

MARSA LOCAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2010

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MARSA LOCAL COUNCIL
STATEMENT OF LOCAL COUNCIL MEMBERS' AND EXECUTIVE SECRETARY'S
RESPONSIBILITIES
For the year ended 31 December 2010

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 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.

*Francis Debono
Mayor*

*Adrian Attard
Executive Secretary*

11th May 2011

MARSA LOCAL COUNCIL
REPORT OF LOCAL COUNCIL AUDITORS' ON THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

MARSA LOCAL COUNCIL
 STATEMENT OF INCOME AND EXPENDITURE
 For the year ended 31 December 2010

	Notes	Year ended 31 Dec 2010 €	Period from 1 Apr to 31 Dec 2009 €
<i>INCOME</i>			
<i>Funds received from Central Government</i>	3	523,084	365,162
<i>Income raised under Local Enforcement System</i>	4	108,931	75,424
<i>General income</i>	5	19,197	7,483
		-----	-----
		651,212	448,069
		-----	-----
<i>EXPENDITURE</i>			
<i>Personal emoluments</i>	6	(80,194)	(45,501)
<i>Operations and maintenance costs</i>	7	(322,360)	(242,504)
<i>Administration and other expenses</i>	8	(116,674)	(98,425)
		-----	-----
		(519,228)	(386,430)
		-----	-----
<i>FINANCE INCOME</i>			
<i>Investment income</i>	9	208	104
		-----	-----
<i>PROFIT FOR THE YEAR/PERIOD</i>	6	€ 132,192	€ 61,743
		-----	-----

The notes on pages 7 to 23 form an integral part of these financial statements.

MARSA LOCAL COUNCIL
 STATEMENT OF FINANCIAL POSITION
 As at 31 December 2010

	Notes	2010 €	2009 €
ASSETS			
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	10	624,431	637,353
		<hr/>	<hr/>
CURRENT ASSETS			
<i>Inventories</i>	11	445	447
<i>Receivables</i>	12	132,236	53,392
<i>Cash and cash equivalents</i>	13	292,470	190,002
		<hr/>	<hr/>
		425,151	243,841
		<hr/>	<hr/>
TOTAL ASSETS		€ 1,049,582	€ 881,194
		<hr/>	<hr/>
RESERVES			
CAPITAL AND RESERVES			
<i>Retained earnings</i>		899,176	766,984
		<hr/>	<hr/>
LIABILITIES			
NON-CURRENT LIABILITIES			
<i>Deferred income</i>	15	67,968	45,624
		<hr/>	<hr/>
CURRENT LIABILITIES			
<i>Payables</i>	14	82,438	68,586
		<hr/>	<hr/>
TOTAL RESERVES AND LIABILITIES		€ 1,049,582	€ 881,194
		<hr/>	<hr/>

The notes on pages 7 to 23 form an integral part of these financial statements.

These financial statements were approved and signed by the Council on 11th May 2011.

MARSA LOCAL COUNCIL

Francis Debono
Mayor

Adrian Attard
Executive Secretary

MARSA LOCAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	<i>Retained funds</i> €
<i>At 1 April 2009</i>	705,241
<i>Surplus for the period</i>	61,743
	<hr/>
<i>At 31 December 2009</i>	€ 766,984
	<hr/>
<i>At 1 January 2010</i>	766,984
<i>Surplus for the year</i>	132,192
	<hr/>
<i>At 31 December 2010</i>	€ 899,176
	<hr/>
<i>Equity interests</i>	€ 899,176
	<hr/>

MARSA LOCAL COUNCIL
 STATEMENT of CASH FLOWS
 For the year ended 31 December 2010

	2010	2009
Note	€	€
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year/period	132,192	61,743
Reconciliation to cash generated from operations:		
Depreciation	63,933	41,292
Provision for bad debts	(2,425)	10,197
Investment income	(208)	(104)
	<hr/>	<hr/>
Operating profit before working capital changes	193,492	113,128
Decrease in inventories	2	5
Increase in receivables	(76,419)	(23,150)
Increase in payables	13,635	42,135
Government grant released	(4,749)	(3,543)
	<hr/>	<hr/>
Cash generated from operations	125,961	128,575
Interest received	208	104
	<hr/>	<hr/>
NET CASH FLOW FROM OPERATING ACTIVITIES	126,169	128,679
	<hr/>	<hr/>
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51,011)	(88,770)
Receipt of grant	27,310	8,071
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(23,701)	(80,699)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,468	47,980
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	190,002	142,022
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	13 € 292,470	€ 190,002
	<hr/>	<hr/>

MARSA LOCAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1 GENERAL INFORMATION

Marsa Local Council is the local authority of Marsa incorporated in accordance with the Local Councils Act, 1993. The office of the Council is situated at 173, Balbi Street, Marsa. These financial statements were approved for issue by the Council Members on 11th May 2011. The Local Council's presentation as well as functional currency are dominated in €.

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

ACCOUNTING COVENTION

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.

NEW AND AMENDED STANDARDS APPLIED BY THE LOCAL COUNCIL

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

- IAS 1 (amendment) – Presentation of financial statements (effective from 1 January 2010)
- IAS 7 (amendment) – Statement of cash flows. Amendments to reflect changes in other standards.

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- IAS 17 (amendment) – Leases. Amendments to reflect changes in other standards.
- IAS 27 (revised) – Consolidated and separate financial statements (effective from 1 July 2009).
- IAS 36 (Impairment of assets) – Amendments to reflect changes in other standards.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

NEW AND AMENDED STANDARDS APPLIED BY THE LOCAL COUNCIL (continued)

- 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 (amendments) – Group cash-settled and share-based payment transactions (effective from 1 January 2010).
- IFRS 3 (revised) – Business combinations (effective from 1 July 2009).
- IFRS 5 (amendment) – Measurement of non-current assets (or disposal groups) classified as held for sale (effective from 1 January 2010).
- IFRIC 9 (amendment) and IAS 39 – Embedded derivatives (effective from 1 July 2009). Amendments to reflect changes in other standards.
- IFRIC 17 – Distribution of non-cash assets to owners (effective on or after 1 July 2009).
- IFRIC 18 – Transfer of assets from customers (effective from 1 July 2009).

NEW IMPORTANT STANDARDS AND EARLY 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 early adopted them:

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

NEW IMPORTANT STANDARDS AND NOT EARLY ADOPTED

MARSA LOCAL COUNCIL

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

- *IAS 32 (amendment) – Financial instruments: Presentation (effective from 1 February 2010).*
- *IAS 27 – Consolidated and separate financial statements (effective from July 2010).*
- *IAS 34 – Interim financial reporting (effective 1 January 2011).*

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

NEW IMPORTANT STANDARDS AND NOT EARLY ADOPTED (continued)

- IFRS 3 (amendments) – Business combinations (effective from 1 January 2011).
- IFRS 7 (amendments) – Financial instruments (effective from January 2011).
- IFRIC 13 – Customer loyalty programmes (effective 1 January 2011).
- IAS 12 (amendment) – Income taxes (effective from 1 January 2012).
- IAS 1 (amendments) – Presentation of financial statements (effective from 1 January 2013).
- IFRS 9 – Financial instruments (effective from 1 January 2013).

REVENUE RECOGNITION

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Funds received from Central Government, income earned from Bye-Laws and interest income are recognised in the income statement as they accrue.

LOCAL ENFORCEMENT SYSTEM

Marsa Local Council forms part of Valletta 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.

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

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Urban improvements (street furniture)	10
Special projects	10

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

	%
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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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.

MARSA LOCAL COUNCIL

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 income and expenditure.

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

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 income statement on a straight-line basis over the period of the lease.

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 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.

RELATED PARTIES

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard number 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.

GOVERNMENT GRANTS

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are include in non-current liabilities as deferred government grants and are credited to the income statement over the expected lives of the related assets.

2 ACCOUNTING POLICIES AND REPORTING PROCEDURES (continued)

FOREIGN CURRENCIES

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

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

SURPLUSES AND DEFICITS

Only surpluses that were realised at the date of the statement of affairs are recognised in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

CASH AND CASH 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.

3 FUNDS RECEIVED FROM CENTRAL GOVERNMENT

	2010	2009
	€	€
<i>In terms of section 55 of the Local Councils Act</i>	460,287	302,225

MARSA LOCAL COUNCIL

Other Government income

62,797

62,937

€ 523,084

€ 365,162

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

4	LOCAL ENFORCEMENT SYSTEM	2010	2009
	<i>Contraventions and other fines</i>	€ 108,931	€ 75,424
		_____	_____
5	GENERAL INCOME	2010	2009
		€	€
	<i>Community services</i>	680	210
	<i>Document and information charges</i>	2,237	1,167
	<i>Contributions</i>	5,580	-
	<i>Urban improvement funds</i>	4,782	3,543
	<i>Income from permits</i>	5,918	2,563
		_____	_____
		€ 19,197	€ 7,483
		_____	_____
6	SURPLUS FOR THE YEAR/PERIOD	2010	2009
		€	€
	<i>Surplus for the year/period is stated after charging:</i>		
	<i>Personal emoluments (note)</i>	80,194	45,501
	<i>Depreciation on tangible assets</i>	64,005	41,292
		_____	_____

Note:

Personal emoluments include, inter alia:

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<i>Mayor's allowance</i>	10,709	3,825
<i>Councillors' allowances</i>	8,800	-
<i>Executive secretary salary and allowances</i>	26,337	19,861
<i>Employee's salaries</i>	30,258	19,071
<i>Social security contributions</i>	4,090	2,744

	<hr/>	<hr/>
€ 80,194		€ 45,501
	<hr/>	<hr/>

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

7 OPERATIONS AND MAINTENANCE

	2010	2009
	€	€
<i>Repair and upkeep:</i>		
<i>Road and street pavements (patching works)</i>	1,721	53,226
<i>Street signs</i>	2,353	4,880
<i>Road markings</i>	949	1,722
<i>Office furniture and equipment</i>	893	1,144
<i>Other repairs and upkeep</i>	12,438	3,872
	-----	-----
	€ 18,354	€ 64,844
	-----	-----
<i>Contractual services:</i>		
<i>Refuse collection</i>	105,733	51,855
<i>Bulky refuse collection</i>	3,810	3,098
<i>Road and street cleaning</i>	49,816	28,787
<i>Cleaning and maintenance of public conveniences</i>	20,514	14,434
<i>Cleaning and maintenance of parks and gardens</i>	16,981	17,929
<i>Cleaning and maintenance of verges/non-urban</i>	48,234	28,569
<i>Authorised officer expenses</i>	5,207	3,866
<i>Local warden service expenses</i>	42,769	15,890
<i>Other contractual services</i>	10,942	13,232
	-----	-----
	€ 304,006	€ 177,660
	-----	-----
<i>Total</i>	€ 322,360	€ 242,504
	-----	-----

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

8 ADMINISTRATION AND OTHER EXPENSES

	2010	2009
	€	€
<i>Utilities</i>	5,363	11,067
<i>Office services</i>	6,896	4,994
<i>Transport</i>	1,277	1,099
<i>Information services</i>	2,569	1,210
<i>Other contractual services</i>	11,720	9,184
<i>Staff uniforms</i>	15	1,113
<i>Professional services</i>	1,739	2,698
<i>Provision for doubtful debtors</i>	(2,425)	10,197
<i>Rent</i>	555	-
<i>Community and hospitality</i>	25,032	15,571
<i>Depreciation</i>	63,933	41,292
	<hr/>	<hr/>
	€ 116,674	€ 98,425
	<hr/>	<hr/>

9 INVESTMENT INCOME

	2010	2009
	€	€
<i>Bank interest receivable</i>	208	104
	<hr/>	<hr/>

MARSA LOCAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 PROPERTY, PLANT AND EQUIPMENT

ASSET

<i>Assets under construction</i> €	<i>Office furniture & fittings</i> €	<i>New street signs</i> €	<i>Office equipment</i> €	<i>Computer equipment</i> €	<i>Plant & machinery</i> €	<i>Urban improvements & construction</i> €	<i>Special programmes</i> €	<i>Total</i> €
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MARSA LOCAL COUNCIL

COST

<i>As at 1 April 2009</i>	-	14,594	14,302	13,710	7,261	389	607,460	744,738	1,402,454
<i>Additions</i>	8,201	3,267	-	-	1,118	-	76,184	-	88,770

<i>As at 31 December 2009</i>	8,201	17,861	14,302	13,710	8,379	389	683,644	744,738	1,491,224
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GRANTS & OTHER
REIMBURSEMENTS

<i>As at 1 April 2009</i>	-	-	-	-	-	-	-	337,755	337,755
<i>Additions</i>	-	-	-	-	-	-	-	-	-

<i>As at 31 December 2009</i>	-	-	-	-	-	-	-	337,755	337,755
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ACCUMULATED
DEPRECIATION

<i>As at 1 April 2009</i>	-	7,330	14,302	8,558	5,457	335	257,058	181,784	474,824
<i>Charge for the period</i>	-	549	-	723	527	7	23,148	16,338	41,292

<i>As at 31 December 2009</i>	-	7,879	14,302	9,281	5,984	342	280,206	198,122	516,116
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NET BOOK VALUE

<i>As at 31 December 2009</i>	8,201	9,982	-	4,429	2,395	47	403,438	208,861	637,353
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MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

10 PROPERTY, PLANT AND EQUIPMENT

ASSET	Assets under construction €	Office furniture & fittings €	New street signs €	Office equipment €	Computer equipment €	Plant & machinery €	Urban improvements & construction €	Special programmes €	Total €
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MARSA LOCAL COUNCIL

COST

As at 1 January 2010 8,201 17,861 14,302 13,710 8,379 389 683,644 744,738 1,491,224

Additions 18,040 - 76 - 1,006 - 31,889 - 51,011

As at 31 December 2010 26,241 17,861 14,378 13,710 9,385 389 715,533 744,738 1,542,235

GRANTS & OTHER
REIMBURSEMENTS

As at 1 January 2010 - - - - - - 337,755 337,755

Additions - - - - - - - -

As at 31 December 2010 - - - - - - 337,755 337,755

ACCUMULATED
DEPRECIATION

As at 1 January 2010 - 7,879 14,302 9,281 5,984 342 280,206 198,122 516,116

Charge for the year - 723 76 808 602 7 41,852 19,865 63,933

As at 31 December 2010 - 8,602 14,378 10,089 6,586 349 322,058 217,987 580,049

NET BOOK VALUE

As at 31 December 2010 26,241 9,259 - 3,621 2,799 40 393,475 188,996 624,431

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

11 INVENTORIES

	2010	2009
<i>Lapel badges/sets for resale</i>	€ 445	€ 447
	<hr/>	<hr/>

12 RECEIVABLES

	2010	2009
	€	€
<i>Receivables (note 1)</i>	35,446	8,193
<i>LES debtors (note 2)</i>	5,497	4,468
<i>Prepayments and accrued income</i>	91,293	40,731
	<hr/>	<hr/>
	€ 132,236	€ 53,392
	<hr/>	<hr/>

Note 1: General receivables are analysed as follows:

	2010	2009
	€	€
<i>Within credit period</i>	24,716	7,986
<i>Exceeded credit period but not impaired</i>	10,730	207
<i>Impaired and provided for</i>	8,086	10,511
<i>Provision for doubtful debts</i>	(8,086)	(10,511)
	<hr/>	<hr/>
	€ 35,446	€ 8,193
	<hr/>	<hr/>

Note 2:

LES debtors are stated after a specific provision for doubtful debts amounting to €919 (2009 - €919).

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2010	2009
	€	€
<i>Bank balances:</i>		
<i>Ordinary funds</i>	291,850	189,386
<i>Cash in hand</i>	620	616
	-----	-----
	€ 292,470	€ 190,002
	-----	-----

14 PAYABLES

	2010	2009
	€	€
<i>Payables</i>	49,307	32,296
<i>Other creditors</i>	4,136	-
<i>Accruals and deferred income</i>	28,995	36,290
	-----	-----
	€ 82,438	€ 68,586
	-----	-----

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

15 DEFERRED INCOME

	2010	2009
	€	€
<i>Government grants</i>		
<i>At 1 January/April</i>	49,702	45,174
<i>Increase in year/period</i>	27,310	8,071
	<hr/>	<hr/>
<i>Released in year/period</i>	77,012	53,245
	(4,749)	(3,543)
	<hr/>	<hr/>
<i>At 31 December</i>	72,263	49,702
	<hr/>	<hr/>
<i>Current deferred income</i>	€ 4,295	€ 4,078
	<hr/>	<hr/>
<i>Non-current deferred income</i>	€ 67,968	€ 45,624
	<hr/>	<hr/>

16 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.

17 COMPARATIVE FIGURES

Certain amounts have been re-classified to conform with the current year's presentation.

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

18 CAPITAL COMMITMENTS

	2010	2009
<i>Details of capital commitments at 31 December 2010 are as follows;</i>		
<i>Approved but not yet contracted for</i>	€ 186,724	€ 237,864
	<hr/>	<hr/>
<i>These could be analysed further as follows:</i>		
<i>Approved but not yet contracted for:</i>		
<i>New council premises</i>	118,000	173,989
<i>Street paving/UIF projects</i>	58,724	46,575
<i>Public conveniences</i>	-	7,300
<i>Embellishment of monument/public garden</i>	10,000	10,000
	<hr/>	<hr/>
	€ 186,724	€ 237,864
	<hr/>	<hr/>

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>
<i>Department of Local Councils</i>	<i>Significant control</i>
<i>Valletta Joint Committee</i>	<i>Joint control</i>
<i>Malta Environment and Planning Authority</i>	<i>No control</i>
<i>Water Services Corporation</i>	<i>No control</i>
<i>Enemalta Corporation</i>	<i>No control</i>
<i>Cleansing Services Department</i>	<i>No control</i>
<i>Director General – Works Division</i>	<i>No control</i>
<i>Wasteserv Malta Limited</i>	<i>No control</i>

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

2010	2009
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MARSA LOCAL COUNCIL

Annual financial allocation

€ 460,287

€ 302,225

MARSA LOCAL COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (continued)

20 CONTINGENT ASSET

	2010	2009
<i>Claim for reimbursement of refuse collection expenses from Marsa Racecourse area (note a)</i>	€ 60,915	€ 60,915
	_____	_____
<i>Repayment of balance due from Water Services Corporation (note b)</i>	€ 7,978	€ 9,278
	_____	_____

- a. *The Council was placed under an obligation by means of a court order dated 15 July 2005 to continue co-ordinating the collection of refuse from the Marsa Racecourse area. The same order entitled the Council to claim a refund from central Government equal to the expense involved. Since the collection of refuse has been ongoing since 1999, the Council has initiated legal proceedings against central Government to recover the payments made in previous years on the principle that it should be reimbursed even retroactively. As at the date of the statement of affairs, it could not be determined with any degree of probability whether these funds would be due to the Council and for this reason the amount of €60,915 is being merely as a note to the financial statements in accordance with IFRS 37.*
- b. *The Local Councils Association has reached a preliminary agreement with the Water Services Corporation regarding the settlement of the pending balances, in respect of new services as per agreement with the Corporation of which agreement has expired on the 31 December 2006. After the Corporation agrees with the balances due to the respective Local Councils the pending balances will be settled within a period of three years.*

The amount due to Marsa Local Council as at 31 December 2010, after a payment received during the year amounting to €1,300, amounted to €7,978. In view of the fact that no acknowledgement of the said balance from the Corporation has been reached at the time of the compilation of these financial statements, this amount has been provided for in these financial statements. Marsa Local Council will continue to make its utmost in order to recover all the amount due from the Corporation.

21 GOING CONCERN

The statement of affairs on page 4 and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above would not let the Council be able to meet its financial obligations as they fall due without curtailing its future commitments.

22 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.