

FGURA LOCAL COUNCIL

Report and Financial Statements

for the year ended 31 December 2012

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Fgura*

FGURA LOCAL COUNCIL

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FGURA LOCAL COUNCIL

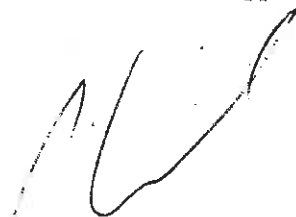
Financial Statements for the year ended 31 December 2012

STATEMENT OF COUNCIL MEMBERS' AND EXECUTIVE SECRETARY'S RESPONSIBILITIES

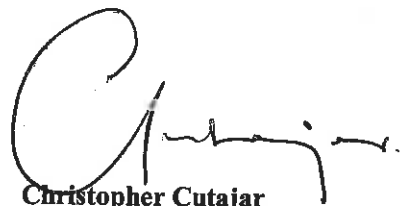
The Local Councils (Financial) Regulations 1993 require the Secretary to prepare a detailed Annual Administrative Report which includes the Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Council and the 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 Council for the year and its retained funds as at the year 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.

This entails, inter alia, responsibility for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Council are properly safeguarded, that fraud and other irregularities will be detected and that the operations of the Council are properly conducted in accordance with the Local Councils Act, 1993, the Local Council (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Council (Financial) Procedures, 1996.

This statement was approved by the Council on 26 April 2013 and signed on its behalf by:



Byron Camilleri
Mayor



Christopher Cutajar
Executive Secretary

FGURA LOCAL COUNCIL

Statement of Comprehensive Income for the year ended 31 December 2012

	Notes	2012 €	2011 €
Revenue			
Funds received from Central Government	5	554,374	512,922
Income raised under Council Bye-Laws	6	6,290	7,450
Income from Law Enforcement System	7	5,724	106,317
General Income	8	132,307	22,134
Total Income		<u>698,695</u>	<u>648,823</u>
Expenditure			
Personal emoluments	10	(117,551)	(107,418)
Operations and maintenance	11	(326,557)	(304,958)
Administrative and other expenditure	12	(242,076)	(222,661)
Other expenditure/income	13	(22,271)	(36,045)
Total Expenditure		<u>(708,455)</u>	<u>(671,082)</u>
Operating (loss) for the year		(9,760)	(22,259)
Finance income	14	2,807	3,373
Finance Costs	15	(68)	(64)
Finance income - net		<u>2,739</u>	<u>3,309</u>
Total Comprehensive (loss) for the year		<u>(7,021)</u>	<u>(18,950)</u>

The notes on pages 8 to 39 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

STATEMENT OF FINANCIAL POSITION as at 31 December 2012

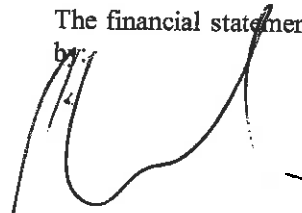
	Notes	2012 €	2011 €
Assets			
Non-current assets			
Property, plant and equipment	16	2,019,283	1,270,090
Investments	17	13,369	13,437
Total non-current assets		<u>2,032,652</u>	<u>1,283,527</u>
Current assets			
Inventories	18	1,027	910
Receivables	19	105,048	161,492
Cash and bank balances	20	302,790	956,081
Total current assets		<u>408,865</u>	<u>1,118,483</u>
Total assets		<u>2,441,517</u>	<u>2,402,010</u>
Reserves and liabilities			
Reserves			
Retained Earnings	21	1,622,227	1,629,248
Total reserves		<u>1,622,227</u>	<u>1,629,248</u>

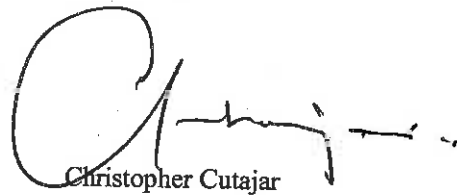
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FGURA LOCAL COUNCIL

		2012	2011
	Notes	€	€
Liabilities			
Non-current liabilities			
Borrowings	22	306,000	318,142
Private Public Partnership agreement	23	37,775	-
Deferred income	24	154,389	171,152
Total non-current liabilities		<u>498,164</u>	<u>489,294</u>
Current liabilities			
Borrowings	22	29,461	74,176
Other financial liabilities	23	18,888	-
Payables	25	272,777	209,292
Total current liabilities		<u>321,126</u>	<u>283,468</u>
Total liabilities		<u>819,290</u>	<u>772,762</u>
Total reserves and liabilities		<u>2,441,517</u>	<u>2,402,010</u>

The financial statements were approved by the Council on 26 April 2013 and signed on its behalf


 Byron Camilleri
 Mayor


 Christopher Cutajar
 Executive Secretary

The notes on pages 8 to 39 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2012

	Retained Earnings €	Total €
Balance as at 1 January 2011	1,652,848	1,652,848
Prior year adjustment	(4,650)	(4,650)
Loss for the year	<u>(18,950)</u>	<u>(18,950)</u>
At 31 December 2011	<u>1,629,248</u>	<u>1,629,248</u>
Balance as at 1 January 2012	1,629,248	1,629,248
Loss for the year	<u>(7,021)</u>	<u>(7,021)</u>
At 31 December 2012	<u>1,622,227</u>	<u>1,622,227</u>

The notes on pages 8 to 39 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

Statement of Cash Flows for the year ended 31 December 2012

	Note	2012 €	2011 €
Cash generated from operating activities	29	189,467	77,451
Interest paid		-	(9)
Net cash generated from operating activities		<u>189,467</u>	<u>77,442</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(863,191)	(121,731)
Interest received		2,769	3,373
Net cash used in investing activities		<u>(860,422)</u>	<u>(118,358)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		12,515	12,921
Repayment of bank borrowings		(24,658)	(24,658)
Urban improvements funds received		17,859	62,672
Public Private Partnership agreement		56,663	-
Net cash generated from/(used in) financing activities		<u>62,379</u>	<u>50,935</u>
Net Decrease in cash and cash equivalents		(608,576)	10,028
Cash and cash equivalents at beginning of year		906,562	896,534
Cash and equivalents at end of year	20	<u>297,986</u>	<u>906,562</u>

The notes on pages 8 to 39 form an integral part of these financial statements.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

1. General Information

The Fgura Local Council is a local authority of Malta set up in accordance with the Local Councils Act. The office of the Local Council is situated at 68 Dar il-Kunsill, Triq il-Karmnu, Fgura. These financial statements were approved for issue by the Council Member on the 26 April 2013. The Local Council's presentation as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within the Office of the Prime Minister.

2. Summary of the Significant accounting policies

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.

2.1 Basis of preparation

The financial statements of Local Council Fgura have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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2. 1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Council

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Council.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the group, except the following set out below:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 19, 'Employee benefits', was amended in June 2011. This IAS aims to treat employee benefits as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). This does not apply to the Local Council Fgura.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Local Council Fgura is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Local Council Fgura will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This does not apply to the Local Council Fgura.

2.2 Foreign currencies

In preparing the financial statements of the Council, transactions in currencies other than the Council's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

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Notes to the Financial Statements for the year ended 31 December 2012

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2.3 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

A revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reserves a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserves relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Council's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are renewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

Property, plant and equipment are stated at cost less accumulated depreciation and grants received for specific projects. Depreciation is calculated on a monthly basis using the reducing balance method at rates estimated to write down the cost of all tangible fixed assets, other than land and trees over their expected useful lives as follows:

	Rates in %
Buildings	1.0
Office Furniture & Fittings	7.5
Construction Works	10.0
New Street Signs	100.0
Urban Improvements (Street Furniture)	10.0
Special Programmes (Projects)	10.0
Office Equipment	20.0
Motor Vehicles	20.0
Plant and Machinery	20.0
Computer Equipment	25.0
Trees	0
Litter Bins	100.0
Playground Equipment	100.0
Street Lighting	100.0

Certain depreciation rates such as those of plants, litter bins, playground equipment, street lighting and street signs had their depreciation rate changed from 10% to 100% in October 2002 by virtue of Legal Notice 323 of 2002.

2.4 Impairment of property, plant and equipment

At the end of each reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

2.5 Financial assets

2.5.1 Classification

The Local Council Fgura classifies its financial assets in the following categories: receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Council's receivables comprise 'general and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.9 and 2.10).

2.5.2 Recognition and measurement

Regular transactions of financial assets are recognised on the 'trade-date' - the date on which the Local Council Fgura commits to acquire or dispose of the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Local Council Fgura has transferred substantially all risks and rewards of ownership.

2.5.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Investment income on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Council should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

2.9 General receivable

General receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

General receivables are recognised initially at cost and subsequently their potential recoverability is assessed at the end of each accounting period for either provided for under the provision for doubtful debts or for impairment.

Known bad debts are written off at the end of the accounting period.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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2.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the balance sheet, book overdrawn balance, representing the unpresented cheques at the end of the accounting period, are shown within borrowings in current liabilities.

2.11 General Payables

General payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.12 Borrowings

Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for Central Government allocation in terms of section 55 of the Local Councils Act, 1993, goods supplied services provided and other Central Government Grants. The Local Council Fgura recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Council's activities, as described below. The Local Council Fgura bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Central Government allocation in terms of section 55 of the Local Councils Act, 1993

The Council does not have control on the amount of this income stream or the timing of its actual transfer to the Council's bank accounts. The amount receivable under this heading is communicated to the Council through the Department for Local Government after the annual Central Government budget is approved by Parliament and is transferred directly to the Council's designated bank account at the beginning of each quarter. The receipt of such funds is usually net of any deductions deemed by the Department for Local Government and these deductions may include; penalties inflicted, use of the Central Government electronic infrastructure or any other cost that the Department for Local Government passes on to the Council.

The income under this heading accounts for major income stream to the Council and is primarily tied up to specific expenditure headings on which the Council is bound to allocate.

(b) Sales of goods

The Council has a number of items (mementos) recognised in these financial statements under inventories, that are for sale to the general public.

(c) Services provided

The Council derives income from permit fees issued to the general public. The Council also provides services to the South East Regional Committee for; share of cleaning expenses; share of electronic infrastructure and Council employees attending Tribunal sittings.

The Council also derives income in the form of 10% commission on the payments of contraventions under the Local Law Enforcement system accruing to the five Regional Committees..

(c) Central Government Grants

Note 2. 8, refers to the treatment of grants that are aimed to finance the Council for the urban improvement of the locality.

2.14 Interest income

Interest income from investments is recognised using the effective interest method.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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3. Financial Risk Management

The Council's activities expose it to a variety of financial risks, that include market risks, credit risk, liquidity risk and interest 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.

Where applicable, any significant changes in the Council's exposure to financial risks or manner in which the Council manages and measures these risks are disclosed below.

Where possible, the Council aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of risk exposure associated with the financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

With respect to credit risk, the receivables are monitored continuously for recoverability. Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidences of a reduction in the recoverability of the cash flows. Known bad debts are therefore maintained to the lowest possible, thereby lowering as much as possible the concentration of credit risk.

Liquidity risk

The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and plans projects accordingly. The Council Members and Executive Secretary do not consider that it is significantly exposed to liquidity risk.

Interest Rate risk

The Council's interest rate risk arises from the long term bank loan. Borrowing issued at variable rates expose the Council to cash flow interest rate risk. In general, the Council Members and Executive Secretary 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 in view of the nature of the assets and liabilities.

Credit risk

Financial assets which potentially subject the Council to concentration of credit risk consist primarily of cash at bank and receivables. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any financial credit history. In this respect, credit with respect to receivables 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.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Council's accounting policies, which are described in note 2, the Council Members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Council Members have made in the process of applying the Council's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements

4.1.1 Revenue recognition

Note 24. includes the Central Government Grants released to income for the current year. The government grants under the Funds schemes have the primary condition that a Council qualifying for them should purchase, construct or otherwise acquire long-term assets with the purpose of improving the urban environment within the locality. In line with IAS 20.24 the Council uses the deferred income method. The Council recognises the grant as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis IAS 20.12. The income so released represents the equivalent of the depreciation charge for the current year on the asset so constructed.

4.1.2 Useful lives of property, plant and equipment

As described at 2. 4 above, the Council reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The depreciation rates are dictated by the Local Councils Department and as such the Council is not in a position to change the useful lives of the property, plant and equipment. The review of the estimated useful lives of the property, plant and equipment is used to decide whether to write off the asset, the said asset or group of assets are no longer useful or to impair the asset as required.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

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5. Funds Received from Central Government	2012	2011
	€	€
In terms of section 55 of the Local Councils Act, 1993	529,384	503,170
Supplementary Income	7,689	4,714
Urban Improvement Funds released to income	17,301	5,038
	<u>554,374</u>	<u>512,922</u>
6. Income raised under Council Bye-Laws	2012	2011
	€	€
Permits related to construction	4,882	5,821
Other Permits	-	789
Courses	810	840
Kiosks deposits	598	-
	<u>6,290</u>	<u>7,450</u>
7. Income raised under Law Enforcement System	2012	2011
	€	€
Contraventions Received	21,911	77,955
Contraventions Accrued	(24,494)	27,444
Commission from all regions	8,307	918
	<u>5,724</u>	<u>106,317</u>

In accordance with the Law Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local Councils Act, 1993, the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000.

The recording of income from contraventions for offences was based on reports generated by the contractor entrusted with the system by the Ministry.

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Notes to the Financial Statements for the year ended 31 December 2012

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8. General Income

	2012	2011
	€	€
W.S.C. Agreement	4,895	4,493
Cultural Activities & Community Services	674	599
Sponsorships	2,394	610
Liabilities written off	82,969	-
Joint Committee Tribunal Sitings	3,587	3,191
Refund of expenses FJC	2,335	1,776
General Income	1,088	709
Media Charges	920	400
Contractor Guarantees	21,604	-
Tender Document Fees	1,900	2,705
Other re-imburements	-	255
Waste Management	9,941	7,059
Discounts Received	-	201
Insurance Claims	-	136
	<u>132,307</u>	<u>22,134</u>

9. Surplus for the year

	Note	2012	2011
		€	€
Surplus for the year is stated after charging:			
Personal Emoluments	10	117,551	107,418
Depreciation on property, plant and equipment	12	113,387	73,740
Loss on disposal of property, plant and equipment	12	611	7,954
Bad debts written off	12	-	680
Movement in Provision for doubtful debts	12	<u>22,271</u>	<u>35,365</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

10. Personal emoluments

	2012	2011
	€	€
Personal emoluments include, inter alia:		
Mayor's Honoraria & Allowance	6,503	9,546
Council Members' Allowance	10,525	10,780
Executive Secretary Salary and Allowance	30,818	19,533
Employees' Salaries	61,933	61,550
Social Security Contributions - Employer's Share	7,772	6,009
	<u>117,551</u>	<u>107,418</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements
for the year ended 31 December 2012

..... continued

11. Operations and Maintenance

Operations and maintenance includes, inter alia:

Repairs and Upkeep:

	2012	2011
	€	€
Materials and supplies	7,067	-
Cleaning Materials & Supplies	57	210
Operating cleaning material and supplies	2,383	-
Sundry Materials & Supplies	222	-
Repair & Upkeep Pavements	9,901	-
Repair & Upkeep Roads	70,815	14,041
Maintenance Patri Rendent Gauci	354	-
Maintenance G Stevens Square	30	-
Public Property	-	4,000
Street Signs	2,570	7,440
Bus Shelters	190	-
Maintenance of Equipment	30	101
Sundry repairs	-	42
Street Markings	15,821	4,226
Clean. & Maint. - Public Conveniences	-	212
	<u>109,440</u>	<u>30,272</u>

Contractual Services:

Waste Disposal	77,410	75,260
Refuse Collection (including bins on wheels)	60,034	59,527
Bulky Refuse Collection (including open skips)	9,537	12,100
Bring-in-Sites	-	602
Road & Street Cleaning	29,371	32,432
Contract Management Fees	1,531	4,883
Other Contractual Services	-	192
Clean. & Maint. of Parks & Gardens	18,685	19,192
Street Lighting	13,202	9,795
Internet service providor	90	303
Law Enforcement System	7,257	60,400
	<u>217,117</u>	<u>274,686</u>
Total Operations and Maintenance expenses	<u>326,557</u>	<u>304,958</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

12. Administration and Other Expenses

	2012	2011
	€	€
Utilities	16,553	15,578
Uniforms	252	2,027
Office Furniture & Equipment	804	1,159
Maintenance of Motor Vehicle	664	306
Other Repairs & Upkeep	7,468	3,283
Restoration of Niches	96	-
Rents	9,956	8,404
Participation fee National Meetings	344	565
European Organisation	400	200
Printing	2,024	1,867
Stationery	6,818	6,834
Subscriptions	177	-
Photocopy Agreement	1,944	-
Postages	2,064	2,310
Library Books	102	711
Other Office Services	556	3,011
Transport	109	338
Fuel	1,191	980
Other Re-imburements	8	8
Warden refund of extra services	363	-
Motor Vehicle Licence	186	505
Overseas tickets	-	366
Advertising	2,645	1,577
Publications and newsletters	1,292	1,895
Lease of Equipment	2,513	1,146
CCTV Cameras	60	58
Hire of football pitch	3,589	1,697
Insurance Coverage	5,014	2,663
Bank Charges	262	439
Bank Interest Payable	-	3
Other interest	-	6
Entertainment	282	849
Conference Expenses	75	80
Other repairs	-	42
Balance carried forward to next page	67,811	58,907

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

12. Administration and Other Expenses (cont.)

	2012	2011
	€	€
Balance brought forward from previous page	67,811	58,907
Cleaning Council Premises	2,709	1,338
Pruning of Trees	200	-
Librarian Services	3,563	5,617
Professional Services	6,380	110
IT Development Services	1,235	133
Engineering Services	1,601	-
Architect Services	1,118	-
Legal Services	2,753	325
Medical Services	538	131
Accountancy Services	16,050	20,952
Religious Services	-	25
Other Support Services	2,215	679
Computer software	-	472
Training	48	-
Organisation of Courses	5,118	4,066
Social Events	9,731	9,196
Jum il-Fgura	3,434	5,644
Cultural Events	46	2,245
Sports Activities	1,615	500
Community Services	-	1,883
Donations	244	615
Penalties inflicted	25	27,223
Sundry Minor Expenses	1,644	906
Asset Disposals account	611	7,954
Depreciation	113,387	73,740
	<u>242,076</u>	<u>222,661</u>

13. Other Income and Expenses

	2012	2011
	€	€
<i>Provision for doubtful debts</i>		
Bad debt write off	-	680
Movement in provision for LES doubtful debts	22,271	35,365
	<u>22,271</u>	<u>36,045</u>

FGURA LOCAL COUNCIL

**Notes to the Financial Statements
for the year ended 31 December 2012**

..... continued

14. Investment income

	2012	2011
	€	€
Interest received on Government Stocks	832	853
Bank interest	1,937	2,520
	<u>2,769</u>	<u>3,373</u>

15. Financial Income and Expenses

	2012	2011
	€	€
<i>Financial Expenses</i>		
Movement in provision for fair value of investments	68	64
	<u>68</u>	<u>64</u>

FIGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

16. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Motor vehicles €	Acquisition of Property development €	Property held for	Assets Not yet Capitalised €	Total €
At 1 January 2012	6,715	1,165,667	32,834	11,678	335,560	39,423	1,685	11,586	1,001	675,401	5,461	2,287,011
Reclassifications	-	-	-	-	-	-	-	-	-	1,150	(1,150)	-
Additions	340	401,757	800	57	45,603	1,409	-	-	-	408,920	4,305	863,191
Disposals	-	-	-	-	-	-	-	-	-	-	(611)	(611)
At 31 December 2012	7,055	1,567,424	33,634	11,735	381,163	40,832	1,685	11,586	1,001	1,085,471	8,005	3,149,591
Government Grants												
At 31 December 2012	-	235,087	-	-	-	-	-	-	-	-	-	235,087
Depreciation												
At 1 January 2012	-	582,219	16,779	11,678	133,380	29,619	923	7,047	189	-	-	781,834
Current charge	-	69,331	1,230	57	39,330	2,371	152	908	8	-	-	113,387
At 31 December 2012	-	651,550	18,009	11,735	172,710	31,990	1,075	7,955	197	-	-	895,221
N.B.V. at 31 Dec 2012	7,055	680,787	15,625	-	208,453	8,842	610	3,631	804	1,085,471	8,005	2,019,283

FIGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

16. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Motor vehicles €	Acquisition of Property development €	Property held for development €	Assets Not yet Capitalised €	Total €
At 1 January 2011	6,715	1,237,239	32,601	11,678	198,174	36,115	1,685	11,586	1,001	612,894	15,068	2,164,756
Reclassifications	-	(82,941)	(36)	-	82,977	828	-	-	-	-	(828)	-
Additions	-	11,369	1,096	-	54,409	4,535	-	-	-	62,507	736	134,652
Disposals	-	-	(827)	-	-	(2,055)	-	-	-	-	(9,515)	(12,397)
At 31 December 2011	6,715	1,165,667	32,834	11,678	335,560	39,423	1,685	11,586	1,001	675,401	5,461	2,287,011
Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
At 1 Jan & 31 Dec 2011	-	235,087	-	-	-	-	-	-	-	-	-	235,087
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2011	-	555,202	15,742	11,678	91,220	28,718	578	5,913	128	-	-	709,179
Reclassifications	-	(25,448)	200	-	26,005	375	155	-	53	-	-	1,340
Current charge	-	52,465	1,288	-	16,155	2,500	190	1,134	8	-	-	73,740
Eliminated on Disposals	-	-	(451)	-	-	(1,974)	-	-	-	-	-	(2,425)
At 31 December 2011	-	582,219	16,779	11,678	133,380	29,619	923	7,047	189	-	-	781,834
N.B.V. at 31 Dec 2011	6,715	348,361	16,055	-	202,180	9,804	762	4,539	812	675,401	5,461	1,270,090

FGURA LOCAL COUNCIL

**Notes to the Financial Statements
for the year ended 31 December 2012**

..... continued

17. Financial assets at fair value through comprehensive income

	Government Stocks (2015) - 6.1%	Total
	€	€
<i>Held to Maturity</i>		
Cost		
At 1 January 2012	13,976	13,976
At 31 December 2012	<u>13,976</u>	<u>13,976</u>
Fair Value Provision		
At 1 January 2012	539	539
Movement	68	68
Disposals	-	-
At 31 December 2012	<u>607</u>	<u>607</u>
Net Book Value at 31 December 2012	<u>13,369</u>	<u>13,369</u>
	Government Stocks (2015) - 6.1%	Total
	€	€
<i>Held to Maturity</i>		
Cost		
At 1 January 2011	13,976	13,976
At 31 December 2011	<u>13,976</u>	<u>13,976</u>
Fair Value Provision		
At 1 January 2011	475	475
Movement	64	64
At 31 December 2011	<u>539</u>	<u>539</u>
Net Book Value at 31 December 2011	<u>13,437</u>	<u>13,437</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

18. Inventories		2012	2011
		€	€
Stocks comprise of:			
Council medals, badges, videos and ties		1,027	910
		<u> </u>	<u> </u>
19. Receivables		2012	2011
		€	€
Falling due within One Year			
Receivables	19.1	37,364	33,803
Law Enforcement System		29,746	76,511
Government grants receivable	19.2	18,304	36,163
Other Related Undertakings		611	1,968
		<u> </u>	<u> </u>
Prepayments, accrued income and deferred expenditure		86,025	148,445
		19,023	13,047
		<u> </u>	<u> </u>
		<u>105,048</u>	<u>161,492</u>
		2012	2011
		€	€
19.1 Credit period analysis:			
Within credit period		8,832	8,832
Exceeded credit period but not impaired		29,143	26,939
Impaired and provided for		373,175	350,904
Provision for doubtful debts		<u>(373,175)</u>	<u>(350,904)</u>
		<u> </u>	<u> </u>
		37,975	35,771
		<u> </u>	<u> </u>
Impaired and written off		-	680
		<u> </u>	<u> </u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

19.2 Government Grants

	2012 €	2011 €
Balance at the beginning of the year/period	36,163	76,842
Increase	-	34,553
Received	(17,859)	(62,672)
Forfeited		(12,560)
Balance at the end of the year/period	<u>18,304</u>	<u>36,163</u>
Amount Receivable within one year	<u>18,304</u>	<u>36,163</u>

20. Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents in statement of cash flows comprise the following amounts in the Council's Statement of Financial Position.

	2012 €	2011 €
Cash in hand	3,578	495
Bank balances: Current accounts	1,165	1,165
Bank balances: Savings accounts	298,047	954,421
Current accounts - unrepresented cheques	(4,804)	(49,519)
	<u>297,986</u>	<u>906,562</u>
Transfer to payables	4,804	49,519
	<u>302,790</u>	<u>956,081</u>

FGURA LOCAL COUNCIL

**Notes to the Financial Statements
for the year ended 31 December 2012**

..... continued

21. Reserves

	Surplus account €	Total €
Balance as at 1 January 2011	1,652,848	1,652,848
Profit/(loss) for the year	(18,950)	(18,950)
Prior year adjustment	(4,650)	-
Balance as at 31 December 2011	<u>1,629,248</u>	<u>1,633,898</u>
Balance as at 1 January 2012	1,629,248	1,629,248
Loss for the year	(7,021)	(7,021)
Balance as at 31 December 2012	<u>1,622,227</u>	<u>1,622,227</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

22. Borrowings	2012	2011
	€	€
Non-Current		
Bank Borrowing	306,000	318,142
	<u>306,000</u>	<u>318,142</u>
Current		
Credit balance in current bank account	4,804	49,519
Bank Borrowing	24,657	24,657
	<u>29,461</u>	<u>74,176</u>
Total Borrowings	<u><u>335,461</u></u>	<u><u>392,318</u></u>
 (a) Bank borrowings		

The Bank Loan is guaranteed by the Central Government and secured by a 1st General Hypothec over the Local Council Fgura assets and a Special Hypothec and Privilege on Comprehensive Insurance Policy over the new premises. It attracts interest at 3.65% (31 December 2011 : 3.65%) and is repayable in monthly instalments of € 2,054.72 (31 December 2011 : € 2,054.72).

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

23. Amounts payable under the PPP agreement	2012	2011
	€	€
Non-Current		
Public Private Partnership (PPP) Agreement	37,775	-
Current		
Public Private Partnership (PPP) Agreement	18,888	-
Total Amount payable under the PPP Agreement	<u>56,663</u>	<u>-</u>
Amount payable between one and two years	4,722	-
Amount payable between two and five years	14,166	-
Amount payable beyond five years	18,887	-
	<u>37,775</u>	<u>-</u>

The amount payable under the Public Prive Partnership (PPP) will be 50% paid out of Central Government Funds and 50% out of the Council's general funds, in line with the PPP agreement reached between the Central Government and the Council.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

24. Deferred Income		2012	2011
Government Grants		€	€
	<i>Note</i>		
Balance at 1 January		194,748	177,792
Increase		-	34,554
		<u>194,748</u>	<u>212,346</u>
Released to income		(17,301)	(5,038)
Forgone	<i>(a)</i>	(5,904)	(12,560)
		<u>171,543</u>	<u>194,748</u>
Non-Current		<u>154,389</u>	<u>171,152</u>
Current	<i>25</i>	<u>17,154</u>	<u>23,596</u>
Deferred Government Grants			
Amount to be released between one and two years		15,439	15,836
Amount to be released between two and five years		37,656	38,624
Amount to be released beyond five years		101,294	116,691
		<u>154,389</u>	<u>171,151</u>
Deferred after five or more years:			
Amount to be released beyond five years		<u>101,294</u>	<u>116,691</u>

Deferred Government Grants represent agreements signed with the Malta Environment & Planning Authority, the ERDF fund and other Central Government Grants, collectively referred to as 'Government Grants', up to the end of the year under review. The funds are released to income in line with the depreciation charge on the projects that were capitalised up the end of the year under review.

(a) Foregone

Foregone represents the amounts previously agreed with the relevant authority but were eventually not received. Refer also to note 19.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

25. Payables	2012	2011
	€	€
Falling due within One Year		
Payables	101,434	158,584
Amounts owed to related parties	20	1,397
Government Grants - Deferred Income	17,154	23,596
Accruals and deferred income	154,169	25,715
	<u>272,777</u>	<u>209,292</u>

26. Financial Instruments

The Council manages its liquidity to ensure that it will be able to continue as a going concern while maximising the return through the optimisation of the debt and equity balance. The Council's overall strategy remains unchanged from 2011.

26.1 Categories of financial instruments	2012	2011
	€	€
Financial Assets		
Cash and bank balances (including cash and bank balances)	<u>297,986</u>	<u>906,562</u>
Investments in Central Government Stocks	<u>13,369</u>	<u>13,437</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

27. Capital commitments

	2012	2011
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	<u>115,000</u>	<u>210,384</u>
Contracted for but not provided in the financial statements	<u>344,000</u>	<u>195,039</u>
These can be analysed further as follows:		
Contracted for but not provided in the financial statements:		
- Construction	120,000	183,039
- Finalisation of construction works at New Council Premises	140,000	-
- Special Programmes (Library Extension)	-	12,000
- Urban Improvements	<u>84,000</u>	<u>-</u>
	<u>344,000</u>	<u>195,039</u>
Approved but not yet contracted for:		
- Construction	-	179,645
- Urban Improvements	-	30,739
- Plastering and finishings (excluding apertures) at New Council Premises	80,000	-
- Library Extension	<u>35,000</u>	<u>-</u>
	<u>115,000</u>	<u>210,384</u>

The works on the Road Resurfacing project (Construction) will be conducted under Public Private Partnership agreements.

The Council will be applying for financing of the Library extension from the Central Government. The project will only be carried out should the said financing be granted.

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

28. Contingent liabilities

The Council has a bank guarantee of € Nil (31 December 2011 - € 1,164) in favour of the Local Enforcement Joint Committee of which the Council is a member.

The Constitutional Court passed a judgement on the 8 January 2010, reversing the judgement passed by the Court of Appeals on the 28 March 2008 that had awarded the Council EUR 3,494. In addition the judgement also included that the Council is liable to pay two-thirds (2/3) of the procedural expenses incurred by both the Constitutional Court and the Court of First Instance. The amount involved cannot as yet be quantified.

One of the Council's contractors, who had completed the assigned works, is claiming that the total amount certified as full and final settlement is EUR 5,140 less than it should be.

29. Cash generated from operations	2012 €	2011 €
(Loss) for the year	(7,021)	(18,950)
Adjustments for:		
Depreciation	113,387	73,740
Bad debts written off	-	680
Amortisation of investments	68	64
Urban improvement funds released to income	(17,301)	(5,038)
Investment income	(2,807)	(3,373)
Disposal of assets	611	7,954
	<u>86,937</u>	<u>55,077</u>
Movements in working capital:		
(Increase) in inventory	(117)	-
Decrease in receivables	16,351	62,058
(Decrease) in payables	68,525	(80,710)
Increase/(Decrease) in deferred income	(4,500)	5,661
Cost of fundamental reorganisation	-	-
Movement in provision for doubtful debts	22,271	35,365
	<u>-</u>	<u>-</u>
Cash Absorbed by Operations	<u>189,467</u>	<u>77,451</u>

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

30. Post Balance Sheet events

There were no particular important events affecting the Council which occurred since the end of the accounting period.

31. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The ultimate controlling party of the Local Council Fgura is the Local Councils Department within the Office of the Prime Minister.

All the Companies, Authorities and Agencies set up by the Central Government are also considered to be related parties to Local Council Fgura but do not have significant control. The Joint Committee (up to the 31 August 2011), All Regional Committees (from 1 September 2011), the Local Councils Association and the other Local Councils are also considered to be a related parties.

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

Name of Entity:	Nature of Relationship
Department of Local Councils	Significant Control
Regional Committee - Local Law Enforcement	No Control
Bank of Valletta	No Control
Cleansing Services Department	No Control
Employment & Training Corporation	No Control
Enemalta Corporation	No Control
Head of School	No Control
Kunsill Malti għall-Isport	No Control
Local Councils Association	No Control
Local Councils, other than Local Council Fgura	No Control
Malta Environment and Planning Authority	No Control
Police Commissioner	No Control
Water Services Corporation	No Control
Wasteserv Malta Limited	No Control
Works Division - Director General Works	No Control

FGURA LOCAL COUNCIL

Notes to the Financial Statements for the year ended 31 December 2012

..... continued

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

	2012	2011
	€	€
Financial Income:		
Income - Annual Financial Allocation	529,384	503,170
Share of Results of Joint Committee	21,911	77,955
	<u>2012</u>	<u>2011</u>
	€	€
Non-Cash Transactions:		
Government Grants Released	<u>17,301</u>	<u>5,038</u>

32. Comparative Figures

Certain comparative figures have been restated to conform to current year's presentation.

FGURA LOCAL COUNCIL

**REPORT OF THE LOCAL GOVERNMENT AUDITORS ON THE FGURA LOCAL COUNCIL TO
THE DIRECTOR OF AUDIT**

FGURA LOCAL COUNCIL