

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

n. Financial Instruments

Financial assets and financial liabilities are recognised when the council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the council are classified into loans and receivables upon initial recognition.

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

The council's financial liabilities include other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

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

o. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. 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 revision and future periods if the revision affects both current and future periods.

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

p. Borrowings

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

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

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

Notes to the Financial Statements for the year ended 31 December 2012 (cont)

3a Property, Plant and Equipment

Cost	Trees & Plants	Office Furniture /fittings	Office & Computer Equipment	Plant & Machinery	Urban Improvements	New Street Signs	Construction	Special Programmes	Council Assets under Premises construction	Total
€	€	€	€	€	€	€	€	€	€	€
At 1 January 2012	5,840	28,745	16,749	27,954	443,985	13,942	1,660,680	136,328	138,150	2,472,373
Additions this year	-	1,301	4,582	4,913	28,868	-	86,457	1,600	-	127,721
At 31 December 2012	5,840	30,046	21,331	32,867	472,853	13,942	1,747,137	137,928	138,150	2,600,094
Grants and other reimbursements										
At 1 January 2012	-	-	-	-	-	-	(229,616)	(68,341)	-	(297,957)
Additions this year	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	-	-	-	-	-	(229,616)	(68,341)	-	(297,957)
Accumulated Depreciation										
At 1 January 2012	-	(16,402)	(15,541)	(25,414)	(215,457)	(13,942)	(510,682)	(47,560)	(3,414)	(848,412)
Charge this year	-	(941)	(744)	(464)	(23,116)	-	(91,462)	(1,952)	(661)	(119,340)
At 31 December 2012	-	(17,343)	(16,285)	(25,878)	(238,573)	(13,942)	(602,144)	(49,512)	(4,075)	(967,752)
Net book value										
At 31 December 2012	5,840	12,703	5,046	6,989	234,280	-	915,377	20,075	134,075	1,334,385

Notes to the Financial Statements for the year ended 31 December 2012 (cont)

3b Property, Plant and Equipment

	Trees & Plants €	Office Furniture /fittings €	Office & Computer Equipment €	Plant & Machinery €	Urban Improvements €	New Street Signs €	Construction €	Special Programmes €	Council Premises €	Assets under construction €	Total €
Cost											
At 1 January 2011	5,840	28,182	16,132	27,617	418,532	13,942	1,027,636	136,328	138,150	27,769	1,840,128
Additions this year	-	563	617	337	25,453	-	605,275	-	-	-	632,245
Reclassifications	-	-	-	-	-	-	27,769	-	-	(27,769)	-
At 31 December 2011	5,840	28,745	16,749	27,954	443,985	13,942	1,660,680	136,328	138,150	-	2,472,373
Grants and other reimbursements											
At 1 January 2011	-	-	-	-	-	-	(229,616)	(68,341)	-	-	(297,957)
Additions this year	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2011	-	-	-	-	-	-	(229,616)	(68,341)	-	-	(297,957)
Accumulated Depreciation											
At 1 January 2011	-	(14,690)	(14,432)	(24,066)	(200,685)	(13,942)	(444,533)	(43,953)	(3,282)	-	(759,583)
Charge this year	-	(1,712)	(1,109)	(1,348)	(14,772)	-	(66,149)	(3,607)	(132)	-	(88,829)
At 31 December 2011	-	(16,402)	(15,541)	(25,414)	(215,457)	(13,942)	(510,682)	(47,560)	(3,414)	-	(848,412)
Net book value											
At 31 December 2011	5,840	12,343	1,208	2,540	228,528	-	920,382	20,427	134,736	-	1,326,004

Notes to the Financial Statements for the year ended 31 December 2012 (cont)

	2012	2011
	€	€
4 Receivables		
Receivables	8,339	4,136
Accrued income	49,093	62,736
Prepayments	1,858	6,240
	<u>59,290</u>	<u>73,112</u>
Trade receivables		
Within the current period	57,944	67,779
Exceeded credit period but not yet impaired	1,346	5,333
	<u>59,290</u>	<u>73,112</u>

5 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the Local Council's statement of financial position:

	2012	2011
	€	€
Bank Balances:		
Ordinary funds	76,971	159,759
Cash in hand	1	20
Overdrawn balances	(10,397)	(11,308)
	<u>66,575</u>	<u>148,471</u>
Transfer to payables	10,397	11,308
	<u>76,972</u>	<u>159,779</u>
Cash at bank and in hand		

6 Non-current Liabilities

	2012	2011
	€	€
Borrowings	70,180	76,204
Non current liability	159,871	209,612
	<u>230,051</u>	<u>285,816</u>

The Council has a loan facility of Euro 91,444 with APS Bank Limited, in connection with the construction and finishing costs of the new premises to house the administrative offices of the Council and a public convenience at North Street, Nadur. This loan is repayable in monthly instalments of Euro 787.33, bears interest of 1.75% over the Central Bank Intervention rate, currently 3.75% per annum and is repayable in full by June 2026.

The facility is secured by:

(a) First General Hypothec over the Council's assets for Euro 116,469.

(b) First Special Hypothec for Euro 116,469 on a piece of land covering an area of 3,372 sq.mts situated at Our Lady of Fatima Street, Nadur.

The instalments falling due within one year are being disclosed with Current Liabilities while the balance is separately disclosed as falling due after one year.