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LOCAL COUNCIL RABAT (GOZO)

**Report and financial statements
For the year ended 31 December 2010**



Spiteri Bailey & Co.

Accountancy Audit Advisory

Triq Dun Karm, Birkirkara Bypass
Birkirkara BKR 9038, Malta

LOCAL COUNCIL RABAT (GOZO)

**Annual Audit Report
for the year ended 31 December 2010**

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LOCAL COUNCIL RABAT (GOZO)

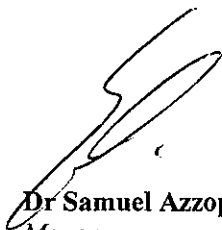
Annual Audit Report for the year ended 31 December 2010

Statement of Local Council Member's 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 Comprehensive Income for the year and of the Local Council's retained funds at the end of the year. By virtue of the same regulations it is duty of the 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 Councils (Financial) Regulations, 1993, and the Local Councils (Financial) Procedures, 1996 issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, 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 21 October 2011 by:



Dr Samuel Azzopardi
Mayor



Mrs Miriam Attard
Executive Secretary

LOCAL COUNCIL RABAT (GOZO)

**Statement of Comprehensive Income
for the year ended 31 December 2010**


	Note	2010 (12 months)	2009 (9 months)
		€	€
Income			
Funds received from central government	3	482,440	351,078
Income raised under Council Bye-Laws	4	9,843	8,942
Income raised under Law Enforcement System	5	163,633	137,787
Investment income	6	433	557
General	7	20,033	137,310
		<u>676,382</u>	<u>635,674</u>
Expenditure			
Personal emoluments	8	85,571	37,592
Operations and maintenance	9	394,285	327,537
Administration and other expenditure	10	381,816	262,182
Finance cost	11	427	443
		<u>862,099</u>	<u>627,754</u>
Total comprehensive (loss)/income for the year/period		€ <u>(185,717)</u>	€ <u>7,920</u>

LOCAL COUNCIL RABAT (GOZO)

**Statement of Financial Position
at 31 December 2010**

	Note	2010 (12 months)	2009 (9 months)
		€	€
ASSETS			
Non-current assets			
Property, plant and equipment	12	767,665	842,787
Current Assets			
Receivables	13	277,044	372,266
Cash and cash equivalents	14	49,699	31,683
		<u>326,743</u>	<u>403,949</u>
Total assets		<u>€ 1,094,408</u>	<u>€ 1,246,736</u>
Reserves and liabilities			
Reserves			
Retained funds		<u>584,029</u>	<u>769,746</u>
Current liabilities			
Payables and accruals	15	493,355	447,490
Overdrawn bank balance	15	17,024	29,500
		<u>510,379</u>	<u>476,990</u>
Total Reserves and Liabilities		<u>€ 1,094,408</u>	<u>€ 1,246,736</u>

These Financial Statements were approved by the Local Council on 21 October 2011 and signed on its behalf by:



Dr Samuel Azzopardi
 Mayor



Mrs Miriam Attard
 Executive Secretary

LOCAL COUNCIL RABAT (GOZO)

**Statement of changes in equity
for the year ended 31 December 2010**

	Retained funds	Total
	€	€
Balance at 01 April 2009	761,826	761,826
Total comprehensive income for the period	<u>7,920</u>	<u>7,920</u>
Balance at 31 December 2009	769,746	769,746
Total comprehensive loss for the year	<u>(185,717)</u>	<u>(185,717)</u>
Balance at 31 December 2010	<u>€ 584,029</u>	<u>€ 584,029</u>

LOCAL COUNCIL RABAT (GOZO)

Statement of Cash Flows
for the year ended 31 December 2010

	2010 (12 months)	2009 (9 months)
<i>Notes</i>	€	€
<i>Net cash from operating activities</i>		
Deficit/Surplus for the year/period	(185,717)	7,920
<i>Adjustment for:</i>		
Depreciation	157,422	128,129
Increase in provision for bad debts	81,603	-
Interest receivable	(433)	(557)
Interest payable	159	15
Loss on disposal of property, plant and equipment	210	185
<i>Operating surplus before working capital movements</i>	<u>53,244</u>	<u>135,692</u>
Decrease/increase in receivables	13,757	(216,919)
Increase/decrease in payables	14,850	260,665
<i>Cash generated from operations</i>	<u>81,851</u>	<u>179,438</u>
Interest paid	(144)	-
<i>Net cash flows from operating activities</i>	<u>81,707</u>	<u>179,438</u>
<i>Cash flows from investing activities</i>		
Purchase of property, plant and equipment	(82,510)	(408,148)
Grants received	15,500	238,636
Interest received	295	419
<i>Net cash flows from investing activities</i>	<u>(66,715)</u>	<u>(169,093)</u>
Net increase in cash and cash equivalents	14,992	10,345
Cash and cash equivalents at the beginning of the year/period	<u>2,183</u>	<u>(8,162)</u>
Cash and cash equivalents at the end of the year/period	<u>14 € 32,675</u>	<u>€ 2,183</u>

LOCAL COUNCIL RABAT (GOZO)

Notes to the financial statement for the year ended 31 December 2010

1. General Information

Rabat (Gozo) Local Council is the local authority of Rabat (Gozo) setup in accordance with the Local Councils Act. The office of the Local Council is situated at :

'Banca Guratale' Pjazza Indipendenza, Rabat - Ghawdex

The Local Council's presentation as well as functional currencies are the Euro (€).

2. Accounting policies and reporting procedures

The 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 the 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 as adopted by the EU and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

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

a. Revenue recognition

Revenue is 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 Systems

The amount received is disclosed in the financial statements under Local Enforcement Income while the related expenses are included with the contractual services

LOCAL COUNCIL RABAT (GOZO)

Notes to the financial statement for the year ended 31 December 2010

c. Property, Plant and Equipment

Property, plant and equipment is 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:

	%
Trees	0
Buildings	1
Office furniture and fittings	7.5
Constructin works	10
Urban Improvements	10
Special programmes	10
Office equipment	20
Motor vehicles	20
Plant and machinery	20
Computer equipment	25
Plants	100
Litter bins	100
Playground equipment	100
Traffic signs	100
Road signs	100
Street mirrors	100
Street lights	100

d. Government Grants

Government grants are accounted for on a systematic basis in the Statement of Comprehensive Income 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.

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 Comprehensive Income.

LOCAL COUNCIL RABAT (GOZO)

Notes to the financial statement for the year ended 31 December 2010

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 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 Comprehensive Income.

g. Payables

Liabilities for trade and other amounts 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 Council.

h. Foreign Currencies

Items include 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.

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

i. Profit and Losses

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

j. Cash and Equivalents

Cash and Cash Equivalents are carried in the Statement of Financial Position at face value. For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

3. a. Funds received from Central Government

	2010	2,009
	(12 months)	(9 months)
In terms of Section 55 of the Local Councils Act (CAP 363)	€ 482,440	€ 323,375