



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

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

CONTENTS	PAGE
Statement of Local Council Members' and Executive Secretary's Responsibilities	3
Report of the Local Government Auditors on the Financial Statements	4 - 5
Statement of Comprehensive Income	6
Statement of Financial Position 31/12/2010	7
Statement of Financial Position 31/12/2009	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 24

**ST. VENERA 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 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 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.

Horace J. Anastasi
Mayor

Joseph M. Formosa
Acting Executive Secretary

Date:_____

ST. VENERA LOCAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the period 1 January to 31 December 2010

		Year ended 31 Dec 2010	Period fom 1 Apr 2009 to 31 Dec 2009
	Notes	Euro	Euro
INCOME			
Funds received from Central Government	3	377,473	259,444
Income raised under Law Enforcement system	4	6,740	22,740
Investment income	5	344	115
General income	6	24,320	13,678
		<hr/>	<hr/>
		408,877	295,977
		<hr/>	<hr/>
EXPENDITURE			
Personal emoluments	7	70,118	48,778
Operations and maintenance	8	213,632	132,737
Administration and other expenditure	9	112,571	74,305
		<hr/>	<hr/>
		396,321	255,820
		<hr/>	<hr/>
PROFIT FOR THE YEAR/PERIOD		€ 12,556	€ 40,157
		<hr/>	<hr/>

The notes on page 11 to 24 form an integral part of these financial statements

ST. VENERA LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	Notes	2010	2009
		Euro	Euro
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	335,099	336,874
		<hr/>	<hr/>
Current Assets			
Inventories	11	33	351
Trade and other receivables	12	26,550	29,628
Cash and cash equivalents	13	92,889	62,058
		<hr/>	<hr/>
Total Current Assets		119,472	92,037
		<hr/>	<hr/>
TOTAL ASSETS		<u>€ 454,571</u>	<u>€ 428,911</u>
RESERVES AND LIABILITIES			
Reserves			
Retained funds		363,718	351,162
		<hr/>	<hr/>
Current Liabilities			
Trade and other payables	14	90,853	77,749
		<hr/>	<hr/>
Total Current Liabilities		90,853	77,749
		<hr/>	<hr/>
TOTAL RESERVES AND LIABILITIES		<u>€ 454,571</u>	<u>€ 428,911</u>

The notes on pages 11 to 24 form an integral part of these financial statements

These financial Statements were approved by the Local Council on the _____ and signed on its behalf by:

Horace J. Anastasi
Mayor

Joseph M. Formosa
Acting Executive Secretary

ST. VENERA LOCAL COUNCIL
STATEMENT OF FINANCIAL POSITION
At 31 December 2009

	1 Apr 2009- 31 Dec 2009 (9 months) Euro	1 Apr 2008- 31 Mar 2009 (12 months) Euro
ASSETS		
Non-Current Assets		
Property, plant and equipment	336,874	297,565
	<hr/>	<hr/>
Current Assets		
Inventories	351	807
Trade and other receivables	29,628	27,654
Cash and cash equivalents	62,058	45,057
	<hr/>	<hr/>
Total Current Assets	92,037	73,518
	<hr/>	<hr/>
TOTAL ASSETS	<u>€ 428,911</u>	<u>€ 371,083</u>
 EQUITY AND LIABILITIES		
Equity		
Retained funds	351,162	311,003
	<hr/>	<hr/>
Current Liabilities		
Trade and other payables	77,749	60,079
	<hr/>	<hr/>
Total Current Liabilities	77,749	60,079
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	<u>€ 428,911</u>	<u>€ 371,083</u>

ST. VENERA 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	311,005	311,005
Surplus for the period	40,157	40,157
	<hr/>	<hr/>
At 31 December 2009	351,162	351,162
	<hr/>	<hr/>
At 1 January 2010	351,162	351,162
Surplus for the year	12,556	12,556
	<hr/>	<hr/>
At 31 December 2010	363,718	363,718
	<hr/>	<hr/>
Equity interest	€ 363,718	€ 363,718
	<hr/>	<hr/>

ST. VENERA LOCAL COUNCIL
STATEMENT OF CASH FLOWS
For the period 1 January to 31 December 2010

	Notes	2010 Jan-Dec Euro	2009 Apr-Dec Euro
Profit for the year/period		12,556	40,157
Adjustments for:			
Depreciation		36,491	25,048
Loss on Disposal of Property, plant and equipment		0	105
Interest receivable		(274)	(115)
		<u>48,773</u>	<u>65,195</u>
Movement in working capital			
Decrease/(Increase) in receivables		3,078	(1,974)
Decrease in Inventories		319	458
Increase in payables		13,104	17,670
Government Grants released		<u>(15,110)</u>	<u>(928)</u>
Cash generated from operating activities		50,164	80,421
Cash flows from investing activities			
Interest received		274	115
Acquisition of property, plant and equipment		<u>(19,607)</u>	<u>(63,536)</u>
Cash absorbed in investing activities		19,333	(63,421)
Net increase in cash and cash equivalents		30,831	17,001
Cash and cash equivalents at beginning of period/year		62,058	45,057
Cash and cash equivalents at end of year/period		<u>92,889</u>	<u>62,058</u>

The notes on page 11 to 24 form an integral part of these financial statements

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

1. GENERAL INFORMATION

St. Venera Local Council is the local authority of St. Venera setup in accordance with the Local Councils Act 1993. The office of the Council is at Umberto Calosso Complex, St. Joseph High Street, St. Venera

The financial statements were authorised for issue by the Council on the -
_____. 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)

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

- 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 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).

ST. VENERA 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.

ST. VENERA 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.

ST. VENERA 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

St. Venera Local Council forms part of the Birkirkara Joint Committee. 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 2010- 31 Dec 2010 (12 months)	1 Apr 2009- 31 Dec 2009 (9 months)
In terms of Section 55 of the Local Councils Act, 1993	€ 365,228	€ 259,444
Other Government Income	<u>€ 12,245</u>	<u>€ 0</u>
	€ 377,473	€ 259,444
	_____	_____

4. LOCAL ENFORCEMENT INCOME

	1 Jan 2010-31 Dec 2010 (12 months) Euro	1 Apr 2009-31 Dec 2009 (9 months) Euro
Fines and penalties Received	6,740	22,740
	<u>€ 6,740</u>	<u>€ 22,740</u>
	_____	_____

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENT INCOME

	1 Jan 2010- 31 Dec 2010 (12 months)	1 Apr 2009- 31 Dec 2009 (9 months)
Bank Interests	€ 344	€ 115

6. GENERAL INCOME

	1 Jan 2010-31 Dec 2010 (12 months)	1 Apr 2009-31 Dec 2009 (9 months)
Income from photocopies	72	13
Income from permits	4,532	4,063
Income from Water Services	11,534	2,154
Tender Documents	1,595	325
Advertising	140	1,560
Other Income	582	82
Income for Library Services	0	466
Income from Cultural Activities	0	2,400
Contributions	1,215	1,473
Donations & Sponsorships	4,650	1,142
	€ 24,320	€ 13,678

7. PERSONAL EMOLUMENTS

	1 Jan 2010-31 Dec 2010 (12 months)	1 Apr 2009-31 Dec 2009 (9 months)
Personal Emoluments include, <i>inter alia</i>		
Mayor's Honoraria	9,607	4,451
Mayor's and Councillors' Allowances	8,741	0
Executive Secretary Salary and Allowances	14,997	19,441
Employees' Salaries	33,530	21,668
Social Security Contributions	3,243	3,218
	€ 70,118	€ 48,778

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	1 Jan 2010- 31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
8. OPERATIONS AND MAINTENANCE EXPENSES		
Operations and maintenance includes, <i>inter alia</i>		
REPAIRS AND UPKEEP		
Public Property	4,362	3,661
Roads and street pavements	0	500
Office Furniture	1,593	190
Road Markings	17,381	3,444
Other repairs & upkeep	1,228	490
	<u>€ 24,564</u>	<u>€ 8,285</u>
CONTRACTUAL SERVICES		
Refuse collection	115,963	64,013
Bulky refuse collection	4,437	4,088
Road and street cleaning	25,269	25,430
Cleaning and maintenance parks and gardens	17,336	14,386
Cleaning and maintenance public conveniences	5,273	3,804
Hire of Skips	3,140	60
Other Cleaning and Maintenance services	250	977
Bring In Sites	3,494	2,621
Other Contractual services	2,730	1,984
LES related expenditure	0	252
Street Lighting maintenance	11,176	6,837
	<u>€ 189,068</u>	<u>€ 124,452</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u>€ 213,632</u>	<u>€ 132,737</u>

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

	1 Jan 2010- 31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
9. ADMINISTRATIVE AND OTHER EXPENSES		
Depreciation	36,491	25,048
Water, Electricity & Telecommunications	9,774	5,420
National and International memberships	310	713
Rent	8,879	6,659
Office Services	4,106	4,921
Insurance	1,663	1,174
Bank Charges	19	43
Information Services	1,829	3,404
Loss on Disposal of Property, plant and equipment	0	105
Professional services	35,630	11,324
Transport Expenses	5,491	3,635
Library Expenses	45	0
Community and hospitality	8,334	11,859
	<hr/>	<hr/>
TOTAL ADMINISTRATIVE EXPENSES	€ 112,571	€ 74,305

**ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)**

10. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Office Furniture, Fixtures & Fittings									
	Office Fittings	Office Equipment	Computer Equipment	New Street Signs	Urban Improvements	Construction	Special Programmes	Trees	Plant & Machinery	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2010	30,980	15,619	17,850	35,027	97,788	271,679	666,592	4,141	2,594	1,142,270
Additions	318	0	860	281	284	17,864	0	0	0	19,607
Disposals	0	0	0	0	0	0	0	0	0	0
At 31st December 2010	31,298	15,619	18,710	35,308	98,072	289,543	666,592	4,141	2,594	1,161,877
Grants										
At 1 January 2010	0	0	0	0	0	79,974	347,476	0	0	427,450
Transferred during the year	0	0	0	0	0	0	-15,110	0	0	-15,110
At 31st December 2010	0	0	0	0	0	79,974	332,366	0	0	412,340
Depreciation										
At 1 January 2010	16,460	13,574	15,061	35,027	59,757	41,598	194,466	0	2,004	377,943
Charge for the period	1,097	409	769	281	3,824	15,904	14,104	0	118	36,491
Released on Disposal	0	0	0	0	0	0	0	0	0	0
At 31st December 2010	17,557	13,983	15,830	35,308	63,581	57,502	208,570	0	2,122	414,434
Net Book Value										
At 31st December 2010	13,741	1,636	2,880	0	34,491	152,067	125,656	4,141	472	335,099

**ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)**

10. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Office Furniture, Fixtures & Fittings									
	€	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improvements €	Construction €	Special Programmes €	Trees €	Plant & Machinery €	Total €
Cost										
At 1 April 2009	30,980	15,791	18,310	35,027	97,788	208,264	666,592	4,141	2,594	1,079,487
Additions	0	0	120	0	0	63,415	0	0	0	63,536
Disposals	0	-172	-580	0	0	0	0	0	0	-752
At 31st December 2009	30,980	15,619	17,850	35,027	97,788	271,679	666,592	4,141	2,594	1,142,270
Grants										
At 1 April 2009	0	0	0	0	0	79,974	348,404	0	0	428,378
Transferred during the year	0	0	0	0	0	0	-928	0	0	-928
At 31st December 2009	0	0	0	0	0	79,974	347,476	0	0	427,450
Depreciation										
At 1 April 2009	15,586	13,344	14,895	35,027	56,633	32,899	183,263	0	1,898	353,542
Charge for the period	873	374	669	0	3,124	8,699	11,203	0	106	25,048
Released on Disposal	0	-144	-503	0	0	0	0	0	0	-647
At 31st December 2009	16,459	13,574	15,061	35,027	59,757	41,598	194,466	0	2,004	377,943
Net Book Value										
At 31st December 2009	14,521	2,045	2,789	0	38,032	150,107	124,650	4,141	590	336,874

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVENTORIES

	1 Jan 2010-31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
Badges and wooden clocks held for resale	33	351

12. TRADE AND OTHER RECEIVABLES

	1 Jan 2010-31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
Prepayments and Accrued income	26,263	28,557
Amounts invoiced but not yet settled	<u>287</u>	<u>1,071</u>
	<u>26,550</u>	<u>29,628</u>
Amounts invoiced but not yet settled are analysed as follows:		
Within credit period	37	0
Exceeded credit period(past due) but not impaired	<u>250</u>	<u>1,071</u>
	<u>287</u>	<u>1,071</u>

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

13. CASH AND CASH EQUIVALENTS

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 2010- 31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
Cash in Hand	185	116
Bank balances		
- Ordinary Funds	<u>92,704</u>	<u>61,942</u>
	<u>€ 92,889</u>	<u>€ 62,058</u>

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER PAYABLES

	1 Jan 2010- 31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
Trade Payables	53,061	55,590
Other Creditors	35	5,000
Accruals and Deferred Income	37,757	17,159
Trade and Other Payables	<u>90,853</u>	<u>77,749</u>

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.

15. CONTINGENT LIABILITIES

The Council has a bank guarantee of Euro 1,260 in favour of M.E.P.A. There are a number of invoices that are being disputed by the Council for various reasons. The total of these invoices amounts to Euro 3,007.

16. CAPITAL COMMITMENTS

	1 Jan 2010- 31 Dec 2010 (12 months) Euro	1 Apr 2009- 31 Dec 2009 (9 months) Euro
- Capital expenditure that has been approved but not yet contracted for.		
(i) Construction	0	0
(ii) Improvement to Council Premises incl. Accessibility Scheme	0	151,891
(iii) Football Ground	0	663,214
(iv) Skate Park	0	403,244
(v) Road Resurfacing – PPP Scheme	268,840	0
	<u>€ 268,840</u>	<u>€ 1,218,349</u>

Against the Capital Commitment for Road Resurfacing of € 268,840, Central Government is granting the St. Venera Local Council a Grant of € 84,897 towards the PPP Scheme. A capital expenditure in relation to a pavement in St. Joseph High Road, has been approved, but no estimates for this had been worked out by end of year.

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

17. COMPARATIVES

Comparatives figures have been restated.

18. 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.

19. GOING CONCERN

The Statement of Affairs 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.

20. RELATED PARTY TRANSACTIONS

The Santa Venera Local Council has the following related parties, exercising:

- i. Significant Control – The Department of Local Government
- ii. Joint Control – Group C 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	365,228	259,444

ST. VENERA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)

21. 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 its deposits with financial institutions. The Council does not have any long term borrowings.. 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 a quality 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.