

Gzira Local Council

**Annual Report
and
Financial Statements**

1 January – 31 December 2011

Prepared by JCA Ltd

**ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2011**

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Financial Statements for the year ended 31 December 2011

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

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure for the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Council and signed on its behalf on 2012 by:

Dr Chris Bonett
B.A. LL.D.
Mayor

Rowena Borg
B.A., Dip. MGMT, M.I.M.
Executive Secretary

Financial Statements for the year ended 31 December 2011

Independent Auditor's report

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

| | Notes | 2011 € | 2010 € |
|---------------------------------------|-------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 682,983 | 597,868 |
| | | <u>682,983</u> | <u>597,868</u> |
| Current Assets | | | |
| Stock | 4 | 115 | 47 |
| Trade and other receivables | 5 | 18,684 | 17,185 |
| Cash and Cash Equivalents | 6 | 150,425 | 147,656 |
| | | <u>169,224</u> | <u>164,888</u> |
| Total Assets | | <u><u>852,207</u></u> | <u><u>762,756</u></u> |
| RESERVES AND LIABILITIES | | | |
| Capital and reserves | | | |
| Retained Fund | | 554,213 | 586,888 |
| Non-current liabilities | | | |
| Long term borrowings | 7 | 43,163 | 64,683 |
| Deferred Income | 8 | 112,610 | - |
| Liabilities | | | |
| Trade and other payables | 9 | 142,221 | 111,185 |
| TOTAL RESERVES AND LIABILITIES | | <u><u>852,207</u></u> | <u><u>762,756</u></u> |

The notes on pages 10 to 19 are an integral part of the financial statements.

These Financial Statements were approved by the Local Council on
on its behalf by:

2012 and signed

Dr Chris Bonett
B.A. LL.D.
Mayor

Rowena Borg
B.A., Dip. MGMT, M.I.M.
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

| | Notes | Year ended 31 December 2011 | Year ended 31 December 2010 |
|---|-------|-----------------------------------|-----------------------------------|
| REVENUE | | | |
| Funds received from central government | 10 | 463,363 | 472,870 |
| Investment income | 11 | 305 | 246 |
| General Income | 12 | <u>78,452</u> | <u>38,877</u> |
| | | <u>542,120</u> | <u>511,993</u> |
| EXPENDITURE | | | |
| Personal emoluments | 13 | (107,066) | (107,416) |
| Operations and maintenance | 14 | (313,949) | (288,404) |
| Administration and other expenditure | 15 | (150,483) | (109,978) |
| Finance costs | 16 | <u>(3,298)</u> | <u>(3,829)</u> |
| | | <u>(574,796)</u> | <u>(509,627)</u> |
| Total Comprehensive (Loss)/Income for the year | | <u>(32,676)</u> | <u>2,366</u> |

The notes on pages 10 to 19 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

| | Retained Funds € |
|---|------------------------|
| At 31 December 2009 | 584,522 |
| Total Comprehensive Income for the year | 2,366 |
| At 31 December 2010 | 586,888 |
| Total Comprehensive Loss for the year | (32,676) |
| At 31 December 2011 | 554,212 |

The notes on pages 10 to 19 are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2011

| | 2011 | 2010 |
|--|-------------------------|-----------------|
| Note | € | € |
| Cash Flows from Operating Activities | | |
| Total Comprehensive (Loss)/Income for the year | (32,676) | 2,366 |
| Adjustments for: | | |
| Depreciation | 46,767 | 44,833 |
| Interest receivable | (305) | (246) |
| Interest payable | 3,155 | 3,695 |
| Operating Profit before Working Capital Changes | <u>16,942</u> | <u>50,648</u> |
| (Increase) in stock | (68) | - |
| (Increase) in receivables | (1,499) | (4,628) |
| Increase in payables | <u>31,036</u> | <u>52,780</u> |
| Net Cash inflow from operating activities | <u>46,411</u> | <u>98,800</u> |
| Cash flows from Investing Activities | | |
| Interest received | 305 | 246 |
| Interest payable | (3,155) | (3,695) |
| Purchase of property, plant and equipment | (131,882) | (26,552) |
| Deferred income grants | 112,610 | |
| Cash Flow used in Investing Activities | <u>(22,122)</u> | <u>(30,001)</u> |
| Loan repayments | <u>(21,520)</u> | <u>(11,628)</u> |
| | (21,520) | (11,628) |
| Net Decrease in Cash and Cash Equivalents | 2,769 | 57,171 |
| Cash and Cash Equivalents at the Beginning of year | 147,656 | 90,485 |
| Cash and Cash Equivalents at the End of year | <u>6</u> <u>150,425</u> | <u>147,656</u> |

The notes on pages 10 to 19 are an integral part of the financial statements.

Notes to the Financial Statements for the period ended 31 December 2011

1. General Information

Gzira Local Council is the local authority of Gzira setup in accordance with the Local Councils Act. The office of the Local Council is situated at Rue d'Argens, Gzira.

2. Accounting Policies and Reporting Procedures

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). The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

Certain new standards, amendments and interpretations to the existing standards have been published and effective for the current period, however these changes are not expected to have a material effect on the Local Council's financial statements.

- IAS 1 (amendment) – Presentation of financial statements (effective from 1 January, 2010).
- IAS 7 (amendment) – Statement of cash flows. Amendment to reflect changes in other standards.
- IAS 17 (amendment) – Leases – Amendments to reflect changes in other standards)
- IAS 27 (revised) – Consolidated and separate financial statements (effective from 1 July, 2009)
- IAS 36 (impairment of assets) – Amended to reflect changes in other standards.
- IAS 38 (amendment) – Intangible assets (effective from 1 July, 2009)
- IAS 39 (amendment) – Financial Instruments: Recognition and measurement (effective from 1 January 2010)
- IFRS 2 (amendment) – Group cash-settled and share-based payment transactions (effective from 1 January, 2010)
- IFRS 3 (revised) – Business combinations (effective from 1 July, 2009)
- IFRS 5 (amendment) – Measurement of non-current assets classified as held for resale (Effective from 1 January, 2010)
- IFRIC 9 (amendment) and IAS 39 – Embedded derivatives (effective from 1 July, 2009). Amendments to reflect changes in other standards.
- IFRIC 17 – Distribution on non-cash assets to owners (effective on or after 1 July, 2009)
- IFRIC 19 – Transfer of assets from customers (effective from 1 July, 2009).

New important standards and early adopted

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January, 2011 or later periods and the Local Council has adopted them:

- IAS 24 – Related party disclosures (effective 1 January 2011). Amendment simplified the definition of a related party, classified its intended meaning and eliminated inconsistencies from the definition. It also provided for a partial exemption from the disclosure requirements for government-related entities.

New important standards and not early adopted

The following standards are amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January, 2011 or later periods and the Local Council has not early adopted them.

- IAS 32 (amendment) – Financial Instruments: Presentation (effective from 1 February, 2010).
- IAS27 – Consolidate and separate financial statements (effective from July, 2010).
- IAS 34 – Interim financial reporting (effective 1 January, 2011).
- IFRS 3 (amendments) – Business combinations (effective from 1 January, 2011).

Notes to the Financial Statements for the period ended 31 December 2011 – continued

- IFRS 7 (amendments) – Financial Instruments (effective from January, 2011).
- IFRIC 13 - Customer loyalties programmes (effective from 1 January, 2011).
- IAS 12 (amendment) – Income taxes – IAS 12 (effective from 1 January, 2012).
- IAS 1 (amendment) – Presentation of Financial statements (effective from 1 January, 2013).
- IFRS 9 – Financial Instruments – (effective from 1 January, 2013).

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

Accounting conducted on an accruals basis

a. Revenue recognition

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

b. Local Enforcement System

Gzira Local Council forms part of Group H Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses.

c. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a monthly basis using the reducing balance method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

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

d. Government Grants

Government grants are accounted for on the Income Approach according to IAS 20. They are accounted for on a systematic basis in the Income and Expenditure Account over the periods necessary to match them with the related costs which they are intended to compensate. If such costs have already been incurred when the grant is made, or if there are no related cost, then the grant is accounted for when it becomes receivable.

Notes to the Financial Statements for the period ended 31 December 2011 - continued

e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Income and Expenditure.

f. 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 amounts of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Income and Expenditure.

g. Foreign Currencies

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

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

h. Profit and Losses

Only profits that were realised at the date of the Statement of Affairs are 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.

i. Cash and Equivalents

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

j. Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24.

During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Gozo Joint Committee.

Notes to the Financial Statements for the period ended 31 December 2011 - continued

k. Trade and other payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

l. Recognition and measurement

The council recognises a financial instrument in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Receivables are initially recognised at fair value. All regular way transactions in assets classified in the receivables category are accounted for using settlement date accounting, i.e. on the date an asset is delivered to or by the entity.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council has transferred substantially all risks and rewards of ownership or has not retained control of the financial asset.

The council assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Amounts due from related parties are recognised and carried at cost.

m. Borrowings

Borrowings are initially recognised at cost, being the fair value of the consideration received and including acquisition charges associated with the borrowing.

Subsequent to initial recognition, all interest-bearing borrowings, other than liabilities held for trading, are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on settlement. Liabilities which are held for trading are subsequently measured at fair value.

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

n. Critical accounting estimates and judgements

In preparing the financial statements, the Executive Secretary is required to make judgements, estimates and assumptions that effect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the changes become known.

In the opinion of the executive secretary, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) – 'Presentation of financial statements'.

Notes to the Financial Statements for the period ended 31 December 2011 – continued**3a Property, Plant and Equipment**

| Tangible Assets | Property | Office Furniture /fittings | New Street Signs | Urban Improvements | Office Equipment | Computer Equipment | Gym Equipment | Trees | Construction | Total |
|--|----------|----------------------------|------------------|--------------------|------------------|--------------------|---------------|--------|--------------|-----------|
| Cost | € | € | € | € | € | € | € | € | € | € |
| At 1 January 2011 | 179,001 | 61,959 | 1,009 | 67,244 | 13,390 | 33,220 | 4,500 | 27,928 | 660,930 | 1,049,181 |
| Additions | - | 3,017 | - | - | 3,478 | 673 | - | - | 124,714 | 131,882 |
| At 31 December 2011 | 179,001 | 64,976 | 1,009 | 67,244 | 16,868 | 33,893 | 4,500 | 27,928 | 785,644 | 1,181,063 |
| Grants and other reimbursements | | | | | | | | | | |
| At 1 January 2011 | - | - | - | - | - | - | - | - | (104,002) | (104,002) |
| Grants received | - | - | - | - | - | - | - | - | - | - |
| At 31 December 2011 | - | - | - | - | - | - | - | - | (104,002) | (104,002) |
| Accumulated Depreciation | | | | | | | | | | |
| At 1 January 2011 | (18,353) | (26,196) | (1,009) | (46,029) | (11,492) | (20,101) | (1,660) | - | (222,470) | (347,311) |
| Charge for the year | (1,599) | (2,756) | - | (2,027) | (541) | (2,996) | (634) | - | (36,216) | (46,769) |
| At 31 December 2011 | (19,952) | (28,952) | (1,009) | (48,056) | (12,033) | (23,097) | (2,294) | - | (258,686) | (394,079) |
| Net Book Value | | | | | | | | | | |
| At 31 December 2011 | 159,049 | 36,024 | - | 19,188 | 4,835 | 10,795 | 2,206 | 27,928 | 422,956 | 682,981 |

Notes to the Financial Statements for the period ended 31 December 2011 - continued**3b Property, Plant and Equipment**

| Tangible Assets | Property | Office Furniture /fittings | New Street Signs | Urban Improvements | Office Equipment | Computer Equipment | Gym Equipment | Trees | Construction | Total |
|--|----------|----------------------------|------------------|--------------------|------------------|--------------------|---------------|--------|--------------|-----------|
| Cost | € | € | € | € | € | € | € | € | € | € |
| At 1 January 2010 | 179,001 | 61,959 | 1,009 | 67,244 | 13,390 | 22,667 | 4,500 | 27,928 | 644,931 | 1,022,629 |
| Additions | - | - | - | - | - | 10,553 | - | - | 15,999 | 26,552 |
| At 31 December 2010 | 179,001 | 61,959 | 1,009 | 67,244 | 13,390 | 33,220 | 4,500 | 27,928 | 660,930 | 1,049,181 |
| Grants and other reimbursements | | | | | | | | | | |
| At 1 January 2010 | - | - | - | - | - | - | - | - | (104,002) | (104,002) |
| Grants received | - | - | - | - | - | - | - | - | - | - |
| At 31 December 2010 | - | - | - | - | - | - | - | - | (104,002) | (104,002) |
| Accumulated Depreciation | | | | | | | | | | |
| At 1 January 2010 | (16,738) | (23,402) | (1,009) | (43,788) | (11,068) | (17,945) | (844) | - | (187,684) | (302,478) |
| Charge for the year | (1,615) | (2,794) | - | (2,242) | (424) | (2,156) | (816) | - | (34,786) | (44,833) |
| At 31 December 2010 | (18,353) | (26,196) | (1,009) | (46,030) | (11,492) | (20,101) | (1,660) | - | (222,470) | (347,311) |
| Net Book Value | | | | | | | | | | |
| At 31 December 2010 | 160,648 | 35,763 | - | 21,214 | 1,898 | 13,119 | 2,840 | 27,928 | 334,458 | 597,868 |

Notes to the Financial Statements for the period ended 31 December 2011 – continued

| 4 Stock | 2011 | 2010 |
|----------------|------|------|
| | € | € |
| Office stock | 115 | 47 |

The stock reflects the amount of stamps held in the Council at year end and relevant stationery items.

| 5 Receivables | 2011 | 2010 |
|------------------------------|---------------|---------------|
| | € | € |
| Receivables | 4,938 | 2,200 |
| Prepayments & Accrued Income | 13,746 | 14,985 |
| | <u>18,684</u> | <u>17,185</u> |

Trade receivables

| | | |
|---|---------------|---------------|
| Within the current period | 14,843 | 14,856 |
| Exceeded credit period but not yet impaired | 3,841 | 2,329 |
| | <u>18,684</u> | <u>17,185</u> |

6 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the Statement of cash flows comprise the following amounts in the Local Council's Statement of Financial Position:

| | 2011 | 2010 |
|--------------------------|----------------|----------------|
| | € | € |
| Bank Balances: | | |
| Ordinary funds | 150,400 | 147,414 |
| Cash in hand | 25 | 242 |
| Cash at bank and in hand | <u>150,425</u> | <u>147,656</u> |
| Overdrawn bank | 39,438 | 5,206 |
| | <u>189,863</u> | <u>152,862</u> |

| 7 Long Term Borrowings | 2011 | 2010 |
|-------------------------------|---------------|---------------|
| | € | € |
| Bank loans | 43,163 | 64,683 |
| | <u>43,163</u> | <u>64,683</u> |

The Local Council has acquired the following facility, specifically for the purchase of property used to house the administrative offices of the Council. Loan I (€34,941) and Loan II (€139,792). Loan I is repayable in monthly instalments of €226 over a period of thirty years and bears interest at the rate of 6% per annum of the first 10 years. Loan II is repayable in monthly instalments of €922 in the first year, €967 for the second year, and €1,011 thereafter. The interest charged at 6.25% per annum for the first year, 6.75% for the second year and 7.25% for the remaining term of the loan.

The facility is secured by:

- (a) First General Hypothec over the Council's assets
- (b) First Special Hypothec and Special Privilege over the property purchased.

The instalments falling due within one year are being disclosed with the Current Liabilities while the balance falling due after one year is separately disclosed under long term borrowings above.

Notes to the Financial Statements for the period ended 31 December 2011 – continued

| | | |
|--|----------------|----------------|
| 8 Deferred Income Grants | 2011 | 2010 |
| | € | € |
| Deferred Income 1 to 2 years | 10,759 | - |
| Deferred Income 2 to 5 years | 26,493 | - |
| Deferred Income over 5 years | 75,358 | - |
| | <u>112,610</u> | <u>-</u> |
| 9 Payables | 2011 | 2010 |
| | € | € |
| Trade payables | 52,948 | 68,039 |
| Loan - current portion | - | 15,324 |
| Deferred income current portion | 12,942 | - |
| Accruals and other creditors | 36,894 | 22,616 |
| Overdraft bank account | 39,438 | 5,206 |
| | <u>142,222</u> | <u>111,185</u> |
| 10 Funds received from Central Government | 2011 | 2010 |
| | € | € |
| In terms of section 55 of the Local Councils Act (CAP 363) | 463,027 | 464,370 |
| Other Government income | 336 | 8,500 |
| | <u>463,363</u> | <u>472,870</u> |
| 11 Investment income | 2011 | 2010 |
| | € | € |
| Bank Interest Receivable | 305 | 246 |
| | <u>305</u> | <u>246</u> |
| 12 General Income | 2011 | 2010 |
| | € | € |
| Income from permits | 9,111 | 7,506 |
| Contraventions | 58,005 | 27,346 |
| Other income | 3,624 | 1,284 |
| General | 7,712 | 2,741 |
| | <u>78,452</u> | <u>38,877</u> |
| 13 Personal Emoluments | 2011 | 2010 |
| Personal emoluments include, inter alia: | € | € |
| Mayor's Allowance | 9,803 | 8,667 |
| Councillor's Allowances | 8,800 | 8,330 |
| Executive Secretary salary and allowance | 26,925 | 27,934 |
| Employees' Salary and Allowances | 54,695 | 57,599 |
| Social Security Contributions | 6,843 | 4,886 |
| | <u>107,066</u> | <u>107,416</u> |

Notes to the Financial Statements for the period ended 31 December 2011 – continued**14 Operations and Maintenance**

Operations and maintenance includes, inter alia:

Repairs and Upkeep:

| | 2011 | 2010 |
|--|---------------|---------------|
| | € | € |
| Road and Street Pavements (patching works) | 35,525 | 48,814 |
| Street Signs | 2,798 | 11,043 |
| Road Markings | 11,405 | - |
| Others | 4,602 | 10,338 |
| Total | 54,330 | 70,195 |

Contractual Services:

| | | |
|--|----------------|----------------|
| Refuse Collection (including bins on wheels) | 67,181 | 92,542 |
| Bulky Refuse Collection (including open skips) | 16,213 | 15,058 |
| Road and Street Cleaning (mechanical and manual) | 65,929 | 65,581 |
| Tipping fees | 61,450 | 3,494 |
| Cleaning and Maintenance of Public Conveniences | 11,292 | 9,197 |
| Cleaning and Maintenance of Parks and Gardens | 26,645 | 27,033 |
| Other contractual services | - | 1,814 |
| Cleaning - Council Premises | 1,933 | - |
| Local Enforcement Expenses | - | 319 |
| Street Lighting | 8,976 | 3,171 |
| | 259,619 | 218,209 |
| Total Operations and Maintenance Expenses | 313,949 | 288,404 |

15 Administration and other expenditure

| | 2011 | 2010 |
|--|----------------|----------------|
| | € | € |
| Utilities | 19,217 | 9,324 |
| Materials & Supplies | 2,264 | 3,515 |
| Rent | 12,219 | 17,591 |
| National and International Memberships | 950 | 280 |
| Office Services | 5,110 | 2,792 |
| Transport | 190 | 337 |
| Travel | 3,981 | - |
| Information services (including library) | 3,191 | 9,977 |
| Professional Services | 23,949 | 3,484 |
| Insurance | 3,029 | 2,335 |
| Training | 5,574 | - |
| Community and Hospitality | 13,048 | 15,510 |
| Administrative expense | 11,061 | - |
| Increase in stock | (68) | - |
| Depreciation | 46,767 | 44,833 |
| | 150,483 | 109,978 |

Notes to the Financial Statements for the period ended 31 December 2011 – continued

| 16 Finance Charges | 2011 | 2010 |
|---------------------------|--------------|--------------|
| | € | € |
| Bank interest | 3,155 | 3,695 |
| Bank charges | 143 | 134 |
| | <u>3,298</u> | <u>3,829</u> |

17 Capital Commitments

The Council has Capital commitments for 2011 are as follows:

| | 2011 | 2010 |
|---|---------------|---------------|
| | € | € |
| Contracted for but not yet provided in the financial statements | | |
| Construction works – PPP scheme | 11,862 | 12,549 |
| Pavements | 60,733 | - |
| Improvements | 19,550 | - |
| | <u>92,145</u> | <u>12,549</u> |

18 Contingencies

The council forms part of a Local Enforcement Pooling System, profits or losses generated from which system cannot be quantified at year end and have been excluded from these financial statements.

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

19 Financial Instruments and Related Parties Disclosures

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

| Name of entity | Nature of relationship |
|--|------------------------|
| Department of Local Councils | Significant control |
| Joint Committee (Local Enforcement) | Joint control |
| Malta Environment and Planning Authority | No control |
| Water Services Corporation | No control |

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

| | 2011 | 2010 |
|-----------------------------|----------------|----------------|
| | € | € |
| Significant control: | | |
| Annual financial allocation | <u>463,027</u> | <u>464,370</u> |
| Joint Control | | |
| Joint Committee (LES) | <u>58,005</u> | <u>27,346</u> |
| No control: | | |
| MEPA | <u>113,003</u> | <u>-</u> |