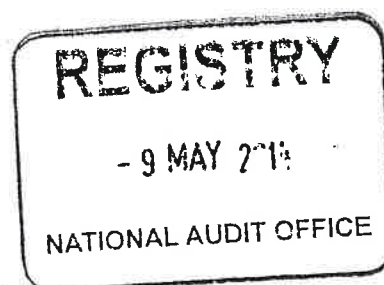


ST. VENERA LOCAL COUNCIL

Report and Financial Statements  
Audited

For the year 1 January to 31 December 2013



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# ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

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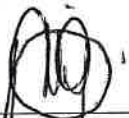
## ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

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

The Local Councils (Financial) Regulations, 1993, require the Executive Secretary to prepare a detailed Annual Administrative Report, which includes a statement of the Local Council's income and expenditure for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 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 Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Stephen Sultana  
Mayor



Michael Mifsud  
Executive Secretary

Date: 28/4/2014

ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

Statement of Comprehensive Income

|  | Notes | 2013      | 2012      |
|--|-------|-----------|-----------|
|  |       | €         | €         |
| <b>INCOME</b>                                |       |           |           |
| Funds received from Central Government       | 3     | 406,974   | 382,139   |
| Income raised under Local Enforcement System | 4     | 2,742     | 22,069    |
| General Income                               | 5     | 15,508    | 13,544    |
|  |       | <hr/>     | <hr/>     |
|  |       | 425,224   | 417,752   |
|  |       | <hr/>     | <hr/>     |
| <b>EXPENDITURE</b>                           |       |           |           |
| Personal emoluments                          | 6     | 70,805    | 78,749    |
| Operations and maintenance                   | 7     | 187,305   | 159,078   |
| Administration and other expenditure         | 8     | 106,105   | 73,213    |
|  |       | <hr/>     | <hr/>     |
|  |       | (364,215) | (311,040) |
|  |       | <hr/>     | <hr/>     |
| <b>OPERATING SURPLUS FOR THE YEAR</b>        |       | 61,009    | 106,712   |
| Finance Income                               | 9     | 1,521     | 3,408     |
|  |       | <hr/>     | <hr/>     |
| <b>SURPLUS FOR THE PERIOD</b>                |       | € 62,530  | € 110,120 |
|  |       | <hr/>     | <hr/>     |


The notes on page 10 to 20 form an integral part of these financial statements.

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2013

**Statement of Financial Position**

|                                       | Notes | 2013<br>€                | 2012<br>€               |
|---------------------------------------|-------|--------------------------|-------------------------|
| <b>ASSETS</b>                         |       |                          |                         |
| <b>Non-current Assets</b>             |       |                          |                         |
| Property, plant and equipment         | 10    | 678,869                  | 355,776                 |
| Receivables                           | 11    | -                        | -                       |
|                                       |       | <u>678,869</u>           | <u>355,776</u>          |
| <b>Current Assets</b>                 |       |                          |                         |
| Receivables                           | 11    | 119,227                  | 14,384                  |
| Cash and cash equivalents             | 12    | 334,976                  | 417,182                 |
|                                       |       | <u>454,204</u>           | <u>431,566</u>          |
| <b>Total current assets</b>           |       | <u><u>€1,133,072</u></u> | <u><u>€ 787,342</u></u> |
| <b>RESERVES AND LIABILITIES</b>       |       |                          |                         |
| <b>Reserves</b>                       |       |                          |                         |
| Retained Funds                        |       | <u>710,416</u>           | <u>647,886</u>          |
| <b>Non-Current Liabilities</b>        |       |                          |                         |
| Unutilised Grant                      | 13    | 97,849                   | 27,927                  |
| <b>Current Liabilities</b>            |       |                          |                         |
| Trade & Other Payables                | 13    | 324,807                  | 111,529                 |
|                                       |       | <u>422,656</u>           | <u>111,529</u>          |
| <b>TOTAL RESERVES AND LIABILITIES</b> |       | <u><u>€1,133,072</u></u> | <u><u>€ 787,342</u></u> |

These financial statements were approved by the Local Council on 21/4/2014 and signed on its behalf by:

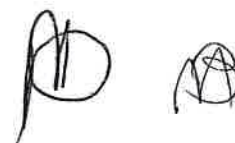
  
\_\_\_\_\_  
Stephen Sultana  
Mayor

  
\_\_\_\_\_  
Michael Mifsud  
Executive Secretary

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2013

**Statement of Changes in Equity**

|                             | <b>Retained<br/>Funds<br/>€</b> | <b>Total<br/>€</b> |
|-----------------------------|---------------------------------|--------------------|
| Balance at 01 January 2012  | 537,766                         | 537,766            |
| Surplus for the year        | 110,120                         | 110,120            |
|                             | <hr/>                           | <hr/>              |
| Balance at 31 December 2012 | 647,886                         | 647,886            |
|                             | <hr/>                           | <hr/>              |
| <b>Changes in equity</b>    |                                 |                    |
| Surplus for the year        | 62,530                          | 208,604            |
|                             | <hr/>                           | <hr/>              |
| Balance at 31 December 2013 | 710,416                         | 856,490            |
|                             | <hr/>                           | <hr/>              |



SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

Statement of Cash flows

|   | Note | 2013                        | 2012                        |
|---|------|-----------------------------|-----------------------------|
|   |      | €                           | €                           |
| <b>Cash flow from operating activities</b>                |      |                             |                             |
| Surplus for the year                                      |      | 62,530                      | 110,120                     |
| Adjustment for:   |      |                             |                             |
| Depreciation  |      | 56,929                      | 33,420                      |
| Interest Receivable                                       |      | (1,770)                     | (3,408)                     |
|   |      | <u>117,689</u>              | <u>140,132</u>              |
|   |      |                             |                             |
| Increase in payables                                      |      | 283,201                     | 54,184                      |
| (Increase)/Decrease in receivables                        |      | <u>(104,843)</u>            | <u>3,256</u>                |
|   |      | 178,358                     | 57,440                      |
|   |      |                             |                             |
| <i>Net cash from operating activities</i>                 |      | <u>296,047</u>              | <u>197,572</u>              |
| <b>Cash flows from investing activities</b>               |      |                             |                             |
| Purchase of property, plant and equipment                 |      | (380,021)                   | (88,562)                    |
| Proceeds on disposal                                      |      | -                           | 2,329                       |
| Interest received   |      | 1,768                       | 3,159                       |
|   |      | <u>(378,253)</u>            | <u>(83,074)</u>             |
| <i>Net cash generated ( used in) investing activities</i> |      |                             |                             |
| <b>Cash flows from financing activities</b>               |      |                             |                             |
| Additions of grants                                       |      | -                           | -                           |
|   |      | <u>-</u>                    | <u>-</u>                    |
| <i>Net cash from financing activities</i>                 |      |                             |                             |
|   |      |                             |                             |
| Net increase in cash and cash equivalents                 |      | (82,206)                    | 114,498                     |
| Cash and cash equivalents at beginning of year            |      | 417,182                     | 302,684                     |
|   |      | <u>                    </u> | <u>                    </u> |
| Cash and cash equivalents at end of year                  | 12   | 334,976                     | 417,182                     |
|   |      | <u>                    </u> | <u>                    </u> |

## SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

### Notes to the Financial Statements

#### 1. General Information

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

The financial statements were authorized for issue by the Council on the 21/4/2014 .  
The Local Council's presentation as well as functional currency are denominated in Euro.

#### 2. Accounting Policies and Reporting Procedures

These financial statements have been drawn up in accordance with the accounting policies and the reporting procedures prescribed for Local Council is the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363). The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These financial statements are prepared in accordance to the requirements of International Financial Reporting Standards and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

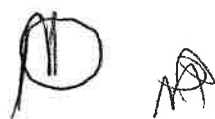
The Principal accounting policies and reporting procedures used by the Local Councils are as follows:

##### a. Revenue Recognition

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

##### b. Local Enforcement System

Income from the Local Enforcement System is recognized in the Income Statement as it accrues.



# SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements (cont...)

### c. Property, Plant and Equipment

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

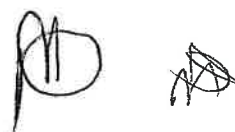
|                                       | %     |
|---------------------------------------|-------|
| Land                                  | 0     |
| Trees                                 | 0     |
| Buildings                             | 1     |
| Office Furniture and Fittings         | 7.5   |
| Construction Works                    | 10    |
| Urban Improvements (Street Furniture) | 10    |
| Special Projects                      | 10    |
| Utile dominium of property            | 16.67 |
| Office Equipment                      | 20    |
| Motor Vehicles                        | 20    |
| Plant and Machinery                   | 20    |
| Computer Equipment                    | 25    |
| Plants                                | 100   |
| Litter Bins                           | 100   |
| Playground Furniture                  | 100   |
| Traffic Signs                         | 100   |
| Road Signs                            | 100   |
| Street Mirrors                        | 100   |
| Street Lights                         | 100   |

### d. Government Grants

Government grants are accounted for on a systematic basis in the Income and Expenditure Account over the periods necessary to match them with the related costs which they are intended to compensate. If such costs have already been incurred when the grant is made, or if there are no related costs, then the grant is accounted for when it becomes receivable.

### e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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 recognized 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 less cost to sell and the value in use. Impairment losses are immediately recognized as an expense in the Statement of Income and Expenditure.



# SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements (cont...)

### f. 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 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 recognized in the Statement of Income and Expenditure.

### g. Foreign Currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial Statements are presented in €, which is the Council's functional and present currency.

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

### h. Profit and Losses

Only profits that were realised at the date of the Statement of Affairs are recognized in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the Financial Statements are approved.

### i. Cash and Equivalents

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

### j. 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.

|  | 2013           | 2012           |
|--|----------------|----------------|
|  | €              | €              |
| <b>3. Funds Received from central government</b>           |                |                |
| In terms of article 55 of the Local Councils Act (Cap 363) | <u>406,974</u> | <u>382,139</u> |

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2013

Notes to the Financial Statements (cont...)

|                                      | 2013         | 2012          |
|--------------------------------------|--------------|---------------|
|                                      | €            | €             |
| <b>4. Local Enforcement Income</b>   |              |               |
| Income including fines and penalties | <u>2,742</u> | <u>22,069</u> |

|                                  | 2013          | 2012          |
|----------------------------------|---------------|---------------|
|                                  | €             | €             |
| <b>5. General Income</b>         |               |               |
| Income from permits              | 6,774         | 4,097         |
| Income from Water Services       | -             | (3,000)       |
| Tender Documents                 | -             | 5,400         |
| Advertising                      | 480           | -             |
| Other income                     | 2,400         | 362           |
| Administrative Fee - LES Regions | 5,854         | 6,505         |
| Contributions                    | -             | 180           |
|                                  | <u>15,508</u> | <u>13,544</u> |

|   | 2013          | 2012          |
|---|---------------|---------------|
|   | €             | €             |
| <b>6. Personal Emoluments</b>             |               |               |
| Mayor's and Councillors' Allowance        | 8,371         | 7,607         |
| Mayor's Honoraria                         | 9,621         | 9,189         |
| Executive Secretary salary and allowances | 16,689        | 28,497        |
| Employee's salaries                       | 32,641        | 26,929        |
| Social Security contributions             | 3,483         | 6,527         |
|   | <u>70,805</u> | <u>78,749</u> |

# SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements (cont...)

|   | 2013           | 2012           |
|---|----------------|----------------|
|   | €              | €              |
| <b>7. Operations and maintenance</b>            |                |                |
| Repairs and upkeep:                             |                |                |
| Office Furniture                                | -              | 756            |
| Road markings                                   | 4              | 2,459          |
| Other repairs and upkeep                        | 4,575          | 1,050          |
|   | <u>11,721</u>  | <u>4,265</u>   |
| <br>Contractual Services:                       |                |                |
| Refuse collection                               | 71,193         | 98,774         |
| Bulky refuse collection                         | 3,097          | 3,859          |
| Waste Disposal                                  | 41,301         | 13,766         |
| Road and Street Cleaning                        | 21,800         | 25,270         |
| Cleaning and maintenance of Public Conveniences | 4,037          | (4,495)        |
| Cleaning and maintenance of Parks and Gardens   | -              | 633            |
| Other cleaning and maintenance services         | -              | 50             |
| Materials & Support                             | 3,041          | 3,398          |
| Hire of Skips                                   | 71             | 295            |
| Other contractual services                      | 2,363          | 1,925          |
| Street Lighting maintenance                     | 12,164         | 11,338         |
| Local warden services                           | 386            | -              |
|   | <u>175,584</u> | <u>154,813</u> |
|   | <u>187,305</u> | <u>159,078</u> |

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2013

Notes to the Financial Statements (cont...)

|  | 2013           | 2012          |
|--|----------------|---------------|
|  | €              | €             |
| <b>8. Administration and other expenditure</b> |                |               |
| Utilities                                      | 5,596          | 4,422         |
| Other repairs and upkeep                       |                |               |
| Rent   | 9,662          | 8,872         |
| National and International Memberships         | 132            | 122           |
| Office services                                | 2,916          | 2,261         |
| Advertising                                    | 407            | 299           |
| Transport                                      | 4,774          | 4,772         |
| Information Services                           | 3,115          | 3,335         |
| Insurance                                      | 1,611          | 1,719         |
| Professional services                          | 14,273         | 8,500         |
| Local Enforcement Expenditure                  | 464            | 237           |
| Community and hospitality                      | 2,509          | 4,756         |
| Bank charges                                   | 43             | 161           |
| Lease of Equipment                             | 932            | 337           |
| Depreciation                                   | 56,929         | 33,420        |
| Sundry minor expenses                          | 2,742          | -             |
|  | <u>106,105</u> | <u>73,213</u> |
|  | 2013           | 2012          |
|  | €              | €             |
| <b>9. Finance Income</b>                       |                |               |
| Bank Interests                                 | <u>1,521</u>   | <u>3,408</u>  |

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

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SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2013

Notes to the Financial Statements (cont....)

10a. Property, Plant and Equipment

| Asset                  | Office Furniture & Fittings<br>€ | Office Equipment<br>€ | Computer Equipment<br>€ | New Street Signs<br>€ | Urban Improvements<br>€ | Construction<br>€ | Special Programmes<br>€ | Trees<br>€ | Plant & Machinery<br>€ | Assets not Capitalised<br>€ | Total<br>€ |
|------------------------|----------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-------------------|-------------------------|------------|------------------------|-----------------------------|------------|
| <b>Cost</b>            |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 1 January 2012   | 31,298                           | 15,618                | 18,710                  | 35,308                | 98,072                  | 289,543           | 666,592                 | 4,141      | 2,963                  | 920                         | 1,163,165  |
| Additions              | -                                | 1,145                 | 2,270                   | -                     | -                       | 84,251            | -                       | -          | 896                    | -                           | 88,562     |
| Disposals              | -                                | -                     | -                       | -                     | -                       | (2,329)           | -                       | -          | -                      | -                           | (2,329)    |
| As at 31 December 2012 | 31,298                           | 16,763                | 20,980                  | 35,308                | 98,072                  | 371,466           | 666,592                 | 4,141      | 3,859                  | 920                         | 1,249,398  |
| <b>Grants</b>          |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 1 January 2012   | -                                | -                     | -                       | -                     | -                       | 79,974            | 332,366                 | -          | -                      | -                           | 412,340    |
| Additions              | -                                | -                     | -                       | -                     | -                       | -                 | -                       | -          | -                      | -                           | -          |
| Reallocation           | -                                | -                     | -                       | -                     | -                       | -                 | -                       | -          | -                      | -                           | -          |
| As at 31 December 2012 | -                                | -                     | -                       | -                     | -                       | 79,974            | 332,366                 | -          | -                      | -                           | 412,340    |
| <b>Depreciation</b>    |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 1 January 2012   | 18,588                           | 14,310                | 16,549                  | 35,308                | 67,030                  | 72,693            | 221,137                 | -          | 2,247                  | -                           | 447,862    |
| Charge for the year    | 1,019                            | 290                   | 911                     | -                     | 3,112                   | 10,206            | 17,712                  | -          | 170                    | -                           | 33,420     |
| Released on disposal   | -                                | -                     | -                       | -                     | -                       | 6,549             | (6,549)                 | -          | -                      | -                           | -          |
| As at 31 December 2012 | 19,607                           | 14,600                | 17,460                  | 35,308                | 70,142                  | 89,448            | 232,300                 | -          | 2,417                  | -                           | 481,282    |
| <b>Net Book Value</b>  |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 31 December 2012 | 11,691                           | 2,163                 | 3,520                   | -                     | 27,930                  | 202,043           | 101,926                 | 4,141      | 1,442                  | 920                         | 355,776    |

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2013

Notes to the Financial Statements (cont...)

10b. Property, Plant and Equipment

| Asset                  | Office Furniture & Fittings<br>€ | Office Equipment<br>€ | Computer Equipment<br>€ | New Street Signs<br>€ | Urban Improvements<br>€ | Construction<br>€ | Special Programmes<br>€ | Trees<br>€ | Plant & Machinery<br>€ | Assets not Capitalised<br>€ | Total<br>€ |
|------------------------|----------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-------------------|-------------------------|------------|------------------------|-----------------------------|------------|
| <b>Cost</b>            |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 1 January 2013   | 31,298                           | 16,763                | 20,980                  | 35,308                | 98,072                  | 371,466           | 666,592                 | 4,141      | 3,859                  | 920                         | 1,249,398  |
| Additions              | 181                              | 655                   | 437                     | 763                   | 2,053                   | 375,489           | -                       | -          | 444                    | -                           | 380,021    |
| As at 31 December 2013 | 31,479                           | 17,418                | 21,417                  | 36,071                | 100,125                 | 746,955           | 666,592                 | 4,141      | 4,303                  | 920                         | 1,629,420  |
| <b>Grants</b>          |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 1 January 2013   | -                                | -                     | -                       | -                     | -                       | 79,974            | 332,366                 | -          | -                      | -                           | 412,340    |
| Additions              | -                                | -                     | -                       | -                     | -                       | -                 | -                       | -          | -                      | -                           | -          |
| As at 31 December 2013 | -                                | -                     | -                       | -                     | -                       | 79,974            | 332,366                 | -          | -                      | -                           | 412,340    |
| <b>Depreciation</b>    |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 1 January 2013   | 19,607                           | 14,600                | 17,460                  | 35,308                | 70,142                  | 89,448            | 232,300                 | -          | 2,417                  | -                           | 481,282    |
| Charge for the year    | 956                              | 501                   | 923                     | 763                   | 7,884                   | 35,564            | 9,999                   | -          | 340                    | -                           | 56,930     |
| As at 31 December 2013 | 20,563                           | 15,101                | 18,383                  | 36,071                | 78,026                  | 125,012           | 242,299                 | -          | 2,757                  | -                           | 538,212    |
| <b>Net Book Value</b>  |                                  |                       |                         |                       |                         |                   |                         |            |                        |                             |            |
| As at 31 December 2013 | 10,916                           | 2,317                 | 3,034                   | -                     | 22,099                  | 541,969           | 91,927                  | 4,141      | 1,546                  | 920                         | 678,869    |

# SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements (cont...)

|  | 2013<br>€      | 2012<br>€     |
|--|----------------|---------------|
| <b>11. Receivables</b>                           |                |               |
| Due within one year:-                            |                |               |
| Trade receivables                                | 11,170         | 8,413         |
| Prepayments and accrued income                   | 101,981        | 1,040         |
| Other receivables                                | 6,076          | 4,931         |
|  | <u>119,227</u> | <u>14,384</u> |
| Due after more than one year:-                   |                |               |
| Unutilised Grant                                 | <u>-</u>       | <u>-</u>      |
| (i) Details of trade receivables are as follows: |                |               |
| Due within the credit period                     | 119,227        | 14,384        |
| Exceeding credit period but not provided for     | <u>-</u>       | <u>-</u>      |
|  | <u>119,227</u> | <u>14,384</u> |

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

## 12. Cash and 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:

|                     | 2013<br>€      | 2012<br>€      |
|---------------------|----------------|----------------|
| Bank balances:      |                |                |
| - ordinary funds    | 343,644        | 433,151        |
| - overdrawn balance | (8,693)        | (16,018)       |
| Cash in Hand        | 25             | 49             |
|                     | <u>334,976</u> | <u>417,182</u> |

|                                | 2013<br>€      | 2012<br>€      |
|--------------------------------|----------------|----------------|
| <b>13. Payables</b>            |                |                |
| Payables                       | 84,655         | 102,805        |
| Accruals and deferred income   | 240,152        | 8,723          |
| Bank Overdrawn balance         | 8,693          | 16,018         |
|                                | <u>333,500</u> | <u>127,546</u> |
| Due after more than one year:- |                |                |
| Unutilised Grant               | <u>97,849</u>  | <u>27,927</u>  |

Provisions include estimates for goods and services received prior to 31 December 2013 and for which invoices have not yet been received by the Local Council.

# SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

## Notes to the Financial Statements (cont...)

### 14. Contingent Liabilities

There performance bonus to the previous executive secretary is not approved by the mayor. The total of these invoices amounts to Euro 709.

### 15. Capital Commitments

|  | 2013           | 2012           |
|--|----------------|----------------|
|  | €              | €              |
| Details of capital commitments are as follows: |                |                |
| Approved but not yet contracted for (i)        | 133,000        | 122,172        |
|  | <u>133,000</u> | <u>122,172</u> |
| These could be analysed as follows:            |                |                |
| (i)  |                |                |
| Road Resurfacing – PPP Scheme                  | <u>133,000</u> | <u>122,172</u> |

Against the Capital Commitment for Road Resurfacing of €133,000 Central Government has already granted the St. Venera Local Council a Grant of €105,762 towards the PPP Scheme which has been included in these financial statements with unutilised grants.

### 16. Related Parties

St. 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, Central Regional Committee
- (iii) No Control – Water Services Corporation, Enemalta Corporation, Wasteserv Malta Ltd., South Regional Committee, Gozo Regional Committee, North Regional Committee, South Eastern Regional Committee, Police General Headquarters, Malta Environment and Planning Authority and the Department of Lands.

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

|                             | 2013           | 2012           |
|-----------------------------|----------------|----------------|
|                             | €              | €              |
| Annual Financial Allocation | <u>550,049</u> | <u>381,647</u> |

## SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

### Notes to the Financial Statements (cont...)

#### 17. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset is any asset that is cash or a contractual right to receive cash. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Financial instruments give rise to the following risks:

##### i. Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The council accounts for funds received and receivable from persons guilty of contraventions under the local enforcement system. The council is not responsible for the collection of the funds which is the responsibility of another central government department.

##### ii. Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The council receives guaranteed funds from central government which are predetermined as to how they are to be spent in services towards the community. Other funds are available to the council to finance capital projects.

The council manages its liquidity risk by operating within the parameters of funding available to it.



## ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

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

We have audited the accompanying financial statements of Santa Venera Local Council which comprise the statement of financial position as at 31 December 2013, 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.

#### ***Respective responsibilities of the Local Council and Local Government auditor***

As described in page 3, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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, 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.

#### ***Basis for qualified opinion***

1. As from 30 September 2002, all income and expenditure from the Local Enforcement System (LES) were centralised through the Birkirkara Joint Committee and LES debtors at that date were transferred to the Joint Committee as well. The Birkirkara Joint Committee ceased operations on 31 August 2011 and LES was centralised through the Central Regional Committee as from 1 September 2011. During the year the council received € 2,742 from Birkirkara Joint Committee. We were unable to determine the amount of further income the Council is entitled to receive from Birkirkara Joint Committee since its audited financial statements for the year ended 31 December 2013 were not made available to us.
2. Included with current liabilities under "Accruals and deferred income" in note 13 to the financial statements are long term PPP creditors of € 91,341 and deferred income of € 112,753 which is expected to be released to income after more than one year. The council did not reclassify these amounts with non-current liabilities.
3. The council's financial statements do not include the quantitative disclosures required by IFRS 7, *Financial Instruments: Disclosures*. These include information on receivables past due but not impaired, the council's maximum exposure to credit risk, the contractual maturities of the council's financial liabilities and categories of financial assets and liabilities at the end of the reporting period.
4. The council did not disclose whether it made judgements in the process of applying accounting policies and information about key assumptions and other sources of estimation uncertainty that have a significant effect on the carrying amounts of assets and liabilities. These requirements emanate from IAS 1, *Presentation of Financial Statements*.
5. The financial statements do not disclose information on the objectives, policies and processes for managing capital in line with IAS 1, *Presentation of Financial Statements*.
6. The statement of cash flows does not reflect the correct cash outflows on the purchase of Property, Plant and Equipment and cash inflows from grants as required by IAS 7, *Statement of Cash Flows*.

ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2013

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

***Basis for qualified opinion (continued)***

7. The council did not disclose the list of the relevant new and amended IFRSs that have been adopted by the council in the preparation of the financial statements in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.
8. Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Councils (Financial) Procedures, 1996.

***Qualified Opinion***

In our opinion, except for the effects of the matters described in paragraphs 1 and 2 above under Basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of Santa Venera Local Council as at 31 December 2013, 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 policies set out on pages 8 to 10.

Because of the matters set out in paragraphs 3, 4, 5, 6, 7 and 8 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 and because of the matters set out in paragraphs 3, 4, 5, 6 and 7 above, these financial statements have not been prepared in accordance with International Financial Reporting Standards.



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21 April 2014