FRN 1600
Malta

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

Our Ref: NAO 107/2010/46
Your Ref:

4 May 2011

The Mayor and Executive Secretary
Pembroke Local Council
Pembroke

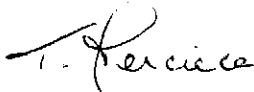
Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
PERIOD ENDING 31 DECEMBER 2010**

In terms of Section P2.06 (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 period ending 31 December 2010.

After seeking the Council's approval, you are kindly requested to submit your response to the Director (Local Government), the Local Government Auditor, and to this Office as stipulated in Section P2.06 (d) of the same Procedures by not later than six weeks following receipt of this letter.

Yours sincerely



Tanya Mercieca
Audit Manager

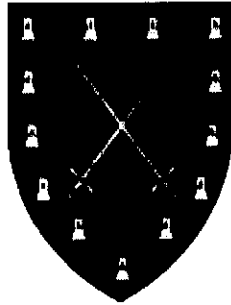


**Kunsill Lokali
Pembroke**

05 MAY 2011

Encls.

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LOCAL COUNCIL PEMBROKE

Report and Financial Statements

for the year ending 31 December 2010

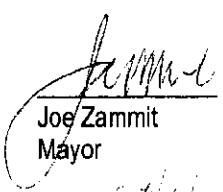
**PEMBROKE LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the period 1 January to 31 December 2010**

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**PEMBROKE LOCAL COUNCIL
STATEMENT OF LOCAL COUNCIL MEMBERS' AND
EXECUTIVE SECRETARY'S RESPONSIBILITIES**

The Local Council (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 period and of the Local Council's retained funds at the end of the period. 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 accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the period and its retained funds as at the period end, and that they comply with the Act, the Local Councils (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 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, CAP 363, the Local Councils (Financial) Regulations, 1993, and the Local Councils (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Joe Zammit
Mayor

Date: 27/4/11


Kevin Borg
Executive Secretary

LOCAL COUNCIL PEMBROKE

Report of the Local Government Auditors to the Auditor General

We have audited the accompanying financial statements of LOCAL COUNCIL PEMBROKE, which comprise the statement of financial position on page 7 as of 31st December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Statements

The Council Members and the Executive Secretary are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraph, 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 judgment, 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 entity's 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council Members and the Executive Secretary, 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.

The Council entered into a pooling agreement with a number of local councils within the Local Enforcement System. There were no alternative acceptable audit procedures we could perform to obtain reasonable assurance on the completeness of the share of income or expenses, which were recorded in the financial statements as well as on any accrued income or liabilities present as at end of the current financial year.

Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements give a true and fair view the financial position of Local Council Pembroke as at December 31 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw your attention to note 22 to the financial statements titled-Going Concern. Note 22 states that "the Statement of Financial Position and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the

annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above would not let the Council to be able to meet its financial obligations as they fall due without curtailing its future commitments".

Opinion on Other Legal and Regulatory Requirements

These financial statements do not comply fully with the Local Council (Financial) Procedures, 1996.

According to the Financial Procedures supplementing the Financial Regulations issued in terms with the Local Councils Act 1993, the financial statements should include the budget for the year. In line with Local Councils' generally accepted reporting procedures, the budget has been excluded from these financial statements.



This copy of the report has been signed by
Neville Cutajar (Partner) on its behalf

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Certified Public Accountants
The Penthouse, Level 3
Palazzo Ca' Brugnera
Valley Road
Birkirkara BKR9024
Malta

Date: 27th April 2011

PEMBROKE LOCAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the period 1 January to 31 December 2010

		Year ended 31 Dec 2010	Period from 1 Apr to 31 Dec 2009
	Notes	Euro	Euro
INCOME			
Funds received from Central Government	3	361,564	244,216
Income raised under Law Enforcement system	4	2,241	10,434
Investment income	5	1,137	933
General income	6	19,644	8,502
		<hr/>	<hr/>
		384,586	264,085
		<hr/>	<hr/>
EXPENDITURE			
Personal emoluments	7	76,743	47,905
Operations and maintenance	8	194,305	154,629
Administration and other expenditure	9	135,562	83,412
		<hr/>	<hr/>
		406,610	285,946
		<hr/>	<hr/>
DEFICIT FOR THE YEAR/PERIOD		(€ 22,024)	(€ 21,861)
		<hr/>	<hr/>

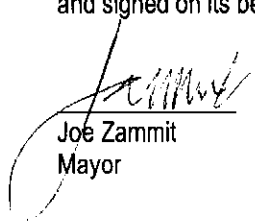
The notes on page 11 to 25 form an integral part of these financial statements

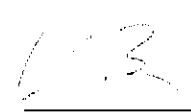
**PEMBROKE LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2010**

	Notes	2010 Euro	2009 Euro
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	<u>424,800</u>	<u>466,433</u>
Current Assets			
Inventories	11	3,273	0
Trade and other receivables	12	20,687	3,489
Cash and cash equivalents	13	<u>86,417</u>	<u>79,956</u>
Total Current Assets		<u>110,377</u>	<u>83,445</u>
TOTAL ASSETS		<u>€ 535,177</u>	<u>€ 549,878</u>
RESERVES AND LIABILITIES			
Reserves			
Retained funds		<u>368,741</u>	<u>390,765</u>
Non-Current Liabilities			
Long-term borrowings	14	85,422	88,331
Deferred Income	15	<u>14,728</u>	<u>0</u>
Total Non-Current Liabilities		<u>100,150</u>	<u>88,331</u>
Current Liabilities			
Trade and other payables	16	28,783	33,596
Provisions	17	32,721	30,742
Short-term borrowings	14	<u>4,782</u>	<u>6,444</u>
Total Current Liabilities		<u>66,286</u>	<u>70,782</u>
TOTAL EQUITY AND LIABILITIES		<u>€ 535,177</u>	<u>€ 549,878</u>

The notes on pages 11 to 25 form an integral part of these financial statements

These financial Statements were approved by the Local Council on the 27/4/11
and signed on its behalf by:


Joe Zammit
Mayor


Kevin Borg
Executive Secretary

**PEMBROKE LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2009**

	1 Apr-31 Dec 2009 (9 months) Euro	1 Apr 2008 – 31 Mar 2009 (12 months) Euro
ASSETS		
Non-Current Assets		
Property, plant and equipment	466,433	480,648
	<hr/>	<hr/>
Current Assets		
Inventories	0	930
Trade and other receivables	3,489	1,953
Cash and cash equivalents	79,956	81,267
	<hr/>	<hr/>
Total Current Assets	83,445	84,150
	<hr/>	<hr/>
TOTAL ASSETS	<u>€ 549,878</u>	<u>€ 564,798</u>
EQUITY AND LIABILITIES		
Equity		
Retained funds	390,765	398,595
	<hr/>	<hr/>
Long Term Liabilities		
Bank Loan	88,331	92,507
	<hr/>	<hr/>
Current Liabilities		
Trade and other payables	40,040	7,553
Provisions	30,742	66,143
	<hr/>	<hr/>
Total Current Liabilities	70,782	73,696
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	<u>€ 549,878</u>	<u>€ 564,798</u>

PEMBROKE LOCAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the period 1 January to 31 December 2010

	Retained Funds Euro	Total Euro
At 1 April 2009	412,626	412,626
Deficit for the period	(21,861)	(21,861)
	<hr/>	<hr/>
At 31 December 2009	390,765	390,765
	<hr/>	<hr/>
At 1 January 2010	390,765	390,765
Deficit for the year	(22,024)	(22,024)
	<hr/>	<hr/>
At 31 December 2010	368,741	368,741
	<hr/>	<hr/>
Equity interest	€ 368,741	€ 368,741
	<hr/>	<hr/>

PEMBROKE LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the period 1 January to 31 December 2010

	1 Jan 2010 – 31 Dec 2010 (12 months) Euro	1 Apr 2009 – 31 Dec 2009 (9 months) Euro
Notes		
Deficit for the year/period	(22,024)	(21,861)
Adjustments for:		
Depreciation	71,417	41,147
Interest Payable	1,873	1,588
Interest Receivable	(1,137)	(933)
Provision for Bad LES Debts	(1,222)	896
Loss on Disposal of Fixed Assets	0	2,295
Operating Profit before Working Capital changes	48,907	23,132
(Increase)/Decrease in Inventories	(3,273)	930
(Increase) in Trade and other receivables	(15,976)	(2,432)
(Decrease) in payables	(4,496)	(2,914)
(Decrease) in other payables	(1,636)	0
Government Grant released	(20,928)	0
Net cash inflow from operating activities	<u>2,598</u>	<u>18,716</u>
Cash flows from investing activities		
Interest Received	1,137	933
Acquisition of property, plant and equipment	(29,784)	(15,197)
Grant Received	<u>37,292</u>	<u>0</u>
Net cash inflow/(outflow) from investing activities	<u>8,645</u>	<u>(14,264)</u>
Cash flows from financing activities		
Repayment of short-term bank borrowings	<u>(4,782)</u>	<u>(5,763)</u>
Net cash (outflow) from financing activities	<u>(4,782)</u>	<u>(5,763)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6,461</u>	<u>(1,311)</u>
Analysis of changes in cash and cash equivalents during the year/period		
Cash and cash equivalents at beginning of year/period	79,956	81,267
Net increase/(decrease) in cash and cash equivalents	<u>6,461</u>	<u>(1,311)</u>
Cash and cash equivalents at end of year/period	<u>86,417</u>	<u>79,956</u>

The notes on page 11 to 25 form an integral part of these financial statements.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 January to 31 December 2010

1. GENERAL INFORMATION

Pembroke Local Council is the local authority of Pembroke setup in accordance with the Local Councils Act 1993. The office of the Council is at Triq Alamein, Pembroke.

The financial statements were authorised for issue by the Council on the 27/9/10.

2. ACCOUNTING POLICIES AND REPORTING PROCEDURES

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act (CAP 363), the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards.

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).

New and amended standards adopted by the Local Council

Certain new standards, amendments and interpretations to existing standards have been published and effective for the current period, however these changes are not expected to have a material effect on the Local Council's financial statements.

- IAS 1 (amendment) – Presentation of financial statements (effective from 1 January 2010).
- IAS 7 (amendment) – Statement of cash flows. Amendments to reflect changes in other standards.
- IAS 17 (amendment) – Leases – Amendments to reflect changes in other standards.
- IAS 27 (revised) – Consolidated and separate financial statements (effective from 1 July 2009).
- IAS 36 (Impairment of assets) – Amendments to reflect changes in other standards.
- IAS 38 (amendment) – Intangible Assets (effective from 1 July 2009)
- IAS 39 (amendment) – Financial instruments: Recognition and Measurement (effective from 1 January 2010).
- IFRS 2 (amendments) – Group cash-settled and share-based payment transactions (effective from 1 January 2010).
- IFRS 3 (revised) – Business combinations (effective from 1 July 2009).
- IFRS 5 (amendment) – Measurement of non-current assets (or disposal groups) classified as held-for-sale (effective from 1 January 2010).

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 January to 31 December 2010

- IFRIC 9 (amendment) and IAS 39 – Embedded derivatives (effective from 1 July 2009). Amendments to reflect changes in other standards.
- IFRIC 17 – Distribution of non-cash assets to owners (effective on or after 1 July 2009).
- IFRIC 18 – Transfer of assets from customers (effective from 1 July 2009).

New important standards and early adoption

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January 2011 or later periods and the Local Council has early adopted them:

- IAS 24 – Related party disclosures (effective 1 January 2011). Amendments simplified the definition of a related party, clarified its intended meaning and eliminating inconsistencies from the definition. It also provided for a partial exemption from the disclosure requirements for government related entities.

New important standards and no early adoption

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January 2011 or later periods and the Local Council has not early adopted them:

- IAS 32 (amendment) – Financial Instruments: Presentation (effective from 1 February 2010).
- IAS 27 – Consolidate and separate financial statements (effective from July 2010).
- IAS 34 – Interim financial reporting (effective 1 January 2011).
- IFRS 3 (amendments) – Financial instruments (effective from January 2011).
- IFRIC 13 – Customer loyalties programmes (effective 1 January 2011).
- IAS 12 (amendment) – Income taxes – IAS 12 (effective from 1 January 2012).
- IAS 1 (amendments) – Presentation of Financial Statements (effective from 1 January 2013).
- IFRS 9 – Financial Instruments – (Effective from 1 January 2013).

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

Property, plant and equipment

Property, plant and equipment are 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	0.0
Trees	0.0
Buildings	1.0
Office Furniture and Fittings	7.5
Construction works	10.0
Urban Improvements (street furniture)	10.0
Special Programs (Projects)	10.0
Office Equipment	20.0
Motor Vehicles	20.0
Plant and Machinery	20.0
Computer Equipment	25.0
Plants	100.0
Litter Bins	100.0
Playground Furniture	100.0
Traffic Signs	100.0
Road Signs	100.0
Street Mirrors	100.0
Street Lights	100.0

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 balance sheet 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 Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Inventory

Inventory is calculated at lower of cost and net realisable value.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

Amounts Receivable

Amounts receivable are recognized initially at fair value and subsequently measured at amortized 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 receivable. 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 recognized in the Statement of Income and Expenditure.

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.

Government Grants

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement over the expected lives of the related assets.

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 presentation currency.

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 LC has opted to early adopt the partial exemptions as provided by IAS 24, effective from periods starting 1 January 2011. The paragraphs adopted from IAS 24 are paragraphs 25 – 27, being amendments to government related entities' disclosures.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

Surpluses and deficits

Only surpluses 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.

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.

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 share of profit derived from the Joint Committee after deducting the related expenses.

3. FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	1 Jan-31 Dec 2010 (12 months) Euro	1 Apr-31 Dec 2009 (9 months) Euro
In terms of Section 55 of the Local Councils Act, 1993	340,136	244,216
Other Government Income	<u>21,428</u>	<u>0</u>
	<u>361,564</u>	<u>244,216</u>

4. LOCAL ENFORCEMENT INCOME

	1 Jan-31 Dec 2010 (12 months) Euro	1 Apr-31 Dec 2009 (9 months) Euro
Share of Surplus from Joint Committee	<u>2,241</u>	<u>10,434</u>

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENT INCOME

	1 Jan-31 Dec 2010 (12 months) € 1,137	1 Apr- 31 Dec 2009 (9 months) € 933
Bank Interests		

6. GENERAL INCOME

	1 Jan – 31 Dec 2010 (12 months)	1 Apr – 31 Dec 2009 (9 months)
Tender Documents	1,154	1,400
Donations and Sponsorships	2,075	4,850
Contributions	62	352
Others	2,373	645
Income from permits	539	789
Income re Library	466	466
Income from Water Services	7,593	0
EU Funded Program	5,382	0
	€ 19,644	€ 8,502

7. PERSONAL EMOLUMENTS

	1 Jan – 31 Dec 2010 (12 months)	1 Apr – 31 Dec 2009 (9 months)
Personal Emoluments include, <i>inter alia</i>		
Mayor's Honoraria	8,924	4,500
Mayor's and Councillors' Allowances	6,224	0
Executive Secretary Salary and Allowances	24,945	17,990
Employees' Salaries	32,201	22,174
Social Security Contributions	4,449	3,241
	€ 76,743	€ 47,905

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	1 Jan – 31 Dec 2010 (12 months) Euro	1 Apr – 31 Dec 2009 (9 months) Euro
8. OPERATIONS AND MAINTENANCE EXPENSES		
Operations and maintenance includes, <i>inter alia</i>		
REPAIRS AND UPKEEP		
Roads and street pavements (patching works)	38,605	22,591
Public Property	(74)	26,407
Office furniture & equipment	1,493	896
Street Signs	3,806	1,611
Other repairs & upkeep	499	580
Road Markings	2,168	2,707
	<u>€ 46,497</u>	<u>€ 54,792</u>
CONTRACTUAL SERVICES		
Refuse collection	50,302	25,699
Bulky refuse collection	11,232	7,440
Bring in Sites	3,494	2,621
Hire of skips	0	248
Road and street cleaning	23,968	18,180
Cleaning and maintenance of non-urban roads	9,668	7,335
Cleaning and maintenance parks and gardens	14,638	10,979
Cleaning and maintenance of verges	14,266	10,800
Cleaning and maintenance council premises	2,275	1,512
Street lighting	8,416	2,840
Other Contractual Services	9,549	12,183
	<u>€ 147,808</u>	<u>€ 99,837</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u>€ 194,305</u>	<u>€ 154,629</u>

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	1 Jan - 31 Dec 2010 (12 months) Euro	1 Apr - 31 Dec 2009 (9 months) Euro
9. ADMINISTRATIVE AND OTHER EXPENSES		
Depreciation	71,417	41,147
Water, Electricity & Telecommunications	7,507	(3,146)
Rent	1,217	912
National and international memberships	963	681
Office Services	4,309	6,354
Insurance	2,666	1,929
Library expenses	2,091	992
Staff Training	60	0
Travel	6,282	156
Transport	1,293	2,732
Advertising & Public relations	3,430	466
Professional services	20,247	12,117
Provision for Bad LES Debts	(1,222)	896
DLG Penalty	339	0
Community and hospitality	12,034	14,020
Loss on disposal of fixed assets	0	2,295
Sundry minor expenses	1,015	250
Bank Charges	41	23
Bank Interest on Loan	<u>1,873</u>	<u>1,588</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>€ 135,562</u>	<u>€ 83,412</u>

**PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)**

10. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture, Fixtures & Fittings €	Office Equipment €	New Street Signs €	Urban Improvements €	Construction €	Special Programmes €	Trees €	Plant & Machinery yet capitalised €	Asset not capitalised €	Total €
Cost										
At 1 January 2010	25,580	62,276	11,787	303,015	540,653	653,660	15,841	7,636	0	1,620,448
Additions	288	0	0	22,204	0	0	0	0	7,292	29,784
Transferred	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
At 31st December 2010	25,868	62,276	11,787	325,219	540,653	653,660	15,841	7,636	7,292	1,650,232
Grants										
At 1 January 2010	0	3,494	0	60,436	0	653,923	0	0	0	717,853
Transferred during the year	0	0	0	0	0	0	0	0	0	0
At 31st December 2010	0	3,494	0	60,436	0	653,923	0	0	0	717,853
Depreciation										
At 1 January 2010	7,971	34,939	11,787	106,080	254,772	-263	15,841	5,035	0	436,162
Prior Year Adjustment	0	0	0	0	0	0	0	0	0	0
Transferred	0	0	0	0	0	0	0	0	0	0
Charge for the period	1,314	5,738	0	35,657	28,198	0	0	510	0	71,417
Released on Disposal	0	0	0	0	0	0	0	0	0	0
At 31st December 2010	9,285	40,677	11,787	141,737	282,970	-263	15,841	5,545	0	507,579
Net Book Value										
At 31st December 2010	16,583	18,105	0	123,046	257,683	-0	-0	2,091	7,292	424,800

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Office										
	Furniture, Fixtures & Fittings	Office Equipment	New Street Signs	Urban Improvements	Construction	Special Programmes	Trees	Plant & Machinery	Total		
Cost	€	€	€	€	€	€	€	€	€	€	€
At 1 April 2009	26,847	69,816	11,787	288,908	540,653	653,922	15,604	12,381	1,619,918		
Additions	284	301	0	14,198	0	0	0	414	15,197		
Transferred	-345	345	0	0	0	-237	237	0	0		
Disposals	-1,206	-8,185	0	-91	0	-26	0	-5,159	-14,667		
At 31st December 2009	25,580	62,276	11,787	303,015	540,653	653,660	15,841	7,636	1,620,448		
Grants											
At 1 April 2009	0	3,494	0	60,436	0	653,923	0	0	717,853		
Transferred during the year	0	0	0	0	0	0	0	0	0		
At 31st December 2009	0	3,494	0	60,436	0	653,923	0	0	717,853		
Depreciation											
At 1 April 2009	7,721	35,855	11,787	139,834	201,815	0	15,604	8,803	421,418		
Prior Year Adjustment	-19	803	-0	-12,058	-2,753	0	0	-5	-14,031		
Transferred	0	0	0	-32,162	32,162	-237	237	0	0		
Charge for the period	1,013	5,702	0	10,511	23,548	0	0	373	41,147		
Released on Disposal	-743	-7,422	0	-44	0	-26	0	-4,136	-12,372		
At 31st December 2009	7,971	34,939	11,787	106,080	254,772	-263	15,841	5,035	436,162		
Net Book Value											
At 31st December 2009	17,609	23,843	0	136,499	285,882	-0	-0	2,601	466,433		

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVENTORIES

	1 Jan-31 Dec 2010 (12 months)	1 Apr-31 Dec 2009 (9 months)
Stock of Books	<u>3,273</u>	<u>0</u>

12. TRADE AND OTHER RECEIVABLES

	1 Jan – 31 Dec 2010 (12 months) Euro	1 Apr – 31 Dec 2009 (9 months) Euro
Pre-Pooling LES Debtors	7,267	8,489
Provision for Bad LES debts	(7,267)	(8,489)
Other debtors	700	0
Prepayments and Accrued income	<u>19,987</u>	<u>3,489</u>
	<u>20,687</u>	<u>3,489</u>

Prepayments include prepayments of Local Council property rental and insurance premium.

13. CASH AND CASH EQUIVALENT

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council's Statement of Affairs:

	1 Jan – 31 Dec 2010 (12 months) Euro	1 Apr – 31 Dec 2009 (9 months) Euro
Petty cash	233	233
Bank balances – Ordinary Funds	<u>86,184</u>	<u>79,723</u>
	<u>€ 86,417</u>	<u>€ 79,956</u>

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

14. BORROWINGS

	1 Jan – 31 Dec 2010 (12 months) Euro	1 Apr – 31 Dec 2009 (9 months) Euro
Non-current		
Bank Borrowings	<u>85,422</u>	<u>88,332</u>
Current		
Bank Borrowings	<u>4,782</u>	<u>6,444</u>
Borrowings		
Repayable between one and two years	9,564	12,888
Repayable between two and five years	14,346	19,332
Repayable in five years or more	<u>61,512</u>	<u>56,111</u>
	<u>85,422</u>	<u>88,331</u>
Repayable after five years or more:		
Bank loan	<u>61,512</u>	<u>56,111</u>

Note: 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 €537 inclusive of interest and will be cleared within 20 years from drawdown.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

15. DEFERRED INCOME

	1 Jan-31 Dec 2010 (12 months) €	1 Apr-31 Dec 2009 (9 months) €
Government Grants		
At beginning of year/period	0	-
Increase in period	<u>37,292</u>	<u>0</u>
	37,292	0
Released in period	<u>(20,928)</u>	-
At end of year/period	<u>16,364</u>	<u>0</u>
 Current Deferred Income	 <u>1,636</u>	 <u>0</u>
 Non-Current Deferred Income	 <u>14,728</u>	 <u>0</u>
Deferred Government Grants		
Deferred between one and two years	3,109	0
Deferred between two and five years	3,592	0
Deferred in five years or more	<u>9,663</u>	<u>0</u>
	<u>16,364</u>	<u>0</u>
 Deferred after five years or more		
Government Grants	<u>9,663</u>	<u>0</u>

16. TRADE AND OTHER PAYABLES

	1 Jan – 31 Dec 2010 (12 months) Euro	1 Apr – 31 Dec 2009 (9 months) Euro
Trade Payables	28,783	8,016
Special needs funds unutilized	<u>0</u>	<u>25,580</u>
	<u>28,783</u>	<u>33,596</u>

17. PROVISIONS

Provisions include estimates for goods and services received prior to 31 December 2010 and for which invoices have not yet been received by the Local Council.

	1 Jan-31 Dec 2010 (12 months)	1 Apr -31 Dec 2009 (9 months)
Accruals and Deferred Income	<u>€ 31,085</u>	<u>€ 30,742</u>

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. CONTINGENT LIABILITIES

The council has received a service that is being disputed. The total amount of this contingent liability is €7,000.

19. COMPARATIVES

Comparatives figures have been restated.

20. CAPITAL COMMITMENTS

	1 Jan – 31 Dec 2010 (12 months) Euro	1 Apr – 31 Dec 2009 (9 months) Euro
- Capital expenditure that has been approved but not provided for in the Financial Statements		
(i) Street Lighting	6,000	20,000
- Capital expenditure that has been approved but not yet contracted for.		
(i) Photovoltaic Panels	0	8,200
(ii) General upgrading works	13,120	0
	<u>€ 18,120</u>	<u>€28,200</u>

21. FAIR VALUES ESTIMATION

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

22. GOING CONCERN

The Statement of Financial Position and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council to be able to meet its financial obligations as they fall due without curtailing its future commitments.

PEMBROKE LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

23. RELATED PARTY TRANSACTIONS

The Pembroke Local Council has the following related parties, exercising:

- i. Significant Control – The Department of Local Government
- ii. Joint Control – Group H Joint Committee for Local Enforcement
- iii. No Control – Water Services Corporation, Enemalta Corporation and WasteServ Malta Ltd.

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

	2010	2009
	Euro	Euro
Annual Financial Allocation	340,136	244,216

24. FINANCIAL RISK MANAGEMENT

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, and liquidity risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Council's financial performance.

Market Risk

The Council's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Council to cash flow interest rate risk. In general, the Council's exposure to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows are not deemed to be substantial by the Councillors and Executive Secretary in view of the nature of the assets and liabilities.

Credit Risk

Financial assets which potentially subject the Council to concentrations of credit risk which are principally made up of cash at bank and debtors. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability.

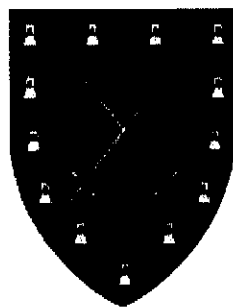
Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

LOCAL COUNCIL PEMBROKE

Report to Management

for the financial year ending 31 December 2010





27th April 2011

The Mayor
LOCAL COUNCIL PEMBROKE
Triq Alamein
PEMBROKE PBK 1776

Dear Sir,

REPORT TO MANAGEMENT

As you are well aware, our firm has been reappointed by the National Audit Office to carry out the annual audit of the financial statements of your Council. Our engagement includes the obligation on our part to prepare a report addressed to the Council, explaining weaknesses and recommendations that emanate from the review of your systems as part of our audit. You will understand that our examination cannot be expected to disclose every weakness and therefore the matters dealt with in this report are not necessarily the only shortcomings, which exist. This report is intended as a source of guidance for the Council to refine its systems for better compliance, internal controls and governance. The controls will also be used by the National Audit Office to compile its own report on Local Councils.

For clarity purposes, this report is distributed to your council, the National Audit Office and the Department of Local councils. The contents of this report shall not be quoted in part or in full or used in any way other than for the above-mentioned scope, without our prior written consent.

During the course of our audit for the period ended 31 December 2010, we have examined the principal accounting records, systems and controls in use by the Council to enable it to ensure as far as possible, the accuracy and reliability of its records and to safeguard its assets. Additionally, we also examined the level of your Council's compliance with the Local Councils Act (1993), the Financial Procedures (1996), the various Legal Notices and Local Councils Department Memos globally issued to Local Councils in the Maltese Islands.

We remain at the Council's disposal for any clarification required regarding the above. We shall be happy to render assistance should you decide to implement any of the recommendations.

Finally, we take this opportunity to thank the Executive Secretary, Mr. Kevin Borg and his Council's administrative team for their valuable assistance and co-operation rendered to us at all times during the course of our audit.

3a Accountants

The Penthouse
Level Three
Palazzo Ca' Brugnara
Valley Road
Birkirkara, BKR 9024
Malta (EU)

☎ (+356) 2757 2757
☎ (+356) 2757 2758
✉ info@3a.com.mt
🌐 www.3a.com.mt

Yours faithfully

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the left.

Neville Cutajar
Partner

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1. FOLLOW-UP: MANAGEMENT REPORT - YEAR ENDED 31 DECEMBER 2009

1.1. Local Enforcement System

Since the Council does not have direct control on this matter, as it is dependent on third party reports, it could not address the problem in full and therefore we draw your attention to paragraph 2.1 of our management report.

1.2. FSS statutory documentation

The Council has addressed the matter during the year under review.

1.3. Employment Contracts

The Council has addressed the matter during the year under review.

1.4. Tendering Procedures

The Council has not addressed the matter during the year under review and we therefore draw your attention to paragraph 4.1 of our management report.

1.5. Quotation procedures

The Council has addressed the matter during the year under review.

1.6. VAT Fiscal Receipts

The Council has not addressed the matter during the year under review and we therefore draw your attention to paragraph 4.2 of our management report.

1.7. The upkeep of the Fixed Asset Register (FAR)

The Council has addressed the matter during the year under review.

1.8. Capital Commitments

The Council has not addressed the matter during the year under review and we therefore draw your attention to paragraph 5.1 of our management report.

1.9. Capital Expenditure against Revenue Expenditure

The Council has addressed the matter during the year under review.

1.10. Insurance Policy

The Council has not addressed the matter during the year under review and we therefore draw your attention to paragraph 5.2 of our management report.

1.11. Stock of stationary

The Council has addressed the matter during the year under review.

1.12. Doubtful receivables

The Council has addressed the matter during the year under review.

1.13. Cash deposits

The Council has not addressed the matter during the year under review and we therefore draw your attention to paragraph 6.1 of our management report.

1.14. Supplier Statements

The Council has addressed the matter during the year under review.

1.15. Accrued Expenditure

The Council has not addressed the matter during the year under review and we therefore draw your attention to paragraph 7.1 of our management report.

1.16. Disclosures required in respect of certain IFRS

The Council has addressed this matter following the approval of the revised financial statements.

1.17. Disclosures required in respect of Financial Procedures

The Council has not addressed the matter and we draw your attention to paragraph 8.1 of our management report.

1.18. Financial Statements presentation

Please refer to paragraph 9.1 of our management report.

1.19. Prior year adjustment

The Council has addressed the matter during the year under review.

2. INCOME

2.1. Local Enforcement System

Observations

By the date of conclusion of our audit work, the Council had still not received the audited annual report of the LES Group H Joint Committee for the year ended 31 December 2010. During the period under review, the Council has been correctly recording cash receipts received from North Joint Committee, between LES pooling and pre-pooling receipts.

As at 31st December 2010 the Council has also recognised the amount of €1,643 in accrued income from pooling surpluses. This amount was correctly accrued for, since in January 2011 the Council received such income, and the receipt was vouched to post year end bank deposits.

Issues Arising

However, in view of the absence of an audited annual report for the Joint Committee as at 31st December 2010, we could not rely on third party financial information as provided by the Joint Committee to provide reasonable assurance on the amounts being recorded in the financial statements as income from the Local Enforcement System. We have qualified our audit report in this respect.

Recommendations

We recommend the Council to pressure the Joint Committee to provide audited financial statements for every financial year in order to have a basis on which to draw its amounts in respect to LES income due to the Council.

3. PERSONAL EMOLUMENTS

3.1. Mayor's remuneration and Councillors allowance

Observations

During our testing it was noticed that the Mayor's remuneration and Councillors allowance is being considered as a "Part-time" Emoluments when declared in the FSS documentation.

Issues Arising

The Mayor's remuneration and Councillors allowance does not qualify for the Part-Time Work Regulations (1996) and therefore the Gross Emoluments should be declared in the FSS documentation as "Gross Emoluments (FSS Main or FSS Other Applies)" rather than "Gross Emoluments (FSS Part-time method applied)"

Recommendations

We therefore recommend that immediate action is taken by the Council to start applying the correct classification for the Mayor's remuneration and the Councillors allowance and tax this remuneration in accordance with the relevant rates or as prescribed in a FS4 to be provided by the Mayor or Councillors.

3.2. Councillors allowance

Observations

During our audit fieldwork we noticed that one councillor refused to take the allowance in the year under review due to the fact that she is on social welfare benefits. Such allowance has been accrued for.

Issues Arising

Kindly note that Councillors cannot decide when they should receive their allowance in order to best suit the tax arising on their income or to ensure that the social welfare benefit is maximised.

Recommendations

We recommend that the Council rectifies its position in respect of this Councillor's allowance and ensures that all payments for allowances are carried out when they are due.

4. EXPENDITURE

4.1. Tendering Procedures

Observations

Over all, the Council abides by all tendering procedures when the amount of expenditure exceeds €4,659. The following short-comings were however observed:

- The Tender Form for Goods and Services of Tender 02/2010 was not properly filled up.
- The tenderer which was awarded Tender 02/2010 failed to submit a copy of the registration documents issued by MEPA in respect of his vehicles.

Issues Arising

Please note that in respect of Tender 02/2010, Article 7 of the tender document – Vehicle Type – stated that the Waste Carrier is obliged to submit a copy of the registration document issued by MEPA together with a copy of the vehicle log book with his offer, failing which the tender offer will be disqualified. Thus, this tender should have been immediately disqualified prior to the adjudication process.

Recommendations

We recommend the Council to regulate his position in respect of this tender, ensures that all forms are properly and fully prepared and submitted prior to starting any adjudication process and continues with its efforts to comply with the tendering procedures in all instances.

4.2. VAT Fiscal Receipts

Observations

It was noted that there was a particular supplier whose VAT fiscal receipt did not mention the amount settled, but simply stated the invoice number settled. It was also noted that there were some instances where the service provider did not provide a VAT fiscal receipt in terms of the VAT Act (1998).

Recommendations

We recommend that the Council continues with its efforts in order to collect proper VAT fiscal receipts for every good and service acquired or paid for. If the supplier/service provider in question remains not compliant even after being warned by the Council, then this supplier/service provider should not be further considered for procurement purposes.

4.3. Documentation & Record Keeping

Observations

During our expenditure testing, we have identified issues which we are bringing to your attention:

- Invoices issued by Ell's are not in an adequate format, and they lacked to indicate the date when the work was undertaken, thus making it impossible to ensure that the invoice is being accounted for in the correct period.
- In certain cases a request for payment was provided instead of a proper tax invoice.
- In certain cases, the amount shown on the invoice or on the request for payment was adjusted manually.

Issues Arising

Please note that having expenditure unsupported by appropriate documentation goes against the Local Councils Procedures (1996 – Finance) K.L.P. 1/96, P1.11b.

Recommendations

We therefore recommend that an appropriate tax invoice, as required by the Procurement procedures, is obtained for all the expenditure incurred by the Council in the future. Payments should only be undertaken when supported by an appropriate invoice.

4.4. Jum il-Lokal expenses

Observations

It was noticed that the Council expended supplies of € 5,503 in respect of Jum Pembroke.

Issues arising

Please note that during the year under review Memo 122/2010 was issued and it requires that the expenses in respect of Jum il-Lokal should not exceed € 3,500 or 0.5% of the Government Annual Allocation.

Recommendations

We understand that the expenses incurred by the Council have been expended prior to the issues of this Memo. We therefore recommend the Council to abide with the requirements of this Memo from next year so as to limit the expenses for such activities in line with those established in the Memo.

5. PROPERTY, PLANT AND EQUIPMENT

5.1. Capital Commitments

Observations

During our review of the Budget for 2011, it was noted that a capital commitment of approximately €13,120 has been committed for next year with respect to the Council's office, equipment, road resurfacing and Gnien ta' St Patrick.

This amount was however completely omitted from Note 19 – Capital Commitments in the Financial Statements. It was also noticed that an asset which was accounted for as "Asset not yet capitalised" as at year end should be included as a capital commitment since the works be completed in 2011.

Issues arising

Capital commitments need to be disclosed in their entirety in line with the requirements of IAS 16 – Property, Plant and Equipment.

Recommendations

We recommend that any future capital commitments are properly assessed and disclosed, so as not to misguide users of financial statements. Following our observation, the Council adjusted this accordingly.

5.2. Insurance Policy

Observations

During our audit fieldwork, we noticed an over and under insurance of different categories of Property, plant and equipment.

Issues Arising

The Council's insurance policy in respect of assets insured has not been reviewed on an annual basis and thus the consequence of the over and under insurance in different categories of property, plant and equipment.

Recommendations

It is our recommendation that the Council reviews its insurance cover so as to avoid unnecessary over and under insurance cover for each respective asset categories to ensure that the Council is properly insured.

5.3. Architect's certificate on works completed

Observations

During our testing of fixed assets we were informed that the expenditure on some projects was certified by an architect however the certificates available were not signed.

Issues Arising

Please note that having unsigned architect certificates, even when such certificates are received through e-mail, is not deemed as proper evidence that the work has been carried out satisfactory and confirmation of the amount covering the work. Such documents may be tempered, especially in cases when these are required as evidence documents to support payments done to suppliers and to support the type of work carried out.

Recommendations

We advise that all architects/contracts' managers certificates are signed as soon as the work is verified as this certificate is fundamental to justify any payment made to the contractor in question.

6. CASH AND CASH EQUIVALENTS

6.1. Cash Deposits

Observations

During the course of our audit, it was observed that the Council is still making cash deposits once a week, even though the requirement that cash deposits need to be made more frequently was pointed out in previous management letters.

Issues Arising

Although we noted that the Council has never kept any large amount in cash or cheques at the Council, the Council is still in breach of the Local Council Procedures which require deposits to be undertaken twice a week when it has cash/cheques in hand.

Recommendations

It is therefore recommended that the Council effects such deposits at least twice a week, as stipulated in Local Council Procedures (1996) – Finance KLP1/96 P1.14 (C.09).

6.2. Stale cheques

Observations

The Council had an amount of €34.78 in cheque payments recorded in its bank accounts.

Issues arising

The period by which these cheques should have been presented at the bank, exceeded 6 months and therefore legally they have become stale.

Recommendations

We therefore recommend that the Council verifies such cheque payments and transactions on a regular basis and adjusts its records accordingly.

7. PAYABLES

7.1. Accrued expenditure

Observations

As at 31st December 2010, the Council recognized €6,000 payable to MICA MED Limited as accrued expenditure:

During the audit fieldwork we noticed that the above mentioned asset not yet capitalized need not have been accrued due to the fact that the work, although agreed to be done in 2010, was actually done in 2011.

During our testing of transaction cut-offs on expenses it was also noticed that there were items that should have been accrued or accounted for as creditors in 2010 but were omitted from the financial statements. These items amounted to € 623.83.

Issues arising

Please note that it is important for the Council to comply with the requirements of International Financial Reporting Standards and accounts for accrued expenditure correctly.

Recommendations

We therefore recommend that in such cases where the work is not yet done as at year end, the amount would be accounted for as a capital commitment and not accrued for. We also recommend the Council to prepare accounts in compliance with the "accruals concept" of accounting in line with the generally accepted accounting principles and International Financial Reporting Standards. Following our observation, the Council adjusted this accordingly.

7.2. Deferred Income

Observations

During our audit fieldwork it was noticed that the current deferred income relates only to the next year's depreciation on fixed asset "URBAN 184-196". Government grants were however also given in relation to the PV System, which system was accounted for as assets not yet capitalized as at year end, but which will be capitalized in the next year.

Issues arising

Since the PV system will be capitalized in 2011, it is deemed appropriate that depreciation on such system for the next year will also be accounted for as current deferred income

Recommendations

We therefore recommend the Council to adjust accordingly. Following our observation, the Council adjusted this accordingly.

8. OTHER DISCLOSURES IN THE FINANCIAL STATEMENTS

8.1. Disclosures required in respect of Financial Procedures

According to the Financial Procedures supplementing the Financial Regulations issued in terms with the Local Councils Act 1993, the financial statements should include the budget for the period. In line with Local Councils' generally accepted reporting procedures, the budget has been excluded from these financial statements.

9. GENERAL

9.1. Financial Statements presentation

The following areas were noted during our final review of the financial statements, which need attention for the next financial year:

- Allocation of the bank loan into Short Term and Long Term is not appropriate. Following our observation, the Council adjusted this accordingly.
- Note 15 – Deferred Income – needs to be further broken down into order to reflect the release of income over one year, two to five years and more than five years. Following our observation, the Council adjusted this accordingly.
- Note 23 – Related Party Transactions – should include that of Wasteserv which party has no control. Following our observation, the Council adjusted this accordingly.
- Note 3 – Funds Received from Central Government – includes € 500 under "In terms of Section 55 of the Local Councils Act, 1993" which amount should be accounted for under "Other Government Income". Following our observation, the Council adjusted this accordingly.
- Page 2, 6, 9 - 12 – header should be "For the year..." and not "For the period..."
- Page 20, € 1 casting difference in the total of Depreciation "At 1st April 2009", "Prior year adjustment" and "Released on Disposal"

9.2. Co-Financing Fund acceptance agreement

Observations

During the audit it was noticed that the Co-Financing Fund acceptance agreement was signed by the Mayor and the Executive Secretary, however it was not yet signed by the Evaluation Board.

Issues arising

Please note that since the agreement has been approved and some funds have already been received, the Council should be in possession of a signed contract.

Recommendations

We recommend the Council to obtain a signed contract from the Evaluation Board and ensures that any agreement that the Council enters into are always appropriately signed.