

Local Council Qormi
Annual Audit Report
for the year ended 31 December 2010



Local Council Qormi
Annual Audit Report
for the year ended 31 December 2010



Contents

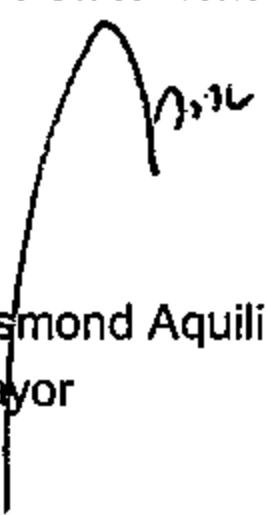
	Page
Statement of Local Council Members' and Executive Secretary's Responsibilities	1
Report of the Local Government Auditor to the Auditor General	2
Statement of Income and Expenditure	3
Statement of Affairs	4
Statement of Changes in Equity	5
Cash Flow Statement	6
Notes to the Financial Statements	7 - 24

**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2010**

The Local Councils (Financial) Regulations 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 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 period and its retained funds as at the period end, and that they comply with the Act, the Local Council (Financial) Regulations, and the Local Council (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 Council (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.

This statement was approved by the Council on 26 April 2011 and signed on its behalf by:



Jesmond Aquilina
Mayor



John Farrugia
Executive Secretary

Financial Statements for the year ended 31 December 2010

Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of Qormi Local Council which comprise the statement of affairs as at 31 December 2010, the statement of income and expenditure, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Respective responsibilities of the Local Council and Local Government auditors

As described in page 1, these financial statements are the responsibility of the Executive Secretary and the Local Council members. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

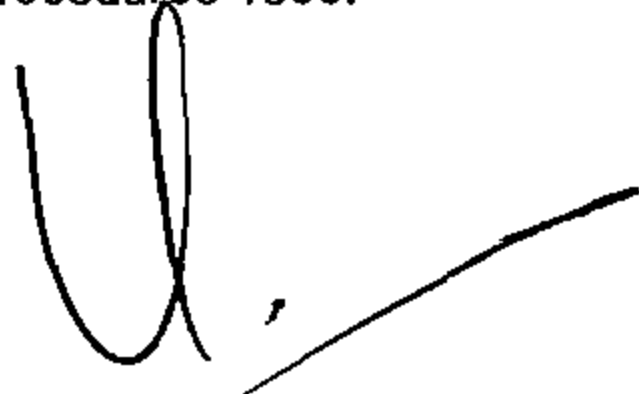
We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Local Council's Members and the Executive Secretary, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Councils (Financial) Procedures, 1996.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Qormi Local Council as of 31 December 2010, and of the results of its operations, changes in net assets/equity and its cash flows for the year then ended in accordance with the accounting with International Financial Reporting Standards.

Because of the matter set out in paragraph 1 above, these financial statements do not comply fully with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.



Mark Bugeja
f/Grant Thornton
Certified Public Accountants
Grant Thornton
Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013

26 April, 2010

**Statement of Income and Expenditure
for the year ended 31 December 2010**

		2010 <i>01 Jan - 31 Dec</i> <i>12 months</i>	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i>
	Notes	€	€
Revenue			
Funds received from Central Government	3	1,051,497	697,860
Income raised under Local Council Bye-Laws	4	648	1,556
Income raised under Local Enforcement System	5	523,494	563,193
General Income	6	123,141	28,301
		<u>1,698,780</u>	<u>1,290,910</u>
Expenditure			
Personal Emoluments	7	(148,440)	(92,852)
Operations and maintenance	8	(960,796)	(717,087)
Administration and other expenditure	9	(524,632)	(449,784)
		<u>(1,633,868)</u>	<u>(1,259,723)</u>
Operating surplus for the year / period		64,912	31,187
Finance income	10	210	16
Finance costs	11	(8,627)	(5,935)
		<u>56,495</u>	<u>25,268</u>
Loss on sale of assets	7	(598)	-
Asset impairment losses		(2,959)	(339)
Surplus for the year / period	7	<u>52,938</u>	<u>24,929</u>

The notes on pages 7 to 24 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2010

		2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
	Notes		
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	2,690,571	2,764,729
		<u>2,690,571</u>	<u>2,764,729</u>
Current Assets			
Receivables	13	369,781	370,220
Cash and cash equivalents	14	31,602	15,056
		<u>401,383</u>	<u>385,276</u>
Total Assets		<u><u>3,091,954</u></u>	<u><u>3,150,005</u></u>
EQUITY			
Reserves			
Retained earnings		2,375,845	2,322,906
Total equity		<u><u>2,375,845</u></u>	<u><u>2,322,906</u></u>
Non-Current Liabilities			
Long-term borrowings	16	176,414	192,554
Deferred income	17	206,770	223,011
		<u>383,184</u>	<u>415,565</u>
Current Liabilities			
Payables	15	308,159	386,768
Short-term borrowings	16	24,766	24,766
		<u>332,925</u>	<u>411,534</u>
Total Liabilities		<u><u>716,109</u></u>	<u><u>827,099</u></u>
Total equity and liabilities		<u><u>3,091,954</u></u>	<u><u>3,150,005</u></u>

These financial statements were approved by the Local Council on 26th April 2011 and signed on its behalf by:


Jesmond Aquilina
Mayor


John Farrugia
Executive Secretary

The notes on pages 7 to 24 form an integral part of these financial statements.

**Statement of Changes in Equity
for the year ended 31 December 2010**

	Retained Funds	Total
	€	€
At 1 April 2009	2,297,978	2,297,978
Surplus for the period	24,929	24,929
At 31 December 2009	<u>2,322,907</u>	<u>2,322,907</u>
At 1 January 2010	2,322,907	2,322,907
Surplus for the year	52,938	52,938
At 31 December 2010	<u>2,375,845</u>	<u>2,375,845</u>
Equity interests	<u>2,375,845</u>	<u>2,375,845</u>

Statement of Cash Flows
for the year ended 31 December 2010

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i>		2009 <i>01 Apr - 31 Dec</i> <i>9 months</i>	
	€	€	€	€
Net surplus for the year	52,938		24,929	
Reconciliation to cash generated from operations:				
Depreciation	298,364		173,239	
Impairment losses	2,959		339	
Loss on sale of assets	598		-	
Movement in Provision for Doubtful Debts	53,529		164,361	
Interest receivable	(210)		(16)	
Interest payable	8,627		5,935	
Operating surplus before working capital changes	416,805		368,787	
(Increase) / decrease in receivables	(14,694)		40,568	
(Increase) in other receivables	(38,396)		(247,989)	
Increase in payables	10,905		45,822	
(Decrease) / increase in other payables	(96,880)		101,673	
Government grant released	(23,876)		(12,302)	
Cash generated in operating activities		253,864		296,559
Cash flow from investing activities				
Interest received	210		16	
Purchase of property, plant & equipment	(227,862)		(382,897)	
Proceeds from sales of property, plant & equipment	100		-	
Receipt of grant	15,000		89,028	
Cash generated from investing activities		(212,552)		(293,853)
Cash from financing activities				
New long term bank borrowings	8,627		9,380	
Repayment of short term bank borrowings	(33,393)		(24,509)	
Cash generated from financing activities		(24,766)		(15,129)
Net Increase in cash in the year		16,546		(12,423)
Cash and equivalents at beginning of year / period		15,056		27,479
Cash and equivalents at end of year / period		31,602		15,056

1. General Information

The Qormi Local Council is the local authority of Malta set up in accordance with the Local Councils Act(1993). The office of the Local Council is situated at 392, Victory Street, Qormi. These financial statements were approved for issue by the Council Members on 26 April 2011. The Local Council's presentation as well as functional currency are denominated in €.

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.

Accounting convention

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).
- 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 adopted

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 early adopted

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) - Business Combinations (effective from 1 January 2011).
- IFRS 7 (amendments) - Financial Instruments (effective from January 2011).
- IFRIC 13 - Customer loyalty 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).

Intangible Fixed Assets

Computer Software

Computer software is valued at cost less accumulated depreciation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the reducing balance method at 20% per annum.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses 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	100
Playground Furniture	100
Traffic Signs	100
Road Signs	100
Street Mirrors	100
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 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 company 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.

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 costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Income and Expenditure.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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 and 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.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24.

During the year under review the Local Council 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.

Revenue

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.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the 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.

Borrowing costs

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

Surpluses 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 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.

3. Funds received from central government

	2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
In terms of section 55 of the Local Councils Act	981,508	657,625
Other Government Income	69,989	40,235
	<u>1,051,497</u>	<u>697,860</u>

4. Income raised from Bye-Laws

	2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
Bye-Law - Advertising on Street Furniture	1,980	466
Bye-Law - Use of Facilities De La Cruz Garden	(1,332)	1,090
	<u>648</u>	<u>1,556</u>

5. Local Enforcement System

	2010 01 Jan - 31 Dec 12 months €	2009 01 Apr - 31 Dec 9 months €
Contraventions and other fines	234,046	151,362
Contraventions from speed camera	235,499	303,237
Sentenced Cases - Accrued Income	53,949	108,594
	<u>523,494</u>	<u>563,193</u>

6. General Income

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Community Services	7,958	2,559
Cultural Events	2,900	-
Sponsorships	150	-
General Income	-	117
Tender Documents/Info. Charges	1,178	1,005
Media Advertising	-	19
Contractors' Guarantees Withdrawn	116	-
Contributions	99,134	10,502
Refund of expenses	-	1,330
Insurance Claims	381	1,033
Income from Permits	11,324	11,736
	<u>123,141</u>	<u>28,301</u>

7. Surplus for the year / period

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Surplus for the year / period is stated after charging:		
Staff salaries	<i>Note</i> 148,440	92,852
Depreciation of tangible assets	298,364	173,239
Loss on disposal of tangible fixed assets	598	-
	<u></u>	<u></u>

Staff salaries

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Mayor's Remuneration	11,708	4,500
Councillors' Allowances	13,600	-
Executive Secretary Salary and Allowances	28,090	18,767
Employees' Salaries	85,732	62,933
Social Security Contributions	9,310	6,652
	<u>148,440</u>	<u>92,852</u>

8. Operations and Maintenance

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
<i>Repairs and Upkeep:</i>		
Road/Street Pavements	97,022	86,116
Signs	2,028	56
Road Markings	33,608	31,001
Office Furniture and Equipment	895	870
Other repairs and Upkeep	7,333	4,375
Council Property	119	-
	<u>141,005</u>	<u>122,418</u>
<i>Contractual Services:</i>		
Refuse Collection	244,141	109,935
Bulky Refuse Collection	12,394	8,571
Hiring of Skips - Bins on Wheels	2,631	1,257
Bring-in Sites	5,382	2,621
Road & Street Cleaning	103,753	65,746
Cleaning & Maint. Non-Urban	13,675	7,486
Cleaning - Public Conveniences	27,681	21,858
Cleaning - Council Premises	6,961	4,641
Other Contractual Services	9,222	7,085
Clean. & Maint. Parks & Gardens	61,254	42,807
Street Lighting	32,364	25,398
Studies & Consultations	242	244
Local Enforcement Expenses	300,091	297,020
	<u>819,791</u>	<u>594,669</u>
 Total Operations and Maintenance Costs	 <u>960,796</u>	 <u>717,087</u>

9. Administration and other expenditure

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Utilities	26,570	23,513
Other repairs and upkeep	1,296	435
Rent	233	-
National and International Memberships	192	116
Office Services	7,167	5,939
Transport	2,831	1,548
Travel	3,581	-
Information Services	10,162	6,409
Insurance Coverage	5,587	3,800
Bank Charges	195	101
Professional Services	28,922	13,593
Training	2,223	663
Conference Expenses	280	-
Other Hospitality Costs	1,125	3,230
Social Events	4,178	3,697
Cultural Events	19,960	16,360
Community Services	57,571	32,256
Sundry Minor Expenses	646	524
Provision for Doubtful Debtors	53,529	164,361
Counterfeit Cash	20	-
Depreciation	298,364	173,239
	<u>524,632</u>	<u>449,784</u>

10. Finance Income

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Bank Interest Receivable	210	16
	<u>210</u>	<u>16</u>

11. Finance Costs

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Interest on Bank Loan	8,627 <hr/> 8,627 <hr/>	5,935 <hr/> 5,935 <hr/>

**Notes to the Financial Statements
for the year ended 31 December 2010**

12. Property, plant and equipment

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 1 April 2009	455,889	314,827	62,084	1,753,918	92,195	80,351	1,514	2,540,204	5,300,982
Additions	-	340,811	3,327	26,245	5,628	6,886	-	-	382,897
Assets Capitalised	-	(249,843)	-	249,843	-	-	-	-	-
Impairment	-	-	-	-	(3,541)	(128)	-	-	(3,669)
At 31 December 2009	<u>455,889</u>	<u>405,795</u>	<u>65,411</u>	<u>2,030,006</u>	<u>94,282</u>	<u>87,109</u>	<u>1,514</u>	<u>2,540,204</u>	<u>5,680,210</u>
Depreciation									
At 1 April 2009	6,807	-	62,084	887,657	43,380	21,464	444	828,308	1,850,144
On disposals/impairment	-	-	-	-	(3,252)	(77)	-	-	(3,329)
Charge for the year	2,324	-	3,327	91,148	8,123	3,412	166	64,739	173,239
At 31 December 2009	<u>9,131</u>	<u>-</u>	<u>65,411</u>	<u>978,805</u>	<u>48,251</u>	<u>24,799</u>	<u>610</u>	<u>893,047</u>	<u>2,020,054</u>
Grants									
At 1 April 2009	-	-	-	39,366	-	-	-	856,061	895,427
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>856,061</u>	<u>895,427</u>
Net book values									
At 31 December 2009	<u>446,758</u>	<u>405,795</u>	<u>-</u>	<u>1,011,835</u>	<u>46,031</u>	<u>62,310</u>	<u>904</u>	<u>791,096</u>	<u>2,764,729</u>

**Notes to the Financial Statements
for the year ended 31 December 2010**

12. Property, plant and equipment

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
Cost	€	€	€	€	€	€	€	€	€
At 1 January 2010	455,889	405,795	65,411	2,030,006	94,283	87,109	1,514	2,540,204	5,680,211
Additions	-	61,190	5,247	56,365	13,074	2,704	1,979	87,303	227,862
Assets Capitalised	-	(389,615)	-	50,974	9,971	-	-	328,670	-
Reclassifications	-	-	-	-	(30)	30	-	-	-
Impairment	-	-	-	-	(6,568)	(1,213)	-	-	(7,781)
Disposals	-	-	-	-	-	-	(1,514)	-	(1,514)
At 31 December 2010	455,889	77,370	70,658	2,137,345	110,730	88,630	1,979	2,956,177	5,898,778
Depreciation									
At 1 January 2010	9,131	-	65,411	978,805	48,252	24,876	610	893,047	2,020,132
Reclassifications	-	-	-	112	(112)	-	-	-	-
On disposals/impairment	-	-	-	-	(4,073)	(750)	(816)	-	(5,639)
Charge for the year	3,832	-	5,247	91,013	14,763	5,849	273	177,310	298,287
At 31 December 2010	12,963	-	70,658	1,069,930	58,830	29,975	67	1,070,357	2,312,780
Grants									
At 1 January 2010	-	-	-	-	-	-	-	-	-
At 31 December 2010	-	-	-	39,366	-	-	-	856,061	895,427
Net book values									
At 31 December 2010	442,926	77,370	-	1,028,049	51,900	58,655	1,912	1,029,759	2,690,571

13. Receivables

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Receivables	25,522	2,991
LES Debtors	Note 268,601	276,438
Other receivables	3,390	3,390
Prepayments and accrued income	72,268	87,401
	<u>369,781</u>	<u>370,220</u>

Receivables

General receivables are analysed as follows:

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Within credit period	23,863	112
Exceeded credit period but not impaired	1,659	2,756
Impaired and provided for	1,281	582
Provision for doubtful debts	(1,281)	(582)
	<u>25,522</u>	<u>2,868</u>

Local Enforcement System (LES) Debtors

LES Debtors are stated after a specific provision for doubtful debts amounting to €362,870 (2009 - €310,040).

14. Notes to the cashflow statement*Cash & cash equivalents*

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Bank Balances	31,442	14,966
Cash in Hand	160	90
	<u>31,602</u>	<u>15,056</u>

15. Payables

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Payables	242,701	231,796
Other creditors	11,361	8,566
Accruals and deferred income	54,097	146,406
	<u>308,159</u>	<u>386,768</u>

16. Borrowings

		2010	2009
		<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
		<i>12 months</i>	<i>9 months</i>
		€	€
Non-current			
Bank borrowings	<i>Note</i>	176,414	192,554
Current			
Bank borrowings	<i>Note</i>	24,766	24,766
Borrowings			
Repayable between one and two years		49,532	49,532
Repayable between two and five years		74,298	74,298
Repayable in five years or more		52,584	68,724
		176,414	192,554
Repayable after five years or more:			
Bank loan		52,584	68,724

Bank loan

The Bank Loan is secured by First General and Special Hypothec over townhouse numbered 390, 392 and 394, Victory Street Qormi and other pledges on insurances policies. It bears interest at 5% per annum and is repayable over 14 years by monthly instalments of Eur2,064.

17. Deferred Income	2010	2009
	01 Apr - 31 Dec 12 months €	01 Apr - 31 Dec 9 months €
Government grants		
At 1 January 2010	237,898	161,172
Increase in year	15,000	89,028
	<u>252,898</u>	<u>250,200</u>
Released in year	(23,876)	(12,302)
At 31 December 2010	<u>229,022</u>	<u>237,898</u>
Current Deferred Income	<u>22,252</u>	<u>14,887</u>
Non-Current Deferred Income	<u>206,770</u>	<u>223,011</u>
Deferred Government Grants		
Deferred between one and two years	19,857	22,252
Deferred between two and five years	47,769	53,445
Deferred in five years or more	139,144	147,314
	<u>206,770</u>	<u>223,011</u>
Deferred after five years or more:		
Government Grants	<u>139,144</u>	<u>147,314</u>

18. Capital commitments

	2010 <i>01 Jan - 31 Dec</i> <i>12 months</i> €	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	97,200	80,200
Contracted for but not provided in the financial statements	<u>205,026</u>	<u>200,000</u>
(i) Approved but not yet contracted for:		
Acquisition of Property	59,700	59,700
Construction	20,000	-
Office Furniture and Fittings	8,000	8,000
Urban Improvements	-	2,000
New Street Signs	1,500	2,500
Office Equipment (incl. computer equipment)	8,000	8,000
	<u>97,200</u>	<u>80,200</u>
(ii) Contracted for but not provided in the Financial Statements:		
Road Resurfacing	140,000	100,000
Embellishment of open spaces	65,026	100,000
	<u>205,026</u>	<u>200,000</u>

19. Contingent liabilities

The Council has an amount of Eur18,059 which is disputing with one of its suppliers for waste tipping services. The amount is being kept on hold from payment following a directive from the Local Council's Association. The Council has not recognised this amount in the financial statements.

20. Related party transactions

During the year under review, the Council carried out transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Councils	Significant control
Central Joint Committee (Local Enforcement)	Joint Control
Northern Harbour District Joint Committee	Joint Control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control

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

	2010	2009
	<i>01 Jan - 31 Dec</i>	<i>01 Apr - 31 Dec</i>
	<i>12 months</i>	<i>9 months</i>
	€	€
Annual Financial Allocation	981,508	657,625

21. Financial Risk Management

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

Credit risk

Financial assets which potentially subject the Council to concentrations of credit risk consist principally 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. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

Other risks

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.

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.

22. 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.

23. Going Concern

The Statement of Financial Position on page 4 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 able to meet its financial obligations as they fall due without curtailing its future commitments.