

HAZ-ZABBAR LOCAL COUNCIL

Report and Financial Statements

for the year ended 31 December 2012

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REGISTRY

- 6 MAY 2013

NATIONAL AUDIT OFFICE

HAZ-ZABBAR LOCAL COUNCIL

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HAZ-ZABBAR 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, the Local Council (Financial) Regulations, 1993, and the policies, systems and time scales referred to in the Local Council (Financial) Procedures, 1996.

The financial statements were approved by the Council on 29 April 2013 and signed on its behalf by:



Quinton Scerri
Mayor



Duncan Paul Busuttill
Executive Secretary

HAZ-ZABBAR LOCAL COUNCIL

Statement of Comprehensive Income for the year ended 31 December 2012

	Notes	2012 €	2011 €
Revenue			
Funds received from Central Government	5	852,072	742,498
Income raised under Council Bye-Laws	6	10,046	9,977
Income from Law Enforcement System	7	6,488	110,199
General Income	8	2,505	31,929
Total Income		<u>871,111</u>	<u>894,603</u>
Expenditure			
Personal emoluments	10	(120,568)	(129,308)
Operations and maintenance	11	(556,449)	(538,827)
Administrative and other expenditure	12	(179,873)	(166,858)
Total Expenditure		<u>(856,890)</u>	<u>(834,993)</u>
Operating Profit for the year		14,221	59,610
Finance income	13	1,237	998
Finance costs	14	(124)	(216)
		<u>1,113</u>	<u>782</u>
Loss on disposal of assets	15	(425)	(30)
Total Comprehensive Profit for the year		<u>14,909</u>	<u>60,362</u>

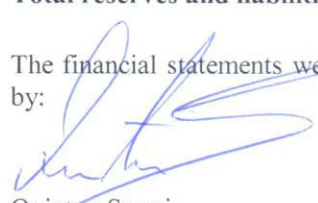
The notes on pages 7 to 37 form an integral part of these financial statements.

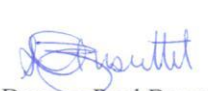
HAZ-ZABBAR LOCAL COUNCIL

STATEMENT OF FINANCIAL POSITION as at 31 December 2012

Assets	Notes	2012 €	2011 €
Non-current assets			
Property, plant and equipment	15	876,698	755,851
Total non-current assets		<u>876,698</u>	<u>755,851</u>
Current assets			
Inventories	17	13,178	13,755
Receivables	19	139,349	302,308
Cash and cash equivalents	20	535,168	316,275
Total current assets		<u>687,695</u>	<u>632,338</u>
Total assets		<u>1,564,393</u>	<u>1,388,189</u>
Reserves and liabilities			
Reserves			
Retained Earnings	21	1,060,269	1,045,360
Total reserves		<u>1,060,269</u>	<u>1,045,360</u>
Liabilities			
Non-current liabilities			
Third Party Borrowings	22	68,045	-
Deferred income	23	199,039	165,692
Total non-current liabilities		<u>267,084</u>	<u>165,692</u>
Current liabilities			
Payables	24	237,040	177,137
Total current liabilities		<u>237,040</u>	<u>177,137</u>
Total liabilities		<u>504,124</u>	<u>342,829</u>
Total reserves and liabilities		<u>1,564,393</u>	<u>1,388,189</u>

The financial statements were approved by the Council on 29 April 2013 and signed on its behalf by:


Quinton Scerri
Mayor


Duncan Paul Busuttil
Executive Secretary

The notes on pages 7 to 37 form an integral part of these financial statements.

HAZ-ZABBAR LOCAL COUNCIL

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

	Retained Earnings €	Total €
Balance as at 1 January 2011 - As previously stated	1,001,721	1,001,721
Prior Year Adjustment	(16,723)	(16,723)
Total Comprehensive Profit for the year	<u>60,362</u>	<u>60,362</u>
Balance as at 31 December 2011	<u>1,045,360</u>	<u>1,045,360</u>
Balance as at 1 January 2012	1,045,360	1,045,360
Total Comprehensive Profit for the year	<u>14,909</u>	<u>14,909</u>
Balance as at 31 December 2012	<u>1,060,269</u>	<u>1,060,269</u>

The notes on pages 7 to 37 form an integral part of these financial statements.

HAZ-ZABBAR LOCAL COUNCIL

Statement of Cash Flows for the year ended 31 December 2012

	<i>Notes</i>	2012	2011
		€	€
Cash flows from operating activities			
Net cash generated from operating activities	26	<u>182,867</u>	<u>140,515</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(210,989)	(98,893)
Interest received		<u>1,232</u>	<u>980</u>
Net cash used in investing activities		<u>(209,757)</u>	<u>(97,913)</u>
Cash flows from financing activities			
Urban Improvement Funds received		146,500	2,400
Public Private Partnership Increase		<u>99,283</u>	<u>-</u>
Net cash generated by financing activities		<u>245,783</u>	<u>2,400</u>
Net increase in cash and cash equivalents		218,893	45,002
Cash and cash equivalents at beginning of year		316,275	271,273
Cash and cash equivalents at end of year	20	<u><u>535,168</u></u>	<u><u>316,275</u></u>

The notes on pages 7 to 37 form an integral part of these financial statements.

HAZ-ZABBAR LOCAL COUNCIL

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

1. General Information

The Haz-Zabbar 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 Civic Centre, Triq ic-Cawwli, Haz-Zabbar. These financial statements were approved for issue by the Council Members on the 29 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 Haz-Zabbar Local Council 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.

HAZ-ZABBAR 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 Haz-Zabbar Local Council.

HAZ-ZABBAR 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 Haz-Zabbar Local Council 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 Haz-Zabbar Local Council 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 Haz-Zabbar Local Council.

HAZ-ZABBAR LOCAL COUNCIL

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 reverses 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.

Litter bins, road and street signs and street mirrors are accounted for on a "replacement basis".

All other property, plant 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, plant 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.

HAZ-ZABBAR 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 %
Land	0
Buildings	1
Office Furniture & Fittings	7.5
Construction Works	10
New Street Signs	100
Urban Improvements (Street Furniture)	10
Special Programmes (Projects)	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Trees	0
Litter Bins	100
Playground Equipment	100
Street Lighting	100
Road/Street Signs	100
Street Mirrors	100
Plants	100

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.

HAZ-ZABBAR LOCAL COUNCIL

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

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2.5 Financial assets

2.5.1 Classification

The Haz-Zabbar Local Council classifies its financial assets in the following categories: receivables. The classification depends on the purpose for which the financial assets were acquired. The Haz-Zabbar Local Council 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 Haz-Zabbar Local Council commits to acquire or dispose of the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Haz-Zabbar Local Council 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.

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

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 receivables

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 to determine whether a provision for doubtful debts is necessary or for impairment.

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

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

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 and bank overdrawn balance. In the balance sheet, bank 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.

HAZ-ZABBAR LOCAL COUNCIL

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

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2. 12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable as Central Government allocation in terms of section 55 of the Local Councils Act, 1993, goods supplied, services provided and other Central Government Grants. The Haz-Zabbar Local Council 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 Haz-Zabbar Local Council 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 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..

(d) 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. 13 Interest income

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

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

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 evidence 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 borrowings (where applicable). Borrowings issued at variable rates expose the Council to cash flow interest rate risk. In general, the Council Members and Executive Secretary do not consider 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 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. 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.

HAZ-ZABBAR 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 23 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 that are no longer useful or to impair the asset as required.

HAZ-ZABBAR 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, (Cap 363)	759,685	721,172
Supplementary Income	5,466	11,478
Urban Improvement Funds released to income	86,921	9,848
	<u>852,072</u>	<u>742,498</u>

6. Income raised under Council Bye-Laws

	2012 €	2011 €
Community services	457	328
Lease of Greek Theatre	699	-
Placement of tables and chairs	601	708
Machinery permits	3,526	4,325
Kiosks permits	2,958	2,525
Occasional entertainment	299	226
Trenching permits	1,295	1,445
Material permits	49	26
Scaffolding permits	162	394
	<u>10,046</u>	<u>9,977</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

7. Income raised under Law Enforcement System	2012 €	2011 €
a) Contraventions Received	16,850	66,689
b) Contraventions - Sentenced Cases	(18,614)	42,467
c) Regjun Centru	2,464	292
c) Regjun Tramuntana	444	56
c) Regjun Nofsinhar	1,362	155
c) Regjun Xlokk	3,915	524
c) Regjun Ghawdex	67	16
	<u>6,488</u>	<u>110,199</u>

In accordance with the Law Enforcement System (LES) issued by the Ministry by virtue of Section 72 of the Local Councils Act, (Cap 363), 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.

As from 1 September 2011 the contraventions previously accruing to the Council started accruing in favour of the 'Regjun Xlokk'. The Council's income from the Law Enforcement System therefore started reflecting three revenue streams as of that date. The revenue streams are as follows:

- a) Receipts of contraventions that accrued in favour of the Council up to the 31 August 2011;
- b) Movement in Tribunal Pending cases of contraventions that had accrued in favour of the Council up to the 31 August 2011;
- c) 10% on the contraventions accruing to all Regional Committees that are settled at the Council's cash point.

HAZ-ZABBAR LOCAL COUNCIL

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

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8. General Income		2012 €	2011 €
Sponsorships & donations		1,000	1,250
General Income		-	39
Document/Info. charges/tenders		1,075	2,635
Media charges		261	631
Publications		165	124
Refund of expenses		4	204
W.S.C. Model Agreement		-	25,500
Insurance claims		-	1,546
		<u>2,505</u>	<u>31,929</u>
9. Profit/(loss) for the year		2012 €	2011 €
	Note		
Profit/(loss) for the year is stated after charging:			
Personal Emoluments	10	120,568	129,308
Depreciation on property, plant and equipment	12	89,716	80,907
Loss on disposal of property, plant and equipment	12	425	30
Movement in provision for LES doubtful debts	12	52,498	28,986
		<u></u>	<u></u>
10. Personal emoluments		2012 €	2011 €
Personal emoluments include, inter alia:			
Mayor's Honoraria		9,041	9,546
Council Members' Allowance		11,200	11,200
Executive Salary and Allowance		27,006	29,882
Employees' Salaries		65,255	70,676
Social Security Contributions - Employer's Share		8,066	8,004
		<u>120,568</u>	<u>129,308</u>

HAZ-ZABBAR 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:

	2012 €	2011 €
Repairs and Upkeep:		
Public Property	7,944	6,862
Road and Street Pavements	11,504	51,546
Street Signs	977	802
Road Markings	10,081	3,208
Bus Shelters	400	-
Office Furniture & Equipment	3,819	4,205
Maintenance of Equipment	220	167
Housing Authority Blocks	76,320	700
Maintenance Council Property	4,675	8,912
	<u>115,940</u>	<u>76,402</u>
Contractual Services:		
Penalties inflicted by DLG	-	3,317
Waste Disposal	-	120
Refuse Collection	128,157	127,104
Bulky Refuse Collection	14,573	24,604
Bring-in-sites	-	422
Open Skips	530	580
Disposal fees at Landfill BIS	100,327	100,327
Cleaning Services	1,064	1,637
Road & Street Cleaning	68,600	60,860
Cleaning and Maintenance of Non-Urban Roads	6,740	5,405
Clean. & Maint. - Public Conveniences	18,149	19,928
Cleaning Council Premises	3,007	3,208
Other Contractual Services	1,152	731
Clean. & Maint. of Parks & Gardens	5,799	4,974
Cleaning & Maintenance Soft Areas	12,449	13,732
Warden Services	867	1,093
Street Lighting	21,734	14,597
Law Enforcement System	57,361	79,785
	<u>440,509</u>	<u>462,425</u>
Total Operations and Maintenance expenses	<u>556,449</u>	<u>538,827</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

12. Administration and Other Expenses	2012 €	2011 €
Utilities	12,089	12,837
Fuel (other than transport)	49	67
Operating Materials & Supplies	563	866
Cleaning Materials & Supplies	602	818
Uniforms	85	-
Sundry Materials & Supplies	4	11
Rents	1,347	1,341
Participation fee National Meetings	297	380
Membership in Local Organisations	-	9,005
Printing	1,822	2,135
Stationery	1,551	2,393
Subscriptions	1,041	908
Postages	1,077	733
Documentation	2	54
Other Office Services	1,697	1,161
Maintenance of Vehicles	527	516
Hire of Transport	877	780
Fuel	1,307	1,240
Payments for Use of Personal Vehicle	19	39
Transportation of Goods	-	30
Transportation to/from Malta/Gozo	-	16
Overseas Tickets	5,139	631
Overseas Subsistence & Accommodation	25	317
Public Relations Expenses	-	1,550
Advertising	2,339	1,476
Publications and newsletters	1,869	4,013
Library	3,042	3,900
Lease of Equipment	-	35
Insurance Coverage	2,129	2,398
Legal Charges	3,482	-
Management & Operating Services	-	1,850
Balance carried forward to next page	42,981	51,500

HAZ-ZABBAR 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	42,981	51,500
Engineering Services	-	1,100
Legal Services	435	-
Accountancy Services	8,441	3,051
Entertainment	-	318
Conference Expenses	1,419	1,510
Visits Foreign Delegations	276	3,186
Other Hospitality Costs	-	6
Social Events	51	729
Cultural Events	17,404	15,572
Lejla fil Belt Homesh	18,556	8,795
Community Services	543	24
Sundry Minor Expenses	51	163
Depreciation Expense	89,716	80,907
	<u>179,873</u>	<u>166,858</u>
13. Finance income	2012	2011
	€	€
Bank interest	1,237	998
	<u>1,237</u>	<u>998</u>
14. Financial Expenses	2012	2011
	€	€
Bank charges	124	216
	<u>124</u>	<u>216</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

15. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Motor vehicles €	Assets Not yet Capitalised €	Total €
At 1 January 2012	11,239	2,202,127	68,159	24,753	285,455	34,478	7,560	18,386	29,256	2,681,413
Reclassifications	-	14,944	560	-	-	-	5,150	-	(20,654)	-
Additions	40	168,383	4,842	2,630	7,686	1,264	19,361	-	6,783	210,989
Disposals	-	-	-	-	-	(6,642)	-	-	-	(6,642)
At 31 December 2012	11,279	2,385,454	73,561	27,383	293,141	29,100	32,071	18,386	15,385	2,885,760
Government Grants										
At 1 January 2012 & 31 December 2012	-	921,147	-	-	-	5,199	-	-	7,485	933,831
Depreciation										
At 1 January 2012	-	647,692	38,603	24,753	237,136	20,873	5,872	16,803	-	991,732
Current charge	-	69,722	2,587	2,630	6,799	2,320	4,843	816	-	89,717
Eliminated on Disposals	-	-	-	-	-	(6,217)	-	-	-	(6,217)
At 31 December 2012	-	717,414	41,190	27,383	243,935	16,976	10,715	17,619	-	1,075,232
N.B.V. at 31 December 2012	11,279	746,893	32,371	-	49,206	6,925	21,356	767	7,900	876,698

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

15. Property, plant and equipment

Cost	Trees €	Construc. Works €	Furniture & Fittings €	New Street Signs €	Urban Improve. €	Office Equip. €	Plant and machinery €	Motor vehicles €	Assets Not yet Capitalised €	Total €
At 1 January 2011	10,559	2,075,555	62,986	21,677	276,995	30,638	7,439	18,386	79,613	2,583,848
Reclassifications	-	66,417	2,200	-	1,600	-	-	-	(70,217)	-
Additions	680	60,155	2,973	3,076	6,860	5,168	121	-	19,860	98,893
Disposals	-	-	-	-	-	(1,328)	-	-	-	(1,328)
At 31 December 2011	11,239	2,202,127	68,159	24,753	285,455	34,478	7,560	18,386	29,256	2,681,413
Government Grants										
At 1 January 2011 & 31 December 2011	-	921,147	-	-	-	5,199	-	-	7,485	933,831
Depreciation										
At 1 January 2011	-	586,414	36,435	21,677	225,085	20,476	5,472	16,563	-	912,122
Current charge	-	61,278	2,168	3,076	12,051	1,694	400	240	-	80,907
Eliminated on Disposals	-	-	-	-	-	(1,297)	-	-	-	(1,297)
At 31 December 2011	-	647,692	38,603	24,753	237,136	20,873	5,872	16,803	-	991,732
N.B.V. at 31 December 2011	11,239	633,288	29,556	-	48,319	8,406	1,688	1,583	21,771	755,851

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

16. 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 reserves balance. The Council's overall strategy remains unchanged from 2011.

16.1 Categories of financial instruments	2012 €	2011 €
<i>Financial Assets</i>		
Cash and bank balances	<u>535,168</u>	<u>316,275</u>
<i>Financial Liabilities</i>		
Contingent liabilities	<u>154,593</u>	<u>208,878</u>
17. Inventories	2012 €	2011 €
Books for sale	<u>13,178</u>	<u>13,755</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

18. Government Grants		2012 €	2011 €
	<i>Note</i>		
Balance at the beginning of the year		80,000	2,400
Forgone	(a)	(1,815)	-
Increase		127,158	80,000
Received		(146,500)	(2,400)
Balance at the end of the year/period		<u>58,843</u>	<u>80,000</u>
Amount Receivable within one year		<u>58,843</u>	<u>80,000</u>

(a) Foregone

Foregone represents the amounts previously agreed with the relevant authority but were eventually not received. Refer also to note 23.

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

19. Receivables		2012 €	2011 €
Falling due within One Year			
Receivables	19.1	49,564	963
Law Enforcement System	19.1	29,575	100,687
Other Related Undertakings	19.1	58,843	193,626
		<u>137,982</u>	<u>295,276</u>
Prepayments, accrued income and deferred expenditure		1,367	7,032
		<u>139,349</u>	<u>302,308</u>

		2012 €	2011 €
19.1 Credit period analysis:			
Within credit period		86,451	107,608
Exceeded credit period but not impaired		51,531	187,668
Impaired and provided for		341,260	288,762
Provision for doubtful debts		(341,260)	(288,762)
		<u>137,982</u>	<u>295,276</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	141	380
Bank balances: Current accounts	37,642	64,507
Bank balances: Savings accounts	497,385	251,388
	<u>535,168</u>	<u>316,275</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

21. Reserves

	Retained Earnings €	Total €
Balance as at 1 January 2011	1,001,720	1,001,720
Profit for the year	60,362	60,362
Prior year adjustment	(16,722)	(16,722)
Balance as at 31 December 2011	<u>1,045,360</u>	<u>1,045,360</u>
Balance as at 1 January 2012	1,045,360	1,045,360
Profit for the year	14,909	14,909
Balance as at 31 December 2012	<u>1,060,269</u>	<u>1,060,269</u>

22. Third Party Borrowings

	2012 €	2011 €
Non-Current		
Public Private Partnership (PPP) Agreement	<u>68,045</u>	-
Current		
Public Private Partnership (PPP) Agreement	<u>31,238</u>	-
Total Amount payable under the PPP Agreement	<u>99,283</u>	-
Amount payable between one and two years	17,011	-
Amount payable between two and five years	25,517	-
Amount payable beyond five years	25,517	-
	<u>68,045</u>	-

Note

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HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

23. Deferred Income		2012 €	2011 €
Government Grants			
	<i>Note</i>		
Balance at 1 January		173,511	103,359
Increase		127,158	80,000
		300,669	183,359
Released to income		(86,921)	(9,848)
Forgone	(a)	(1,815)	-
Balance at 31 December		211,933	173,511
Non-Current		199,039	165,692
Current	24	12,894	7,819
Deferred Government Grants			
Amount to be released between one and two years		11,423	12,783
Amount to be released between two and five years		27,254	31,665
Amount to be released beyond five years		160,362	121,244
		199,039	165,692
Deferred after five or more years:			
Amount to be released beyond five years		160,362	121,244

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. 1.

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

24. Payables	2012	2011
	€	€
Falling due within One Year		
Third Party Borrowings	31,238	-
Payables	145,578	94,848
Law Enforcement Unidentified deposits	4,396	7,159
Amounts owed to other Councils	-	116
Accruals and deferred income	55,828	75,014
	<u>237,040</u>	<u>177,137</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

25. Capital commitments

	2012 €	2011 €
Details of capital commitments at the accounting date are as follows:		
(i) Approved but not yet contracted for:	274,200	53,900
(ii) Contracted for but not provided in the financial statements:	70,000	228,048
These can be analysed further as follows:		
(i) Approved but not yet contracted for:		
- Construction	244,000	-
- Urban Improvements	22,200	50,400
- Machinery and Equipment	5,000	3,500
- Equipment	3,000	-
	274,200	53,900
(ii) Contracted for but not provided in the financial statements:		
- Road Resurfacing	70,000	204,276
- Lift	-	23,772
	70,000	228,048

The works on the Road Resurfacing projects will be conducted under Public Private Partnership agreements.

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

26. Cash generated from operations	2012	2011
	€	€
Surplus for the year	14,909	60,362
Adjustments for:		
Depreciation	89,716	80,907
Loss on disposal of assets	425	30
Urban improvement funds released to income	(86,921)	(9,848)
Investment income	(1,237)	(998)
	<u>16,892</u>	<u>130,453</u>
Movements in working capital:		
Decrease in inventories	577	481
Decrease /Increase in General receivables	65,026	(100,955)
(Decrease)/Increase in Other receivables	(101,059)	16,879
Increase in Receivables provision	52,498	28,986
Increase /(Decrease) in General payables	23,590	29,069
Increase in deferred income	125,343	35,602
Cash generated from operations	<u>182,867</u>	<u>140,515</u>

27. Contingent liabilities

The Council is in litigation with three of its suppliers for the amounts of € 153,961 (2011: € 153,961), € NIL (2011: € 5,276) and € 632 (2011: € 49,461). Included in the payables accounts is also the amount of € 57,190 (2011: € 7,411) that is also being contested by the Council. The outcome of the litigations is still uncertain as the Council is contesting the amounts claimed.

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

28. 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 Haz-Zabbar Local Council 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 Haz-Zabbar Local Council 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 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	Joint Control
Bank of Valletta plc	No Control
Cleansing Services Department	No Control
Lands Department	No Control
Enemalta Corporation	No Control
Arms Limited	No Control
MITTS	No Control
Local Councils Association	No Control
Other Local Councils	No Control
Police Commissioner	No Control
Water Services Corporation	No Control
Wasteserv Malta Limited	No Control
Works Division - Director General Works	No Control

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

	2012	2011
	€	€
Cash Transactions:		
Income - Annual Financial Allocation	759,685	721,172
Income - Law Enforcement System	6,488	110,199
Purchases of goods and services	98,417	140,062

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

	2012	2011
	€	€
Non-Cash Transactions:		
Government Grants Released	<u>86,921</u>	<u>9,848</u>

Year-end balances arising from related party transactions	2012	2011
	€	€
Receivables from related parties (excluding Grants receivable)	<u>48,323</u>	<u>113,343</u>

The receivables from related parties arise mainly from the annual financial allocation by Central Government, Urban Improvement Funds and income arising from delegation of responsibilities. The receivables are unsecured in nature and bear no interest. Provisions amounting to €341,260 are held against receivables from related parties (31 December 2011 - €288,762).

	2012	2011
	€	€
Payables to related parties	<u>10,995</u>	<u>7,411</u>

The payables to related parties arise mainly from purchases of goods and services and are mainly due 1 month after the date of purchase. The payables bear no interest.

29. Post Balance Sheet events

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

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

30. Prior Year Adjustment

- 30.1 During 2012, Local Council Zabbar included the amounts, due to one of its suppliers, that were reported as contingent liabilities in 2011.

The effect on the Statement of Comprehensive Income for the year ended 31 December 2011 are as follows:

		As revised	As previously reported
		2011	2011
		€	€
Income			
Funds received from Central Government	3	742,498	742,498
Income raised under Council Bye-Laws	6	9,977	9,977
Income from Law Enforcement System	7	110,199	110,199
General Income	8	31,929	31,929
		<u>894,603</u>	<u>894,603</u>
Expenditure			
Personal emoluments	10	(129,306)	(129,308)
Operations and maintenance	11	(538,826)	(498,359)
Administrative and other expenditure	12	(166,860)	(166,858)
		<u>(834,992)</u>	<u>(794,525)</u>
Finance income	13	998	998
Finance costs	14	(216)	(216)
		<u>782</u>	<u>782</u>
Loss on disposal of assets	15	(30)	(30)
Total Comprehensive Profit/(loss) or the year		<u>60,363</u>	<u>100,830</u>

HAZ-ZABBAR LOCAL COUNCIL

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

..... continued

The effect on the closing retained earnings at 31 December 2011 are as follows:

	As revised 2011 €	As previously reported 2011 €
Opening retained Earnings	1,001,720	1,001,720
Invoices for 2010 not previously recognised	(16,723)	-
Retained Earnings for the year as previously reported	100,830	100,830
Invoices for 2011 not previously recognised	(40,467)	-
	<u>1,045,360</u>	<u>1,102,550</u>

The effect on the closing Statement of Affairs at 31 December 2011 are as follows:

Non-Current Assets	<u>755,854</u>	<u>755,854</u>
Current Assets		
Inventories	13,755	13,755
General and other receivables	302,305	302,305
Cash and bank	316,275	316,275
Total Current Assets	<u>632,335</u>	<u>632,335</u>
Total Assets	<u>1,388,189</u>	<u>1,388,189</u>
Retained earnings	<u>1,045,360</u>	<u>1,102,550</u>
Non-current liabilities		
Deferred grants	<u>165,692</u>	<u>163,168</u>
Current Liabilities	<u>177,137</u>	<u>122,471</u>
Total reserves and liabilities	<u>1,388,189</u>	<u>1,388,189</u>

31. Comparative Figures

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

LOCAL COUNCIL ZABBAR

Report of the Local Government Auditors to the Auditor General

We have audited the accompanying financial statements of LOCAL COUNCIL ZABBAR, which comprise the statement of financial position on page 4 as of 31st December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Statements

The Council Members and the Executive Secretary are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council Members and the Executive Secretary, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

International Financial Reporting Standards require that all applicable standards and their disclosure requirements are complied with in the preparation of financial statements. These financial statements lack certain disclosure requirements arising from IAS 1 – Presentation of Financial Statements, IAS 7 – Statement of Cash Flows; IAS 24 – Related Party Disclosures; IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosure. They also lack appropriate compliance in relation to adjustments in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Qualified Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Local Council Zabbar as at 31st December, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Opinion on Other Legal and Regulatory Requirements

These financial statements do not comply fully with the Local Council (Financial) Procedures, 1996.

According to the Financial Procedures supplementing the Financial Regulations issued in terms with the Local Councils Act 1993, the financial statements should include the budget for the year. In line with Local Councils' generally accepted reporting procedures, the budget has been excluded from these financial statements.



This copy of the report has been signed by
Christian Vella (Partner) on its behalf

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Certified Public Accountants
Level 2
Palazzo Ca' Brugnera
Valley Road
Birkirkara BKR9024
Malta

Date 29th April 2013