

Local Council Silema
Annual Audit Report
for the year ended 31 December 2013

Contents

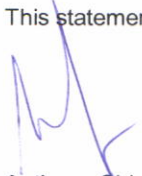
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**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2013**

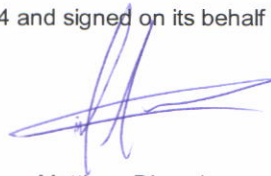
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the year, and of the Council's retained funds at the end of year. By virtue of the same regulations 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, 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 Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Council on 25 February 2014 and signed on its behalf by:



Anthony Chircop
Mayor



Matthew Dimech
Executive Secretary

Statement of Comprehensive Income
for the year ended 31 December 2013

	Notes	2013 €	2012 €
Revenue			
Funds received from Central Government	3	990,759	970,749
Income raised under Local Council Bye-Laws	4	6,846	19,124
Income raised under Local Enforcement System	5	21,396	159,920
General Income	6	96,769	155,741
		<u>1,115,770</u>	<u>1,305,534</u>
Expenditure			
Personal Emoluments	7	(166,660)	(150,214)
Operations and maintenance	8	(775,990)	(543,833)
Administration and other expenditure	9	(400,969)	(299,243)
		<u>(1,343,619)</u>	<u>(993,290)</u>
Operating (loss)/profit for the year		(227,849)	312,244
Finance income	10	8,556	4,487
		<u>(219,293)</u>	<u>316,731</u>
Loss on sale of assets	7	-	(1)
Asset impairment losses	7	(38)	(699)
(Loss)/Profit for the year	7	<u>(219,331)</u>	<u>316,031</u>

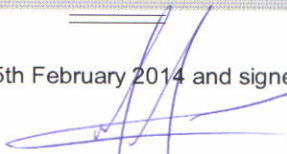
The notes on pages 8 to 29 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2013

	Notes	2013 31 December €	2012 31 December €
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	1,752,762	1,632,840
		<u>1,752,762</u>	<u>1,632,840</u>
Current Assets			
Inventories	12	1,804	1,811
Receivables	13	266,980	530,926
Cash and cash equivalents	14	670,768	944,936
		<u>939,552</u>	<u>1,477,673</u>
Total Assets		<u><u>2,692,314</u></u>	<u><u>3,110,513</u></u>
EQUITY			
Reserves			
Retained earnings		1,790,427	2,009,758
Total equity		<u><u>1,790,427</u></u>	<u><u>2,009,758</u></u>
Non-Current Liabilities			
Deferred income	16	306,769	357,081
		<u>306,769</u>	<u>357,081</u>
Current Liabilities			
Payables	15	595,118	743,674
		<u>595,118</u>	<u>743,674</u>
Total Liabilities		<u><u>901,887</u></u>	<u><u>1,100,755</u></u>
Total equity and liabilities		<u><u>2,692,314</u></u>	<u><u>3,110,513</u></u>

These financial statements were approved by the Local Council on 25th February 2014 and signed on its behalf by:


Anthony Chircop
Mayor


Matthew Dimech
Executive Secretary

The notes on pages 8 to 29 form an integral part of these financial statements.

**Statement of Changes in Equity
for the year ended 31 December 2013**

	Retained Funds	Total
	€	€
At 1 January 2012	1,693,727	1,693,727
Profit for the year	316,031	316,031
At 31 December 2012	2,009,758	2,009,758
At 1 January 2013	2,009,758	2,009,758
Loss for the year	(219,331)	(219,331)
At 31 December 2013	1,790,427	1,790,427

Statement of Cash Flows
for the year ended 31 December 2013

	2013		2012	
	€	€	€	€
Net (loss)/profit for the year	(219,331)		316,031	
Reconciliation to cash generated from operations:				
Depreciation	132,290		115,460	
Movement in provision for doubtful debtors	133		82	
Impairment and asset disposal losses	38		700	
Assets under construction written off	1,424		75,889	
Investment income	(8,556)		(4,487)	
Operating (loss)/profit before working capital changes	(94,002)		503,675	
Decrease in inventories	7		71	
(Decrease) in receivables	(9,297)		(91,532)	
Increase / (Decrease) in other receivables	276,371		(336,743)	
(Decrease) / Increase in payables	(148,952)		245,875	
(Decrease) / Increase in other payables	(3,789)		47,839	
Government grant released	(34,505)		(5,125)	
Cash generated from operating activities		(14,167)		364,060
Cash flow from investing activities				
Interest received	5,296		4,487	
Purchase of property, plant & equipment	(253,675)		(24,582)	
Proceeds from sales of property, plant & equipment	-		197	
(Repayment) / Receipt of grants	(11,622)		48,686	
Cash generated from investing activities		(260,001)		28,788
Net Decrease in cash in the year		(274,168)		392,848
Cash and equivalents at beginning of year		944,936		552,088
Cash and equivalents at end of year		670,768		944,936

1. General Information

The Sliema 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 Government School, Depiro Street, Sliema. These financial statements were approved for issue by the Council Members on 25 February 2014. 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).

During the year under review, the Council has applied the following International Financial Reporting Standards as adopted by the EU:

On 16 June 2011, the IASB issued amendments to IAS 1, which amendments are entitled Presentation of Items of Other Comprehensive Income. These Amendments will require entities to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. These amendments are effective for financial years beginning on or after 1 July 2012.

On 16 June 2011, the IASB issued an amended version of IAS 19 Employee Benefits. This represents the completion of the IASB's project to improve the accounting for pensions and other post-employment benefits. The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013.

On 12 May 2011, the IASB issued IFRS 13 Fair Value Measurement. The standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRSs. The Standard is applicable for annual periods beginning on or after 1 January 2013.

Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) was issued in December 2011. These amendments require entities to disclose information so that users of its financial statements are able to evaluate the effect or potential effect of netting arrangements and similar agreements on the entity's financial position. It is required to be applied for annual periods beginning on or after 1 January 2013.

In March 2012 the IASB issued IFRS 1 amendments for government loans with a below-market rate of interest when transitioning to IFRSs. The amendment is effective for Annual periods beginning on or after 1 January 2013.

In May 2012, the IASB issued Annual Improvements 2009-2011 Cycle, a collection of amendments to IFRSs, in response to six issues addressed during the 2009-2011 cycle, as its latest set of annual improvements. The amendments reflect issues discussed by the IASB during the project cycle that began in 2009, and that were subsequently included in the exposure draft of proposed amendments to IFRSs, Improvements to IFRSs (published in June 2011). The issues included in this cycle are: Repeated application of IFRS 1 (IFRS 1); Borrowing Costs (IFRS 1); Clarification of the requirements for comparative information (IAS 1); Classification of servicing equipment (IAS 16); Tax effect of distribution to holders of equity instruments (IAS 32); and interim financial reporting and segment information for total assets and liabilities (IAS 34). The amendments are effective for annual periods beginning on or after 1 January 2013.

A number of new International Financial Reporting Standards and amendments and revisions thereto were in issue but not yet effective during the financial year under review.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) was issued in December 2011. The amendments clarify (a) the meaning of 'currently has a legally enforceable right of set-off'; and (b) that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. The amendment is required to be applied for annual periods beginning on or after 1 January 2014.

On 29 May 2013 the IASB published Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

On 27 June 2013 the IASB published narrow-scope amendments to IAS 39 Financial Instruments: Recognition and Measurement entitled Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39). These amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

New important standards and amendments not yet adopted by EU

A number of new International Financial Reporting Standards and amendments and revisions thereto were in issue but not yet adopted by the EU during the financial year under review. These include the following:

IFRS 9 Financial Instruments is applicable for annual periods beginning on or after 1 January 2015. This Standard represents the completion of the classification and measurement part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This Standard addresses the classification and measurement of certain financial assets and financial liabilities. IFRS 9 requires financial assets that fall within its scope to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Standard requires financial assets to be subsequently measured at amortised cost or at fair value. The new requirements in relation to financial liabilities address the problem of volatility in profit or loss arising from an issuer to measure its own debt at fair value. With the new requirements, any entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

On 20 May 2013, IFRIC 21 Levies was issued. IFRIC 21 is applicable for annual periods beginning on or after 1 January 2014. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

On 21 November 2013 the IASB published narrow scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective from 1 July 2014 with earlier application permitted.

In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2010, and that were subsequently included in the exposure draft of proposed amendments to IFRSs Annual Improvements to IFRSs 2010-2012 Cycle (published in May 2012). The issues included in this cycle are: Definition of 'vesting condition' (IFRS 2); Accounting for contingent consideration in a business combination (IFRS 3); Aggregation of operating segments (IFRS 8); Reconciliation of the total of the reportable segments' assets to the entity's assets (IFRS 8); Short term receivables and payables (IFRS 13); Interest paid that is capitalised (IAS 7); Revaluation method - proportionate restatement of accumulated depreciation (IAS 16 and IAS 38); an Key management personnel services (IAS 24). The amendments are effective for annual periods beginning on or after 1 July 2014.

The Council is assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Council anticipates that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

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	Replacement basis
Playground Furniture	100
Traffic Signs	Replacement basis
Road Signs	Replacement basis
Street Mirrors	Replacement basis
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 Statement of Financial Position 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 Statement of Comprehensive Income 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 Comprehensive Income.

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 Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Inventories

Inventories are valued at the lower of cost and net realisable value.

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 Comprehensive Income.

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 Statement of Comprehensive Income as it accrues.

Local Enforcement System

The Sliema Local Council used to form part of the Lvant Joint Committee up to 31 August 2011. 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.

As from 1 September 2011, the Central Regional Committee has taken over the Local Enforcement System function and the Council receives 10% administrative reimbursements on fines collected.

Government grants

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income over the expected lives of the related assets.

Profits and losses

Only profits 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 Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS1 (revised) - 'Presentation of Financial Statements'.

Capital Management

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

- that the Council's ability to continue as a going concern is still valid and
- that the Council maintains a positive working capital ratio.

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Financial Instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition.

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

The Council's financial liabilities include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

3. Funds received from central government

	2013	2012
	€	€
In terms of section 55 of the Local Councils Act	936,998	960,741
Supplementary Government Income	9,664	-
Other Government Income	44,097	10,008
	<u>990,759</u>	<u>970,749</u>

4. Income raised from Bye-Laws

	2013	2012
	€	€
Bye-Laws - Advertising on Street Furniture	6,491	15,566
Bye-Laws - Organisation of courses	355	3,558
	<u>6,846</u>	<u>19,124</u>

5. Local Enforcement System

	2013	2012
	€	€
Administrative reimbursement on fines collected	10,142	12,213
Share of Profits from Joint Committee	11,254	147,707
	<u>21,396</u>	<u>159,920</u>

6. General Income

	2013	2012
	€	€
Community Services	-	2,080
Cultural Events	4,187	1,616
General Income	2,922	-
Tender Documents/Info. Charges	883	2,077
Media Advertising	4,214	6,224
Contractors' Guarantees Withdrawn	-	3,950
Contributions	21,491	3,137
Refund of expenses	2,054	1,731
Discounts and Waiver of amounts payable	-	649
Insurance Claims	391	-
Income from Permits	60,627	134,277
	<u>96,769</u>	<u>155,741</u>

7. (Loss)/Profit for the year

	2013	2012
	€	€
(Loss)/Profit for the year is stated after charging:		
Staff salaries	166,660	150,214
Depreciation of tangible assets	132,290	115,460
Losses on impairment of property, plant & equipment	38	700
	<u></u>	<u></u>

Note

Staff salaries

	2013	2012
	€	€
Mayor's Remuneration	13,407	11,275
Councillors' Allowances	12,856	12,262
Executive Secretary Salary and Allowances	30,959	17,263
Employees' Salaries	99,464	100,534
Social Security Contributions	9,974	8,880
	<u>166,660</u>	<u>150,214</u>

Average number of people employed

Employees	6	6
Mayor & Councillors	<u>11</u>	<u>11</u>

8. Operations and Maintenance

	2013	2012
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	410	-
Road/Street Pavements	203,384	51,186
Signs	16,816	5,524
Road Markings	13,617	8,529
Office Furniture and Equipment	1,843	1,063
Plant & Equipment	50	629
Other repairs and Upkeep	40,537	7,544
	<u>276,657</u>	<u>74,475</u>

Contractual Services:

Waste Disposal	93,162	93,131
Refuse Collection	128,974	117,875
Bulky Refuse Collection	21,036	21,201
Cleaning Services	8,932	12,275
Road & Street Cleaning	102,978	88,210
Cleaning - Public Conveniences	53,658	49,615
Cleaning - Council Premises	1,426	1,385
Clean. & Maint. Parks & Gardens	62,137	57,170
Street Lighting	26,564	28,972
Studies & Consultations	-	(709)
Updating of data	466	233
	<u>499,333</u>	<u>469,358</u>
 Total Operations and Maintenance Costs	 <u>775,990</u>	 <u>543,833</u>

9. Administration and other expenditure

	2013	2012
	€	€
Utilities	23,426	18,650
Other repairs and upkeep	21,659	18,980
Rent	3,655	3,518
National and International Memberships	634	418
Office Services	16,692	12,372
Transport	2,208	3,225
Information Services	19,460	24,941
Lease of Equipment	63	176
Insurance Coverage	3,335	3,215
Bank Charges	118	52
Professional Services	48,763	41,720
Training	25,767	17,482
Visits - Foreign Delegations	35	-
Other Hospitality Costs	971	1,071
Social Events	3,415	813
Cultural Events	30,314	11,153
Community Services	25,907	23,757
Sundry Minor Expenses	198	49
Provision for Doubtful Debtors	133	82
Bad Debts Written Off	-	2,109
Third party liability damages	41,926	-
Deficit on disposal of assets	-	1
Depreciation	132,290	115,460
	<u>400,969</u>	<u>299,244</u>

10. Finance Income

	2013	2012
	€	€
Bank interest receivable	8,556	4,487
	<u>8,556</u>	<u>4,487</u>

**Notes to the Financial Statements
for the year ended 31 December 2013**

11. 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 2012	186,515	811,175	98,345	807,791	45,613	40,492	17,026	1,153,822	3,160,779
Additions	-	5,753	-	11,122	6,065	1,642	-	-	24,582
Assets Capitalised	-	(483,566)	-	76,253	9,975	4,124	-	393,214	-
Disposals/Impairment	-	(75,889)	-	-	(6,280)	-	-	-	(82,169)
At 31 December 2012	186,515	257,473	98,345	895,166	55,373	46,258	17,026	1,547,036	3,103,192
Depreciation									
At 1 January 2012	25,371	-	98,345	502,000	34,599	20,699	10,749	513,378	1,205,141
On impairment	-	-	-	-	(5,383)	-	-	-	(5,383)
Charge for the year	1,611	-	-	48,203	5,015	1,807	1,255	57,570	115,461
At 31 December 2012	26,982	-	98,345	550,203	34,231	22,506	12,004	570,948	1,315,219
Grants									
At 1 January 2012	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	-	-	-	-	-	-	155,133	155,133
Net book values									
At 31 December 2012	159,533	257,473	-	344,963	21,142	23,752	5,022	820,955	1,632,840

**Notes to the Financial Statements
for the year ended 31 December 2013**

11. 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 2013	186,515	257,473	98,345	895,166	55,373	46,258	17,026	1,547,036	3,103,192
Additions	-	8,550	-	4,279	4,541	377	-	235,928	253,675
Assets Capitalised	-	(4,699)	-	3,275	-	-	-	-	(1,424)
Reclassifications	-	40,885	-	-	-	-	-	(40,885)	-
Assets Impaired	-	-	-	-	(206)	-	-	-	(206)
At 31 December 2013	186,515	302,209	98,345	902,720	59,708	46,635	17,026	1,742,079	3,355,237
Depreciation									
At 1 January 2013	26,982	-	98,345	550,203	34,231	22,506	12,004	570,948	1,315,219
On impairment	-	-	-	-	(168)	-	-	-	(168)
Charge for the year	1,595	-	-	37,180	4,856	1,793	1,004	85,863	132,291
At 31 December 2013	28,577	-	98,345	587,383	38,919	24,299	13,008	656,811	1,447,342
Grants									
At 1 January 2013	-	-	-	-	-	-	-	155,133	155,133
At 31 December 2013	-	-	-	-	-	-	-	155,133	155,133
Net book values									
At 31 December 2013	157,938	302,209	-	315,337	20,789	22,336	4,018	930,135	1,752,762

12. Inventories

	2013	2012
	€	€
Books and other publications	1,804	1,811
	<u>1,804</u>	<u>1,811</u>

13. Receivables

	2013	2012
	€	€
Receivables	<i>Note</i> 144,977	135,813
Other receivables	2,429	2,429
Accrued income	114,110	97,868
Financial assets	<u>261,516</u>	<u>236,110</u>
Prepayments	5,464	294,816
	<u>266,980</u>	<u>530,926</u>

Receivables

General receivables are analysed as follows:

	2013	2012
	€	€
Within credit period	4,736	29,855
Exceeded credit period but not impaired	140,241	105,958
Impaired and provided for	5,364	5,231
Provision for doubtful debts	(5,364)	(5,231)
	<u>144,977</u>	<u>135,813</u>

Included in the receivables are debtors with a carrying amount of € 140,241 (2012: € 105,958) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	2013	2012
	€	€
Not more than 3 months	9,824	3,198
More than 3 months but not more than 6 months	10,080	41,675
More than 6 months	120,337	61,085
	<u>140,241</u>	<u>105,958</u>

The movement in the provision for doubtful debts is as follows:

	2013	2012
	€	€
Balance at 1 January	5,231	5,149
Increase in provision for general receivables	133	2,191
Decrease due to Bad Debts Written off	-	(2,109)
	<u>5,364</u>	<u>5,231</u>

14. Notes to the Statement of Cash Flows

Cash and cash equivalents included in the Statement of Cash Flows comprise the following amounts in the Statement of Financial Position:

	2013	2012
	€	€
Bank Balances	670,512	944,579
Cash in Hand	256	357
	<u>670,768</u>	<u>944,936</u>

**Notes to the Financial Statements
for the year ended 31 December 2013**

15. Payables

	2013	2012
	€	€
Payables	431,856	580,808
Other taxes and social security costs	-	4,844
Other creditors	671	1,089
Accruals	127,799	126,326
Financial liabilities	560,326	713,067
Deferred Income	34,792	30,607
	<u>595,118</u>	<u>743,674</u>

16. Deferred Income

	2013	2012
	€	€
Government grants		
At 1 January 2013	387,688	344,127
(Decrease) / Increase in year	(11,622)	48,686
	<u>376,066</u>	<u>392,813</u>
Released in year	(34,505)	(5,125)
At 31 December 2013	<u>341,561</u>	<u>387,688</u>
Current Deferred Income	<u>34,792</u>	<u>30,607</u>
Non-Current Deferred Income	<u>306,769</u>	<u>357,081</u>
Deferred Government Grants		
Deferred between one and two years	65,977	57,994
Deferred between two and five years	75,563	66,175
Deferred in five years or more	200,021	263,519
	<u>341,561</u>	<u>387,688</u>
Deferred after five years or more:		
Government Grants	<u>200,021</u>	<u>263,519</u>

Note

The decrease in grants during the year is partially the result of a reduction in the final value of works certified for the resurfacing of road at Qui Si Sana seafront than originally estimated upon application for the Urban Improvement Funds with MEPA. This reduction amounts to €2,244. The other deduction of €9,377 is a withdrawal of a grant committed by Transport Malta in favour of the Council after the Transport Malta resolved to utilise its own contractor to commission the remaining works - making the scope for the grant null and void.

17. Capital commitments

	2013	2012
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	73,000	10,000
Contracted for but not provided in the financial statements	400,000	600,000
(i) Approved but not yet contracted for:		
Urban Improvements	5,000	6,000
Office Furniture & Fittings	1,000	2,000
Embellishment Independence Garden Playing Field	65,000	-
Office Equipment	2,000	2,000
	<u>73,000</u>	<u>10,000</u>
(ii) Contracted for but not provided in the Financial Statements:		
Road paving and construction	-	200,000
Road resurfacing	400,000	400,000
	<u>400,000</u>	<u>600,000</u>

18. Contingent liabilities

The Council signed a Joint Cooperation Agreement with Pembroke, San Giljan, San Gwann and Swieqi Councils on the 3rd November 1999. This was further amended by an agreement signed on 14th August 2002 where the Council entered into a Pooling agreement. Clause 18.1 of the said agreement entails that the Council deposits €2,329 as a bank guarantee. This is to indemnify the Joint Committee against any breach of the agreement by Local Council Sliema.

The Council is contesting claims made by Wasteserv Malta Limited with respect to tipping fees. This dispute is arising following a directive issued to all Local Councils in Malta by the Association of Local Councils (Malta) not to pay for any tipping fee claims in excess of what has been allocated to them by Central Government.

The Council is also contesting other claims by suppliers, in total amounting to €142,820 (2012: €142,820) since these were not covered by a written request issued by the Sliema Local Council. Nevertheless, these amounts due to suppliers as disputed are fully recognised and included with "Payables" as disclosed in Note 15 to the financial statements.

19. 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>
Ministry for Tourism	Significant control
Department of Local Councils	Significant control
Lvant Joint Committee (Local Enforcement)	Joint Control
Northern Harbour District Joint Committee	Joint Control
Central Regional Committee	Joint Control
Gozo Regional Committee	No control
South Regional Committee	No control
North Regional Committee	No control
South Eastern Regional Committee	No control
Transport Malta	No control
Department of Information	No control
Director General - DEF	No control
Manufacturing and Servicing Department	No control
Ministry for Resources and Rural Affairs (Dissolved at 31 December 2013)	No control
Ministry of Education - Permanent Secretary	No control
Malta Communications Authority	No control
College Principal - St. Claire College	No control
Local Councils Association Malta	No control
Department of Lands	No control
CVA Technology Limited	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
ARMS Limited	No control
Commissioner of Police	No control
Ministry for Interior and National Security - Permanent Secretary	No control
Wasteserv Malta Limited	No control

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

	2013	2012
	€	€
Annual Financial Allocation	936,998	960,741

Key management compensation

Transactions with key management personnel are disclosed in note 7.

20. 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.

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarised as follows:

	2013	2012
	€	€
<i>Classes of financial assets - carrying amounts</i>		
Trade and other receivables	261,516	236,110
Cash and cash equivalents	670,768	944,936
	<u>932,284</u>	<u>1,181,046</u>

Liquidity risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Council has as cash and cash equivalents the amount of € 670,768. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position of € 1,790,427 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2013, the Council's financial liabilities have contractual maturities which are summarised below:

	Current	Non-Current	
	within	1 to 5	later than
	1 year	5 years	5 years
	€	€	€
Payables	431,856	-	-
Other creditors	671	-	-
Accruals	127,799	-	-
	<u>560,226</u>	<u>0</u>	<u>0</u>

This compares to the maturity of the Council's financial liabilities in the previous reporting period as follows:

	Current within 1 year €	Non-Current 1 to 5 5 years €	Non-Current later than 5 years €
Payables	580,808	-	-
Other taxes and social security costs	4,844	-	-
Other creditors	1,089	-	-
Accruals	126,326	-	-
	<u>126,326</u>	<u>-</u>	<u>-</u>

Foreign currency risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Council does not trade in any foreign currencies.

Interest rate risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objective of interest rate risk management is to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

21. Summary of financial assets and liabilities

The carrying amounts of the council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows.

	2013 €	2012 €
Current assets		
Loans and receivables:		
Trade and other receivables	261,516	236,110
Cash and cash equivalents	670,768	944,936
	<u>932,284</u>	<u>1,181,046</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	431,856	580,808
Other taxes and social security costs	-	4,844
Other creditors	671	1,089
Accruals	127,799	126,326
	<u>560,326</u>	<u>713,067</u>

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.