

**LOCAL COUNCIL BIRZEBBUGA**

**AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**



**BIRZEBUGA LOCAL COUNCIL**  
Financial Statements  
For the year ended 31<sup>st</sup> December 2010

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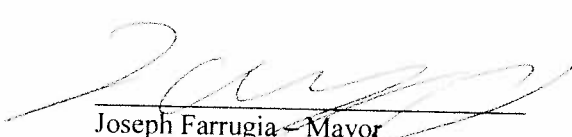
**BIRZEBBUGA LOCAL COUNCIL**  
Financial Statements  
For the year ended 31<sup>st</sup> December 2010


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

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, and the Local Council (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

  
\_\_\_\_\_  
Joseph Farrugia – Mayor

  
\_\_\_\_\_  
Maria Galea – Executive Secretary

Date : 02/05/11

**Financial Statements for the year ended 31 December 2010**

**Report of the Local Government auditor to the Auditor General**

We have audited the accompanying financial statements of Birzebbuga Local Council which comprise the statement of financial position as at 31 December 2010, statement of comprehensive income, statement of changes in net assets/equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Respective responsibilities of the Local Council and Local Government auditors***

As described in page 1, these financial statements are the responsibility of the Executive Secretary and the Local Council members. Our responsibility is to express an opinion on these financial statements based on our audit.

***Basis of opinion***

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Local Council's Members and the Executive Secretary, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion. However the evidence available to us was limited because of the matters set out in paragraph 1 below.

- 1 As shown in note 10 to these financial statements, the net book value of property, plant and equipment at 31 December 2010 amounted to € 1,228,051. Our audit work revealed that the fixed assets register, which is intended to support the figures shown in the financial statements, showed that the carrying amounts of these assets at balance sheet date amounted to € 1,677,512. The Council could not give us satisfactory explanations for this discrepancy and consequently we could not satisfy ourselves as to the existence, completeness and valuation of the carrying amount of fixed assets at 31 December 2010 amounting to € 1,228,051.
- 2 Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Councils (Financial) Procedures, 1996.
- 3 The Local Councils (Audit) Procedures, 2006 contain a specimen of the financial statements which Local Councils should adhere to. It further stipulates that in the case where this specimen is not in conformity with International Financial Reporting Standards (IFRSs), the latter should prevail.

The Council's financial statements for the year under review have been prepared in accordance with the specimen referred to above but do not take into consideration the additional requirements that emerge from the applicable IFRSs including the following instances:

- i. All qualitative and quantitative disclosures regarding risk management policies required by IFRS 7, Financial Instruments: Disclosures.
- ii. The financial statements show debtors net of provision rather than disclosing the provision separately. This is contrary to IFRS 7, which requires separate presentation and a reconciliation of the provision for doubtful debts to be disclosed in the notes to the financial statements.
- iii. Disclosures required by IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors: disclosure of the nature of change in accounting policy and for the current year and each prior period presented the amount of the adjustment for each financial statement line item affected.

## Local Council Birzebbuga

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### *Opinion*

Except for the adjustment that would have been necessary had we been able to obtain sufficient audit evidence regarding the matter in paragraph 1 above, the financial statements give a true and fair view of the financial position of Birzebbuga Local Council as of 31 December 2010, and of the results of its operations, changes in net assets/equity and its cash flows for the year then ended in accordance with the accounting policies set out on pages 5 to 7.

Because of the matters set out in paragraphs 2 and 3 above, these financial statements do not comply fully with the Local Councils Act CAP 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996, and because of the matter set out in paragraph 3 above these financial statements have not been prepared in accordance with International Financial Reporting Standards.



Mark Bugeja  
f/Grant Thornton  
Certified Public Accountants

Grant Thornton  
Tower Business Centre, Suite 3  
Tower Street  
Swatar BKR 4013

2 May, 2011

Birzebbuga Local Council  
 Financial Statements for the year ended 31<sup>st</sup> December 2010

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**Statement of Comprehensive Income**

	Notes	Year ended 31 December 2010 EUR	Restated Period from 1 April to 31 December 2009 EUR
<b>Income</b>			
Funds received from central government	3	639,108	460,335
Investment income	4	418	360
General Income	5	81,355	11,150
Income from Local Enforcement	6	136,327	107,880
		857,208	579,725
<b>Expenditure</b>			
Personal Emoluments	7	(95,165)	(50,205)
Operations and Maintenance	8	(442,814)	(300,344)
Administration and other expenditure	9	(208,148)	(160,888)
		(746,127)	(511,437)
<b>Profit for the year / period</b>		111,081	68,288

*The notes on pages 5 to 15 form part of these financial statements*

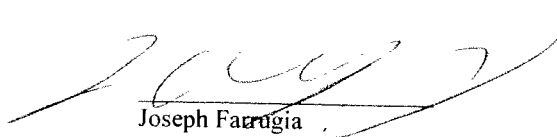
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**Statement of Financial Position**

	Notes	31 December 2010 EUR	Restated 31 December 2009 EUR	Restated 31 March 2009 EUR
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Property, Plant and Equipment	10	<u>1,228,051</u>	<u>1,097,400</u>	<u>1,110,183</u>
<b>Current Assets</b>				
Receivables	11	<u>193,757</u>	<u>67,428</u>	<u>-</u>
Cash and cash equivalents	13	<u>162,482</u>	<u>75,297</u>	<u>71,805</u>
		<u>356,239</u>	<u>142,725</u>	<u>71,805</u>
<b>Total Assets</b>		<u><b>1,584,290</b></u>	<u><b>1,240,125</b></u>	<u><b>1,181,988</b></u>
<b>RESERVES AND LIABILITIES</b>				
<b>Reserves</b>				
Retained Funds		<u>1,237,968</u>	<u>1,126,887</u>	<u>1,058,599</u>
<b>Non Current Liabilities</b>				
Deferred income		<u>225,875</u>	<u>35,583</u>	<u>39,342</u>
<b>Current Liabilities</b>				
Deferred income	16	<u>22,050</u>	<u>3,759</u>	<u>3,077</u>
Payables	12	<u>98,397</u>	<u>73,896</u>	<u>80,970</u>
		<u>120,447</u>	<u>77,655</u>	<u>84,047</u>
<b>Total liabilities</b>		<u><b>346,322</b></u>	<u><b>113,238</b></u>	<u><b>123,389</b></u>
<b>Reserves and Liabilities</b>		<u><b>1,584,290</b></u>	<u><b>1,240,125</b></u>	<u><b>1,181,988</b></u>

*The notes on pages 5 to 15 form part of these financial statements*

These Financial Statements were approved by the Local Council on the 14th April 2011 and signed on its behalf:

  
 Joseph Farrugia  
 Mayor

  
 Maria Galea  
 Executive Secretary

Birzebbuga Local Council  
Financial Statements for the year ended 31<sup>st</sup> December 2010

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**Statement of Changes in Equity**

	<b>Retained Funds EUR</b>
Balance at 31 March 2009	1,101,018
Prior Year Adjustment	(42,419)
Surplus for the period (nine months) as restated	68,288
Balance at 31 December 2009 as restated	<u>1,126,887</u>
Surplus for the year	<b>111,081</b>
Balance at 31 <sup>st</sup> December 2010	<u><b>1,237,968</b></u>

*The notes on pages 5 to 15 form part of these financial statements*



Birzebbuga Local Council  
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**Statement of Cash Flows**

	2010 EUR	Restated 2009 EUR
<b>Cash Flows from Operating Activities</b>		
Profit for the year/period	111,081	68,288
<b>Adjustments for:</b>		
Depreciation	110,049	107,600
Investment Income	(418)	(360)
<b>Operating Profit before Working Capital Changes</b>	220,712	175,528
Increase in Receivables	(126,329)	(67,427)
Increase / (Decrease) in Payables	33,158	12,144
Increase / (Decrease) in Deferred Income	(6,591)	(3,079)
<b>Net cash from operating activities</b>	120,950	117,166
<b>Cash flows from investing activities</b>		
Investment Income	418	360
Purchases of property, plant and equipment	(240,700)	(94,817)
Grants received during the year	215,174	-
<b>Net Cash used in investing activities</b>	(25,108)	(94,457)
<b>Net movement in Cash and Cash Equivalents</b>	95,842	22,709
<b>Cash and cash equivalents at the beginning of the year/ period</b>	49,922	27,213
<b>Cash and cash equivalents at the end of the year /period</b>	145,764	49,922

*The notes on pages 5 to 15 form part of these financial statements*

## **Notes to the Financial Statements for the year ended 31 December 2010**

### **1. General Information**

Birzebbuga Local Council is the local authority of Birzebbuga setup in accordance with the Local Councils Act(1993). The office of the Local Council is situated at Dar Birzebbuga, Triq Santa Marija, Birzebbuga.

### **2. Accounting Policies and Reporting Procedures**

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363). The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These Financial Statements are prepared in accordance to the requirements of International Financial Reporting Standards and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996. The principal accounting policies and reporting procedures used by the Local Councils are as follows:

#### **a. New and amended standards adopted by the Local Council**

These changes did not 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.
- IAS 36 (Impairment of assets) - Amendments to reflect changes in other standards.
- IAS 38 (amendment) - Intangible Assets (effective from 1 July 2009).
- IAS 39 (amendment) - Financial instruments: Recognition and Measurement (effective from 1 January 2010).
- IFRS 3 (revised) - Business combinations (effective from 1 July 2009).

#### **b. 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.

#### **c. 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.

**Notes to the Financial Statements for the year ended 31 December 2010\_(cont...)**

**d. 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:

	%
Land	0.00
Trees	0.00
Buildings	1.00
Office furniture and fittings	7.50
Construction works	10.00
Urban Improvements (street furniture)	10.00
Special Programmes (Projects)	10.00
Office Equipment	20.00
Motor Vehicles	20.00
Plant & Machinery	20.00
Computer Equipment	25.00
Plants	100.00
Litter bins	100.00
Playground Furniture	100.00
Traffic signs	100.00
Road Signs	100.00
Street Mirrors	100.00
Street Lights	100.00

**e. Government Grants**

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

**d. Impairment of Assets**

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

**e. 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.

**Notes to the Financial Statements for the period ended 31 December 2010\_(cont...)**

**f. Foreign Currencies**

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These Financial Statements are presented in Euro, which is the Council's functional and present currency. Transaction denominated in foreign currencies are translated into Euro at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Affairs.

**g. 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.

**h. Cash and Equivalents**

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

**3. Funds Received from Central Government**

	<b>Year ended 31 December 2010</b>	<b>Restated Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
In terms of Sections 55 of the Local Councils Act (CAP 363)	<b>614,516</b>	441,644
Other Government Income	<b>24,592</b>	3,691
In terms of Section 58 of the Local Councils Act (CAP 363)	-	15,000
	<b>639,108</b>	<b>460,335</b>

**4. Investment Income**

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
Bank interest receivable	<b>418</b>	360
	<b>418</b>	<b>360</b>

**Notes to the Financial Statements ... continued**

**5. General Income**

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
Cultural Activities	4,210	4,094
Permits and contributions	61,525	3,289
Other Income	15,620	3,767
In terms of Local Councils (Financial) Procedures, 1996	<u>81,355</u>	<u>11,150</u>

**6. Income from Bye-Laws and Local Enforcement**

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
Community Services	1,063	1,840
LES Contraventions	135,264	106,040
	<u>136,327</u>	<u>107,880</u>

**7. Personal Emoluments**

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
Personal emoluments include, inter alia:		
Mayor's Allowance	11,146	4,500
Executive Secretary Salary and Allowance	33,213	17,930
Councillors' allowance	7,200	-
Employees' Salaries	38,860	24,203
Social Security Contributions	4,746	3,572
	<u>95,165</u>	<u>50,205</u>

**Notes to the Financial Statements ... continued**

**8. Operations and Maintenance**

Operations and maintenance includes, inter alia:

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
<b>Repairs and Upkeep:</b>		
Road and Street Pavements and patching	17,770	33,544
Walkways	1,447	-
Street Signs	1,881	712
Others	109,263	55,822
	<u>130,361</u>	<u>90,078</u>
<b>Contractual Services:</b>		
Refuse collection (including bins on wheels)	155,717	65,962
Bulky refuse collections (including open skips)	2,314	-
Road and Street Cleaning (mechanical and manual)	37,764	31,801
Cleaning and Maintenance of Non-Urban areas	7,809	30,769
Cleaning and Maintenance of Public Conveniences	12,208	9,267
Cleaning and Maintenance of Parks and Gardens	14,438	10,327
Other	82,203	62,140
	<u>312,453</u>	<u>210,266</u>
<b>Total Operations and Maintenance expenses</b>	<u>442,814</u>	<u>300,344</u>

Birzebbuga Local Council  
 Financial Statements for the year ended 31<sup>st</sup> December 2010

**Notes to the Financial Statements for the year ended 31 December 2010\_(cont...)**

**9. Administration and other expenditure**

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
Utilities	11,019	6,068
Other repairs and upkeep	-	142
Rent	4,090	1,406
National and International Memberships	2,750	1,300
Office Services	15,458	11,364
Transport	21,007	16,133
Information Services	3,393	2,690
Travelling expenses	925	990
Other Contractual Services	-	-
Professional Services	6,470	3,818
Community Hospitality	24,805	9,284
Bank Charges	284	93
Depreciation	110,049	107,600
Other expenses	7,898	-
	<b>208,148</b>	<b>160,888</b>

Notes to the Financial Statements for the year ended 31 December 2010\_(cont...)

10. Property, Plant and Equipment

	Property		Office Furniture /Fittings		Office Equipment		Plant & Machinery		Urban Improvements		New Street Signs		Construction		Special Programmes		Computer Equipment		Total	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost as at 1 January 2010	81,692	73,326	44,794	4,506	273,658	9,188	22,241	2,370,999	506	2,880,910										
Additions during the period	-	210	1,118	131,073				107,542	757	240,700										
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost at 31 December 2010	81,692	73,326	45,004	5,624	404,731	9,188	22,241	2,478,541	1,263	3,121,610										
Grants at 1 January 2010	-	-	-	-	-	-	-	863,049	-	863,049										
Other reimbursements	-	-	-	-	-	-	-	-	-	-										
Grants at 31 December 2010	-	-	-	-	-	-	-	863,049	-	863,049										
Acc. Dep'n beginning of period	7,331	33,189	29,328	3,318	66,053	9,188	21,910	750,072	72	920,461										
Charge for the period	740	2,909	2,854	307	23,127	-	32	79,837	243	110,049										
Disposal	-	-	-	-	-	-	-	-	-	-										
Acc. Dep'n end of Period	8,071	36,098	32,182	3,625	89,180	9,188	21,942	829,909	315	1,030,510										

Net Book Value 31 December 2010 73,621 37,228 12,822 1,999 315,551 - 299 785,583 948 1,228,051



Birzebbuga Local Council  
Financial Statements for the year ended 31<sup>st</sup> December 2010

Notes to the Financial Statements for the year ended 31 December 2010\_(cont...)

	10. Property, Plant and Equipment ... continued										Total
	Property	Office Furniture /Fittings	Office Equipment	Plant & Machinery	Urban Improvements	New Street Signs	Construction	Special Programmes	Computer Equipment		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost as at 1 April 2009	81,692	66,099	43,954	4,152	257,838	8,887	22,241	2,301,230	-	-	2,786,093
Additions during the period	-	7,227	840	354	15,820	301	-	69,769	506	-	94,817
Disposal	-	-	-	-	-	-	-	-	-	-	-
Cost at 31 December 2009	81,692	73,326	44,794	4,506	273,658	9,188	22,241	2,370,999	506	-	2,880,910
Grants at 1 April 2009	-	-	-	-	-	-	-	863,049	-	-	863,049
Other reimbursements	-	-	-	-	-	-	-	-	-	-	-
Grants at 31 December 2009	-	-	-	-	-	-	-	863,049	-	-	863,049
Acc. Dep'n beginning of period	7,107	31,662	27,262	3,144	61,459	8,887	15,735	657,605	-	-	812,861
Charge for the period	224	1,527	2,066	174	4,594	301	6,175	92,467	72	-	107,600
Disposal	-	-	-	-	-	-	-	-	-	-	-
Acc. Dep'n end of Period	7,331	33,189	29,328	3,318	66,053	9,188	21,910	750,072	72	-	920,461
Net Book Value 31 December 2009	74,361	40,137	15,466	1,188	207,605	-	331	757,878	434	-	1,097,400

**Notes to the Financial Statements ... continued**

**11. Receivables**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
LES Receivables	<b>138,410</b>	64,897
Prepayments	<b>13,947</b>	2,531
Other debtors	<b>41,400</b>	-
	<u><b>193,757</b></u>	<u>67,428</u>

No provision for doubtful debts was passed against LES Debtors.

The other debtors represent amounts receivable from then Water Services Corporation for 2008 and 2009

**12. Payables**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Bank Current Account	<b>16,718</b>	25,375
Trade Payables	<b>61,665</b>	26,734
Joint Committee	<b>787</b>	787
Accruals	<b>19,227</b>	21,000
	<u><b>98,397</b></u>	<u>73,896</u>

**13. Cash and Cash Equivalents**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Bank Balances:		
Savings Accounts	<b>99,661</b>	29,310
Saving Account (LES)	<b>62,706</b>	45,872
Petty Cash	<b>115</b>	115
Cash at Bank and in Hand	<u><b>162,482</b></u>	<u>75,297</u>

**14. Prior Year Adjustment**

The prior year adjustment made during the year relates to the adjustment required following a change in accounting policy with respect to the accounting for Grants received in 2008. These grants are being accounted under the deferred income approach as presented in IAS 20 – Government Grants.

**Notes to the Financial Statements ... continued**

**15. Capital Commitments**

	<b>2010</b> <b>EUR</b>	<b>2009</b> <b>EUR</b>
Details of Capital Commitments are as follows:		
Approved but not yet contracted for	-	140,000
Contracted for but not yet provided for in the Financial Statements	<b>850,242</b>	-

These could be analysed as follows:

Improvements	-	20,000
Office Equipment	-	10,000
Street lighting	-	18,000
Road Resurfacing	<b>850,242</b>	72,000
EU Projects	-	20,000
	<b>850,242</b>	<b>140,000</b>

**16. Deferred Income**

	<b>2010</b> <b>EUR</b>	<b>2009</b> <b>EUR</b>
Balance at the beginning of the year	39,342	42,419
Transferred to the income statement during the year	(6,591)	(3,077)
Amounts received during the year	<b>215,174</b>	-
Balance at the end of the year	<b>247,925</b>	39,342
Current Deferred Income	<b>22,050</b>	3,759
Non-Current Deferred Income	<b>225,875</b>	35,583
<b>Deferred Government Grants</b>		
Deferred between one and two years	<b>39,618</b>	6,475
Deferred between two and five years	<b>50,535</b>	7,571
Deferred in five years or more	<b>135,722</b>	21,537

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225,875

35,583

**Notes to the Financial Statements ... continued**

**17. Related Parties**

During the year under review, the Council entered into transactions with the following:

Name of Entity	Relationship
Department of Local Councils	Significant control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control

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

	<b>Year ended 31 December 2010</b>	<b>Period from 1 April to 31 December 2009</b>
	<b>EUR</b>	<b>EUR</b>
Annual Government Allocation	<b>614,516</b>	<b>441,644</b>

**18. Contingent Liabilities**

The Council had no contingent liabilities at the year of the end.

**19. Comparative figures**

Where necessary the figures of the previous years have been reclassified for comparison purposes.

**Notes to the Financial Statements ... continued**

**20. 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 maintain 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.