

MARSA LOCAL COUNCIL

Business Plan 2010 *to* 2015

Building New Council Premises

Presentation to:

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Banks

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Section 1. Council Background and Direction

1.1 Introduction

This Business plan is an extension and continuation of the original business plan (Il-Pjan tal-Hidma) prepared by the responsible councillors and covering financial years January to December 2010 to 2015. However the aim of this document and brief is to highlight specifically and in detail the council's plan to build new council premises for the locality of Marsa referred to in this document as "the project" and illustrated in detail under section 2 of this business plan. Furthermore the original business plan referred to in this document as "Il-Pjan tal-Hidma 2010 - 2012" prepared by the council was a vital point of reference and source of information in order to compile this document. In fact throughout the following pages reference to such information has been highlighted.

Since this document may be viewed by third parties like banks, we felt necessary to include background information of the council and its' members, the strategic objectives in general and related to the project including the financial requirements and sustainability. To this regard this document is divided into seven sections as listed below that cover the salient points of the plan:

Section 1. Council Background and Direction that extracts the Mission, Values and Strategic Objectives that guide the council.

Section 2. Building New Council Premises (Project Analysis) that analyses in detail the project.

Section 3. Other Planned Projects that analyses in detail the other planned projects or works.

Section 4. Risk Analysis (SWOT) that analyses the strengths, weaknesses, opportunities and threats that may preclude or assist in the implementation of the plan.

Section 5. Way Forward that extracts a summary of the main strategic initiatives that have been proposed.

Section 6. Financial Highlights and Requirements that extracts the main financial data included in the plan and measure the positive outcome of the proposed strategy. Included is also the financial requirements needed from financial institutions to help this plan succeed.

Section 7. Detailed Financial Projections that provides the full and detailed financial information necessary to analyse the business and supports the financial requirements requested.

1.2 Statement of Confidentiality & Non-Disclosure

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1.2 Executive Summary

Extracted from the "Il-Pjan tal-Hidma 2010-2012" executive summary written by the Mayor Mr. Francis Debono

The business plan highlights many points that one can elaborate on. The most important points are those where the council is committing itself to continue what it had started in recent years.

The three year business plan will not be completed in 2012 by the present council, however what is important is what this current council started that is a solid base for continued prosperity for all.

Anyway I believe that the achievement to date of this Council to change in a short period of time the situation of many streets and projects is a success. The Marsa People began to gain more confidence in their council and that reflects in the reduction of the complaints. The Council must carry out his vision to have adequate premises in order to offer more services to the residents and community of Marsa.

What has been accomplished till now need to be continued but in a different way so to start educating residents to maintain a cleaner environment and look after what has been done for their own benefit. I hope that in future we look back at what has been achieved to date and improve on those areas where the council has not yet delivered.

The Council reached its goals not only by its own merits but also with the work of its employees and this should be of satisfaction for everyone.

End of Extract

Extending on the Mayor's comments above, the building of new premises for the council is essential to guarantee a high level of service to the residents and community of Marsa for the short, medium and long term future. The council has been trying to buy, rent or even build new premises for the past thirteen (13) years now with no success. However finally the council approved this project in the meeting held on the 30th of May 2007 and the decision is listed in the Minutes numbered twenty seven (27). The current premises are simply not easily accessible for the elder and people with special needs. In fact the proposed premises will cater for this category of people. The planned premises will also include a library and a conference room. The space will obviously increase when compared to the current premises and therefore the council can offer more services like for example private lessons. The ample space will also allow the councillors to enhance the customer care function.

The total cost of this project is estimated to reach the total sum of €590,000 (Five hundred ninety thousand Euros) over a period of 2 years. The project will be financed partially from the council's annual income, that is €118,000 and partially from a bank loan of €472,000 repayable over a period of 20 years. The same premises will be offered as security against the requested loan.

Apart from the above, the council has the following projects planned for the coming years: Monument of Victims of War, Project ahead of Trinity Church and "Marija Regina" and several replacements of sidewalks. The Council intends to continue with the asphalt of Isouard Street leading to Zerafa Street. Furthermore if the Council is provided additional funding, then it will be able to asphalt Cross Street leading to Felicjan Patri Bilocca Street.

The council is determined to reach the goals and target set in this business plan and with government funds on the increase year after year and the injection of funds from the requested bank loan, the councillors are confident to offer finally the resident of Marsa, new and modern premises, accessible to all and to serve as a meeting point to the community.



The strategy of the Council is the continuation of discussions with the Central Government so to assist in structural and environmental projects required for the locality with the emphasis that the works done need to be executed to the highest quality for the benefit of the residents for the years to come.

1.3 Council Background

Present Local Council 2008 – 2012: Francis Debono (Mayor), Christopher Spiteri (Vice Mayor), Dominic Spencer, Anthony Buhagiar, Noel Scerri, Frank Zammit, Joe Grima, Adrian Attard (Executive Secretary)



Source of picture: <http://marsalocalcouncil.com>

Marsa's resident's count to approximately five thousand (5,000) inhabitants according to the 1999 statistics were as follows: Male 2657 and Females 2667. There has been a sharp drop in the number of people living in Marsa from 7953 in 1985 to 5296 in 1995 to 5242 in 1999. Marsa has an area of 2.689 sq km and its population density is about 1980 inhabitants per sq km which is high to its area. Its dependency ratio is 45.82%, that is, there are more people working than there are children and elderly people (dependents). Out of a population of over 5000, there are people who have come from other foreign countries such as: The United Kingdom, Italy, France, Germany, the USA, Canada, Australia, Libya and from other European and non – European countries.

Marsa as it has already been indicated is a commercial town. Its main functions are administrative, recreational (sports grounds), industrial, residential, shopping and port area. Its industrial activities concentrate mainly in industrial estates and include textiles and footwear, electrical, chemical and scientific, plastics and mechanical activities. It has also a shipbuilding industry. Marsa has also a power station which today uses oil as fuel.





Source of information: <http://marsalocalcouncil.com>

1.4 Mission

The Mission of the Marsa Local Council is to identify and implement infrastructure development, as well as satisfy the demands of residents to improve the environmental appearance of the locality. This Council will do besides taking care of administrative innovation at the financial resources to be allocated to the Council by Central Government.

1.5 Values

The values comprising the Marsa Local Council are:

- Respects public opinion of all the residents in Marsa;
- Provides support and services to the whole community without distinction;
- To use its resources in the most effective manner;
- Respects the surroundings and help to improve the environment to the benefit of its residents;
- To promote and restore historic remains located within the locality;
- Administer the council in a fair and transparent manner;
- Last and not least, to perform its duties and services in an excellent manner;

1.6 Strategic Objectives

Objectives and Deliverables during the year 2010

Objectives

The Council's intention is to continue carrying out the infrastructure works started. By this the council would be meeting its objective and mission that of implementing the infrastructural development planned for the locality. However the main aim for this year will be that the Council starts the construction project of the new offices in order to be able to serve better its residents.

The Deliverables

The upkeep and regular maintenance of the capital projects commissioned by the Council to-date;

Objectives and Deliverables over three years (2010-2012)

Objectives

To continue the development of the local infrastructure and reach the main goal that of the Council to own an adequate building in order to offer more services to the community;

The Deliverables

To continue the development of the locality Marsa and to maintain it properly in order to attract tourists in the locality as well as to keep up with the desire of the residents of having a clean and appropriate environment.

That the new council building could offer services like day centre for the elderly, a local Library, conference hall, Customer Centre, Internet Centre and others facilities.

Extracted from the "Il-Pjan tal-Hidma 2010-2012"

1.7 Key to Success



Without any doubt the key to success is three-fold and all variables interact:

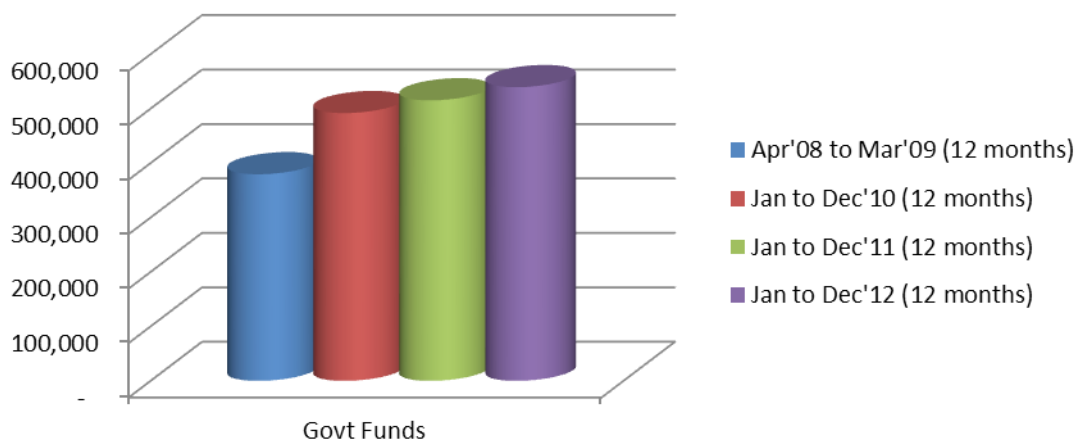
- i. Government funds will increase annually as experienced in previous years;
- ii. The bank loan is approved;
- iii. The estimated Budget for the building of the new premises is not exceeded drastically;

The following table illustrates the Government funds received up to December 2012.

Table 1

Actual	Actual	Projected	Projected	Projected
1 April'08 to 31 March 2009	1 April to 31 December 2009	1 January to December 2010	1 January to December 2011	1 January to December 2012
12 months	9 months	12 months	12 months	12 months
€379,529	€356,252	€491, 936	€515,300	€539,465

Funds projected in 2010 amount to €112,400 more than the comparative 12 month period of April'08 to March'09, an increase of 30%. The increase from 2011 to 2010 is minimal that is €23,300 and 5%, while the increase from 2012 to 2011 and consecutive years up to December 2015 is also that of 5% each year.

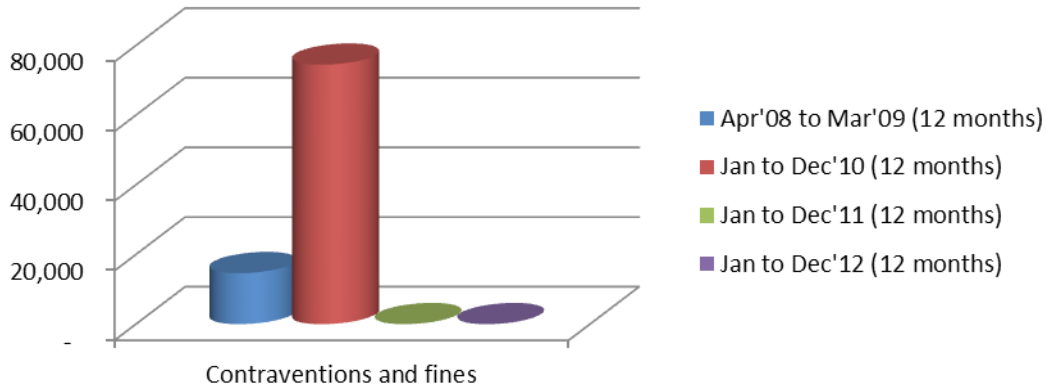


The following table illustrates the income deriving from Bye Laws already received and projected.

Table 2

Actual	Actual	Projected	Projected	Projected
1 April'08 to 31 March 2009	1 April to 31 December 2009	1 January to December 2010	1 January to December 2011	1 January to December 2012
12 months	9 months	12 months	12 months	12 months
€14,651	€74,505	-	-	-

It is being assumed that the income deriving from Bye-Laws will cease to exist by the end of 2010.



Section 2. Building New Council Premises (Project Analysis)

The proposed new local council and civic centre is planned to be built at the 13th December Garden in Marsa. Architect Dieter Falzon was responsible for the design of the premises that will be situated on top of the present “Bocci Club” and will consist of two floors as the designs attached in the annexes section of this document.

The estimated project cost will amount to €590,000 (five hundred ninety thousand Euros) and will be financed in part by the council (20%) and the remaining balance by means of a bank loan repayable over a period of 20 years. It is to be noted that the council finalised negotiations with Bank of Valletta plc and a copy of the sanction letter is enclosed with this document.

The project will be built in phases as indicated below and works are planned to commence in March 2011.

Construction Phases

Phase ONE (3 to 4 weeks)

Excavation works around existing building;
Removal of debris;
Preparation for construction;
Foundation works

€67,402

Phase TWO (4 weeks)

Columns and beams at ground floor level

€37,870

Phase THREE (4 to 6 weeks)

Construction of first floor level

€92,039

Phase FOUR (4 to 6 weeks)

Construction of second floor level
€92,039

Phase FIVE (4 to 6 weeks)

Roofing works
Snag Lists'

€63,623

TOTAL Construction Phases ONE TO FIVE

€352,973



Finishing Phases

Phase ONE (8 to 10 weeks)

Plumbing	€5,050
Electrical works	€23,000
Drainage works	€4,669
Sub-total	€32,719

Phase TWO (6 to 8 weeks)

Finishes to walls and ceilings	€42,833
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Phase THREE (8 to 10 weeks)

Floor finishes	€35,065
Marble finishes	€6,789
Sub-total	€41,854

Phase FOUR (6 to 8 weeks)

Joinery works	€28,780
Aluminium works	€4,825
Sub-total	33,605

Phase FIVE (2 weeks)

Sanitary appliances	€6,221
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CM Fees	€7,862
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TOTAL Finishing Phases ONE TO FIVE	€165,092
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Furniture and Fittings Phases

Elevator Costs	€23,000
Furniture and Fittings	€17,700
Air conditioning	€32,611
TOTAL Furniture and fittings	€73,311

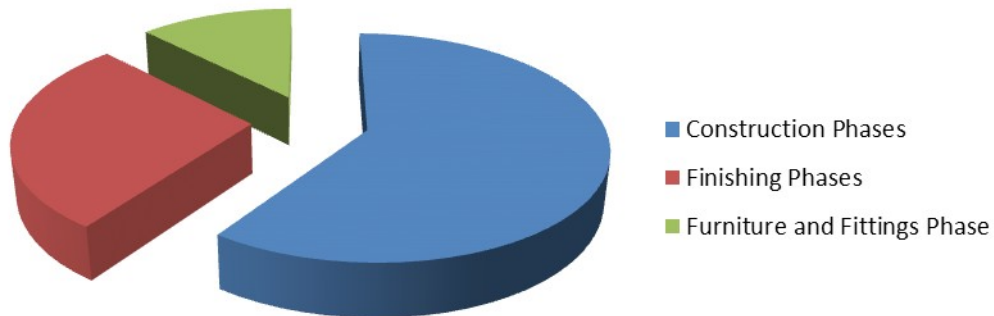
Summary

Construction Phases:	€352,973
Finishing Phases:	€165,092
Furniture and Fittings Phases:	
€73,311	



TOTAL Estimated Project Costs:
€591,376

New Premises



Section 3. Other Planned Projects

As mentioned in the executive summary, the council is planning the following capital projects in 2010.

i.	Monument of Victims of War (improvement):	€10,000
ii.	Construction of ladies public toilets in Spencer gardens:	€7,300
iii.	Projects - UIF Fund:	€46,575
	Total capital projects planned for 2010	€63,875

There are no other planned capital projects in 2011 and 2012.

Section 4. SWOT Analysis related to the project

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> The councillors experience and determination to build make this project a reality for the community; Banks are ready to support such an initiative; The income projected for the coming three years sustains such an investment; The proposed Land is available for the project; 	<ul style="list-style-type: none"> Premises to be accessible for all residents including the elderly and those with special needs; Council would be able to offer more services to the community; New premises will have more space when compared to the old premises and therefore new facilities like a day centre for the elderly, a local Library, conference hall, Customer Centre, Internet Centre and others facilities Meeting point for the residence; A Long term benefit for the community; Council to own its own premises;



WEAKNESSES	THREATS
<ul style="list-style-type: none">• Dependency on the central government for funds;• Unable by law to generate income from commercial activities;	<ul style="list-style-type: none">• Government slash local council funding due to the deficit or an economic downturn;• The Central government or other circumstances put on more responsibilities on the council hence increasing the annual expenditure;

Section 5. Conclusion and Way Forward

5.1 Summary of key points and way forward

Building the new council premises is surely a challenge but not an impossible task. The current council's vision will effect positively generations to come in the locality of Marsa. Such projects leave an impact on the community especially on those who need it the most like elderly people and other members in the society that need a place that they can call a second home. The new premises will be build with modern standards hence make it easy for the people with special needs to access the premises. The internet café will attract the young ones to the council and in the local library the history of the town will be preserved. There will be also room and space to host private lessons. The conference hall will give voice to those who haven't express their opinion in the community till now.

The project is estimated to cost €590,000 and will be partially financed by Bank of Valletta. The council has already approved officially the project and an architect has been appointed to draft the estimated of the costs. Furthermore the council has signed the contract with the Lands department already.

As for the sustainability of this investment, the council mainly depends on government funds (section 55 of the local councils' act 1993), 88% to 97% of the total council's income. As highlighted in the SWOT analysis, these funds are essential for successfully implementing the project. However the Ministry already gave the authorisation to the council to borrow funds from commercial banks and this is surely a vote of confidence from the government.

Finally although the main focus of the council for the coming years will be the building of its new premises, all councillors will continue to fulfil this administration mission and execute their day to day duties to the highest standards to the benefit of the residents and community of Marsa.

Pages 12 to 19 contain all the financial data related to the project and operation of the council for the years 2010 to 2012. It is to be noted that for practicality purposes the financial data on the above mentioned pages are up to December 2012. However the detailed financial projections from page 19 onwards include all the necessary data and workings up to financial year end December 2015.



Section 6. Financial Highlights and Requirements

6.1 Financial Highlights

Introduction

The assumptions to follow reflect the recommended strategy described in this business plan. The financial data was extracted from the business plan prepared by the council covering the financial years 2010 to 2015. Furthermore these financial projections were prepared on accrual basis.

Overview of performance

The following table is a snapshot of the statement of income and expenditure for the projected three years. Being a government entity, the council solely depends on government funds to sustain its expenditure. To follow please find the salient points related to the income and expenditure for the financial years 2010 to 2015.

1. It is being assumed that the income deriving from Bye-Laws will cease to exist by the end of 2010. The related warden costs have been also removed from the expenditure of the respective years.
2. The Road and street pavements (patching works) estimated expenditure for 2010 in the council's original business plan amounted to €102,886. This figure resulted to be on the high side when compared to the previous and coming years' figures. Furthermore this cost had a negative impact on the cash flow. To this regard the council members, decided to reduce this figure by 40% bring the figure to a more reasonable level. **This is subject to the approval of the local councils' department.**
3. Refuse collection costs are deemed to increase due to the new refuse collection responsibilities imposed on the council.
4. Other contractual services costs are mainly the services related to the cleaning and sweeping of the horse race track area. This cost is expected to increase from 2009 due to the level of works needed.



5. The professional services costs projected from 2010 onwards increased from 2009, due to the architect/contract manager costs related to the new building and also due to the IT services needed by the council.
6. Financial expenses reflect mainly the bank interest costs incurred on the bank loan to finance the new council's building project.
7. Depreciation charge increase from 2011 onwards in relation to the new building.

Table 1 (Income & Expenditure Extract up to December 2012)

Statement of Income and Expenditure	Projected	Perc to	Var	Projected	Perc to	Var	Projected	Perc to	Var
	1 January to December 2010	Income	Inc/Dec vs Mar' 09	1 January to December 2011	Income	Inc/Dec	1 January to December 2012	Income	Inc/Dec
	12 months			12 months			12 months		
	€	%	%	€	%	%	€	%	%
Income									
Government Funds	491,936	88%	30%	515,300	97%	5%	539,465	97%	5%
Bye-Laws	54,000	10%	269%	-	0%	-100%	-	0%	0%
Investments	100	0%	-76%	100	0%	0%	100	0%	0%
General Income	15,760	3%	33%	16,298	3%	3%	16,863	3%	3%
Total	561,796	100%	38%	531,698	100%	-5%	556,428	100%	5%
Expenditure									
Salaries	74,124	13%	27%	76,582	14%	3%	79,079	14%	3%
Maintenance and other works	335,584	60%	75%	353,789	67%	5%	389,168	70%	10%
Admin and other expenses	70,249	13%	38%	77,274	15%	10%	85,762	15%	11%
Financial expenses	700	0%	0%	15,555	3%	2122%	20,286	4%	30%
Depreciation	55,198	10%	-26%	65,829	12%	19%	68,350	12%	4%
Total	535,855	95%	42%	589,030	111%	10%	642,645	115%	9%
Surplus/(Deficit) for the year	25,941	5%	-12%	(57,332)	-11%	-321%	(86,217)	-15%	50%

Income

As the table 2 illustrates the income projected for the coming and first three financial years of this business plan.

Table 2



Income	Projected	Perc to	Var	Projected	Perc to	Var	Projected	Perc to	Var
	1 January to December 2010	Income	Inc/Dec vs Mar' 09	1 January to December 2011	Income	Inc/Dec	1 January to December 2012	Income	Inc/Dec
	12 months			12 months			12 months		
	€	%	%	€	%	%	€	%	%

Funds Received from the Government

In terms of section 55 of the Local Council Act 1993	460,286	82%	31%	483,300	94%	5%	507,465	91%	5%
Other Government Refunds and income	31,650	6%	15%	32,000	6%	1%	32,000	6%	0%
Total	491,936	88%	30%	515,300	100%	5%	539,465	97%	5%

Local Enforcement System (Bye Laws)

Contraventions and fines	54,000	10%	269%	-	0%	-100%	-	0%	0%
Total	54,000	10%	269%	-	0%	-100%	-	0%	0%

Investment Income

Bank Interest Received	100	0%	-76%	100	0%	0%	100	0%	0%
Total	100	0%	-76%	100	0%	0%	100	0%	0%

General Income

Community Services	214	0%	-25%	225	0%	5%	236	0%	5%
Sponsorships	-	0%	-100%	-	0%	0%	-	0%	0%
General Income	3,000	1%	12943%	3,000	1%	0%	3,000	1%	0%
Documents and information charges	1,190	0%	-37%	1,250	0%	5%	1,312	0%	5%
Contributions	9,356	2%	193%	9,823	2%	5%	10,314	2%	5%
Urban improvement funds	-	0%	-100%	-	0%	0%	-	0%	0%
Income from permits	2,000	0%	-12%	2,000	0%	0%	2,000	0%	0%
Total	15,760	3%	33%	16,298	3%	3%	16,863	3%	3%

TOTAL INCOME	561,796	100%	38%	531,698	103%	-5%	556,428	100%	5%
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Expenditure

The expenditure of the council is split into four categories excluding depreciation that is (i.) personnel costs, (ii.) operations and maintenance costs, (iii.) administration expenses and (iv.) finance costs.

To follow is a breakdown of the personnel costs for 2010 as highlighted in the council's original business plan. A 3% increase in the personnel costs is calculated in 2011 from 2010, in 2012 from 2011 and a 5% increase there on for each year.

(i.) **Personnel costs**

Mayor's honoraria 2010: € 19,092.00*50:	€9,546
Clerk (1) Salary 2010:	€9,351
Clerk (2) Salary 2010:	€13,161
Secretary Salary 2010:	€24,628
Bonuses	€5,076
Social Security Contributions	€3,962
Allowances	€8,400
Total	€74,124

(ii.) **Operations and maintenance costs**

This cost consists of expenses related to the repairs and upkeep of the locality and other regular contractual services required during the year. Table 3 in the following page is a snapshot of these costs. The main increases were already highlighted in the "overview of performance".

Table 3



Operations and Maintenance Costs	Projected	Perc to	Var	Projected	Perc to	Var	Projected
	1 January to	Income	Inc/Dec	1 January to	Income	Inc/Dec	1 January to
	December		vs Mar'	December			December
	2010		09	2011			2012
	12 months			12 months			12 months
	€	%	%	€	%	%	€

Repairs and Upkeep

Road and street pavements (patching works)	61,732	11%	1266%	67,905	13%	10%	74,695
Street signs	10,000	2%	598%	11,000	2%	10%	12,100
Road markings	-	0%	-100%	-	0%	0%	-
Street lighting	14,400	3%	0%	15,840	3%	10%	17,424
Office furniture and equipment	2,000	0%	7%	2,200	0%	10%	2,420
Other repairs and upkeep	2,500	0%	-59%	2,750	1%	10%	3,025
Total	90,632	16%	450%	99,695	19%	10%	109,664

Contractual Services

Collection of Household and commercial waste/skips	79,244	14%	38%	101,274	19%	28%	111,401
Bulky refuse collection	3,265	1%	-19%	3,592	1%	10%	3,951
Road and street cleaning	30,745	5%	-2%	44,500	8%	45%	48,950
Cleaning and maintenance of public conv,	19,240	3%	0%	21,164	4%	10%	23,280
Cleaning and maintenance of parks and gardens	13,387	2%	-16%	14,726	3%	10%	16,198
Cleaning and maintenance of verges/non-urban	21,599	4%	-26%	23,759	4%	10%	26,135
Cleaning and maintenance of offices	2,500	0%	0%	2,750	1%	10%	3,025
Authorised officer expenses	5,580	1%	380%	6,138	1%	10%	6,752
Local warden service expenses	36,490	6%	773%	-	0%	-100%	-
Other contractual services	32,902	6%	151%	36,192	7%	10%	39,811
Total	244,952	44%	39%	254,094	48%	4%	279,504

TOTAL	335,584	60%	75%	353,789	67%	5%	389,168
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(iii.) Administration and other expenses

This cost consists of expenses related to the administration and running of the council. Table 4 below is a snapshot of these costs. The main increases were already highlighted in the "overview of performance".

Table 4

Administration and other costs	Projected	Perc to	Var	Projected	Perc to	Var	Projected	Perc to	Var
	1 January to	Income	Inc/Dec	1 January to	Income	Inc/Dec	1 January to	Income	Inc/Dec
	December		vs Mar'	December			December		
	2010		09	2011			2012		
	12 months			12 months			12 months		
	€	%	%	€	%	%	€	%	%
Utilities	9,270	2%	-50%	10,197	2%	10%	11,217	2%	10%
Office services	4,000	1%	-23%	4,400	1%	10%	4,800	1%	9%
Transport	1,200	0%	15%	1,320	0%	10%	1,452	0%	10%
Information services	1,600	0%	37%	1,760	0%	10%	1,936	0%	10%
Other contractual services	9,280	2%	-29%	10,208	2%	10%	11,229	2%	10%
Insurance	2,111	0%	0%	2,322	0%	10%	2,554	0%	10%
Health Scheme	3,989	1%	0%	4,388	1%	10%	4,826	1%	10%
Staff uniforms	-	0%	0%	-	0%	0%	800	0%	0%
Professional services	13,600	2%	457%	14,960	3%	10%	16,456	3%	10%
Provision for doubtful debtors	-	0%	-100%	-	0%	0%	-	0%	0%
Community and hospitality	25,200	4%	195%	27,720	5%	10%	30,492	5%	10%
Total	70,249	13%	38%	77,274	15%	10%	85,762	15%	11%



(iv.) Finance expenses

This cost consists of expenses related to the financing needed to run the council and to build the new project. Table 5 in the following page is a snapshot of these costs. The main increases were already highlighted in the “overview of performance”.

Table 5

Bank Interest and Charges	Projected	Perc to	Var	Projected	Perc to	Var	Projected	Perc to	Var
	1 January to	Income	Inc/Dec	1 January to	Income	Inc/Dec	1 January to	Income	Inc/Dec
	December		vs Mar'	December			December		
	2010		09	2011			2012		
	12 months			12 months			12 months		
	€	%	%	€	%	%	€	%	%
Bank Interest on bank loan	-	0%	0%	15,455	3%	0%	20,186	4%	31%
Bank charges	700	0%	0%	100	0%	-86%	100	0%	0%
Total	700	0%	0%	15,555	3%	2122%	20,286	4%	30%

6.2 Key Performance indicators

Though the council is not a profitable or private entity, it still needs to meet its financial obligations and the following table illustrates that in order for the council not to register a deficit, it needs a level of income that amounts to €535,000 for 2010, €539,000 for 2011 and €643,000 for 2012. As indicated below, the council will register a deficit in 2011 and 2012, mainly due to the increase in depreciation charge, decrease in income and increase in finance costs. The cash generation had the same pattern and decreased.

Table 6

KEY PERFORMANCE INDICATORS	Projected	Projected	Projected	Projected	Projected	Projected
	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to
	December	December	December	December	December	December
	2010	2011	2012	2013	2014	2015
	12 months	12 months	12 months	12 months	12 months	12 months
PROFITABILITY						
Net Surplus/Deficit	25,941	(57,332)	(86,217)	(75,237)	(63,243)	(51,681)
Net Surplus/Deficit Margin	5%	-11%	-15%	-13%	-10%	-8%
Break-Even Income	535,855	589,030	642,645	667,781	694,419	724,180
Government funds as a percentage of total income	88%	97%	97%	97%	97%	97%
LIQUIDITY						
Cash Generation	81,139	8,497	(17,867)	(8,740)	1,551	13,114
Current Ratio	3.94	1.48	1.10	0.83	0.60	0.47
INVESTMENT						
Investment	63,875	591,363	-	-	-	-

6.3 Cash Flow

The Cash flow was analysed on an annual basis only, as the council is not a commercial entity that has seasonable income or uses a bank overdraft facility. Furthermore the nature of the recurring expenses is contractual and need to be settled by the council on a monthly basis.

- ✓ **One important factor that this business plan highlights is the fact that the council can sustain the bank repayments related to the new bank loan/s required to finance the new project.**
- ✓ **The council needs to maintain the level of income and expenditure from 2013 onwards at the same levels of 2012 in order to prevent that the cash reserves reduce further.**
- ✓ **It is calculated that the amount of cash reserves at as the end of December 2012 that amounted to €51,606 is equivalent to 1.4 years worth of bank loan repayments.**

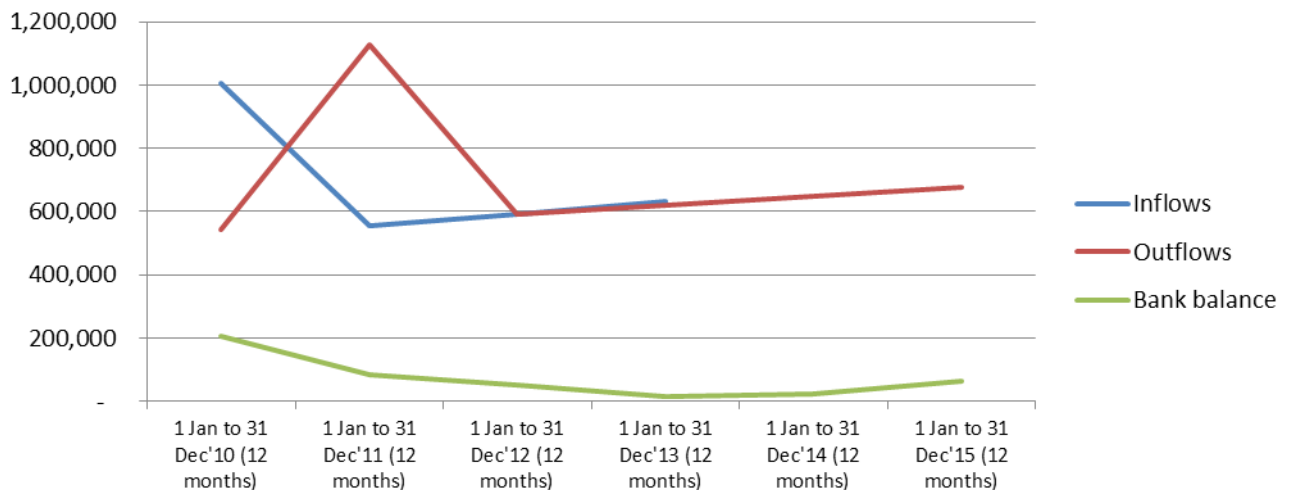
Table 7 in the next page is a snapshot of the cash flow summary for the years 2010 to 2013.



Table 7

	Projected 1 January to December 2010 12 months	Var Inc/Dec vs Mar' 09	Projected 1 January to December 2011 12 months	Var Inc/Dec	Projected 1 January to December 2012 12 months	Var Inc/Dec	Projected 1 January to December 2013 12 months
	€	%	€	%	€	%	€
INFLOWS							
Government Funds	491,936	30%	515,300	5%	539,465	5%	574,988
Bye-Laws	54,000	269%	-	-100%	-	0%	-
Investments	100	-76%	100	0%	100	0%	100
General Income	15,760	33%	16,298	3%	16,863	3%	17,456
Bank loan	-	0%	472,000	0%	-	-100%	-
Total	561,796	38%	1,003,698	79%	556,428	-45%	592,544
OUTFLOWS							
Capital Expenditure (Annual)	63,875	119%	-	-100%	-	0%	-
New Premises	-	0%	591,363	0%	-	-100%	-
Salaries	74,124	27%	76,582	3%	79,079	3%	83,033
Maintenance and other works	335,584	75%	353,789	5%	389,168	10%	408,626
Admin and other expenses	70,249	38%	77,274	10%	85,762	11%	90,050
Loan Repayment	-	0%	26,699	0%	35,869	34%	35,869
Inventory, Receivables/Payables	-	-100%	-	0%	-	0%	1,388
Total	543,832	46%	1,125,708	107%	589,877	-48%	618,966
NET CASH MOVEMENT							
Opening balance	190,002	78%	207,266	9%	85,156	-59%	51,606
Financial expenses	700	0%	100	-86%	100	0%	100
Closing balance	207,266	46%	85,156	-59%	51,606	-39%	25,084
SUMMARY OF BANK CLOSING BALANCES							
Bank account	207,266	46%	85,156	-59%	51,606	-39%	25,084
Total	207,266	46%	85,156	-59%	51,606	-39%	25,084

Graph illustrates the movement up to December 2015



6.4 Statement of Affairs

Table 8 in the following page is a snapshot of the council's statement of affairs for the years 2010 to 2013.

The statement of affairs salient figures are mainly:

- The investment that increased in 2011 due to the new council building;
- The Cash at bank balance that is on the decrease due to the increase in bank repayments and level of expenditure, as well as the decrease in income;



- On the liabilities side the main point is the new bank loan related to the new council building.

Table 8

	Projected 1 January to December 2010 12 months		Var Inc/Dec vs Mar' 09		Projected 1 January to December 2011 12 months		Var Inc/Dec		Projected 1 January to December 2012 12 months		Var Inc/Dec		Projected 1 January to December 2013 12 months		Var Inc/Dec	
	€	%	€	%	€	%	€	%	€	%	€	%	€	%	€	%
ASSETS																
Non-current assets																
Tangible	646,030	10%	1,171,564	81%	1,103,215	-6%	1,036,717	-6%								
Total Non-Current Assets	646,030	10%	1,171,564	81%	1,103,215	-6%	1,036,717	-6%								
Current Assets																
Inventory	447	-1%	447	0%	447	0%	469	5%								
Trade and other receivables	62,670	55%	62,670	0%	62,670	0%	48,208	-23%								
Cash and cash equivalents	207,266	46%	85,156	-59%	51,606	-39%	25,084	-51%								
Total Current Assets	270,383	48%	148,273	-45%	114,723	-23%	73,761	-36%								
TOTAL ASSETS	916,413	19%	1,319,837	44%	1,217,938	-8%	1,110,479	-9%								
EQUITY AND LIABILITIES																
Capital and Reserves																
Retained earnings	802,203	14%	744,871	-7%	658,654	-12%	583,417	-11%								
Total capital and reserves	802,203	14%	744,871	-7%	658,654	-12%	583,417	-11%								
Non-Current Liabilities																
Non-current portion of term loans	-	0%	428,991	0%	409,205	-5%	392,810	-4%								
Deferred income	45,624	16%	45,624	0%	45,624	0%	45,624	0%								
Total Non-current Liabilities	45,624	16%	474,615	940%	454,829	-4%	438,434	-4%								
Current Liabilities																
Current portion of term loans	-	0%	31,766	0%	35,869	13%	35,869	0%								
Trade and other payables	68,586	143%	68,586	0%	68,586	0%	52,758	-23%								
Total Current Liabilities	68,586	143%	100,352	46%	104,455	4%	88,627	-15%								
TOTAL EQUITY AND LIABILITIES	916,413	19%	1,319,837	44%	1,217,938	-8%	1,110,479	-9%								

6.5 Financial Requirements

The estimated project cost will amount to €590,000 (five hundred ninety thousand Euros) and will be financed in part by the council (20%) and the remaining balance by means of a bank loan repayable over a period of 20 years.

It is to be noted that the council finalised negotiations with Bank of Valletta plc and a copy of the sanction letter is enclosed with this document.

The interest rate used in these projections is 4.45% as per the bank's Sanction letter.



Section 7. Detailed Financial Projections

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