

Valletta Local Council

Report & Financial Statements

31 December 2013

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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 the Local Council's Statement of Comprehensive Income 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 Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the council on 30 April 2014 and signed on its behalf by:

Prof. Alexici Dingli
Mayor

Gabriella Agius
Executive Secretary

Report of the Local Government auditor to the Auditor General

Report of the Local Government auditor to the Auditor General

Statement of comprehensive income

	Notes	2013 €	2012 €
Revenue			
Funds received from Central Government	3	723,743	721,926
Income raised under Local Enforcement System	4	8,418	2,951
General income	5	159,199	267,141
		<u>891,360</u>	<u>992,018</u>
Expenditure			
Personnel emoluments	6	(138,127)	(125,882)
Operations and maintenance	7	(560,182)	(418,342)
Administration and other expenditure	8	(409,161)	(477,969)
		<u>(1,107,470)</u>	<u>(1,022,193)</u>
Operating loss for the year		(216,110)	(30,175)
Finance income	9	138	326
Finance costs	9	-	(48)
Loss for the year		(215,972)	(29,897)

Statement of financial position

	Notes	2013 €	2012 €
Assets			
Non-current assets			
Property, plant and equipment	11	1,381,090	1,077,140
Intangible assets	10	388	219
		<u>1,381,478</u>	<u>1,077,359</u>
Current assets			
Receivables	12	144,082	260,134
Cash and cash equivalents	13	26,573	134,578
		<u>170,655</u>	<u>394,712</u>
Total assets		<u>1,552,133</u>	<u>1,472,071</u>
Reserves			
Retained earnings		<u>589,834</u>	<u>805,806</u>
Liabilities			
Non-current liabilities			
Deferred income	14	<u>165,484</u>	<u>176,553</u>
Current liabilities			
Trade and other payables	14	<u>796,815</u>	<u>489,712</u>
Total liabilities		<u>962,299</u>	<u>666,265</u>
Total reserves and liabilities		<u>1,552,133</u>	<u>1,472,071</u>

These financial statements were approved by the Local Council on 30 April 2014 and signed on its behalf by:

Prof. Alexiei Dingli
 Mayor

Gabriella Agius
 Executive Secretary

The notes on pages 8 to 22 form an integral part of these financial statements.

Statement of changes in equity

	Retained funds €
At 1 January 2012	835,703
Loss for the year	<u>(29,897)</u>
At 31 December 2012	<u>805,806</u>
At 1 January 2013	805,806
Loss for the year	<u>(215,972)</u>
At 31 December 2013	<u>589,834</u>

Statement of cash flows

	2013 €	2012 €
Cash flow from operating activities		
Loss for the year	(215,972)	(29,897)
Depreciation	131,336	76,602
Amortisation	55	49
Movement in provision for doubtful debts	33,270	34,588
Interest receivable	(138)	(326)
Interest payable	-	48
Operating profit before working capital changes	(51,449)	81,064
Decrease in receivables	82,782	247,585
Increase (decrease) in other payables	325,909	(43,908)
Government grant released	(88,153)	(97,820)
Cash generated from (used in) operating activities	269,089	186,921
Cash flows from investing activities		
Interest received	138	326
Purchase of property, plant and equipment	(435,286)	(267,110)
Purchase of intangible asset	(224)	-
Receipt of grant	58,278	65,856
Cash used in investing activities	(377,094)	(200,928)
Cash flows from financing activity		
Interest paid	-	(48)
Net decrease in cash and cash equivalents	(108,005)	(14,055)
Cash and equivalents at beginning of year	134,578	148,633
Cash and equivalents at end of year	26,573	134,578

Notes to the financial statements

1 General information

The Valletta Local Council is the local authority of Malta set up in accordance with the Local Councils Act (1993). The office of the council is situated at 31, South Street, Valletta. These financial statements were approved for issue by the council members on 30 April 2014. The council's financial statements are presented in euro which is the functional currency of the council.

2 Accounting policies and reporting procedures

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.

Accounting convention

These financial statements are prepared under the historical cost convention except as disclosed below. These financial statements are prepared in accordance with the provisions of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of International Financial Reporting Standards as adopted by the European Union.

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).

New and revised standards that are effective for annual periods beginning on or after 1 January 2013

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the council

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the council.

Council members anticipate that all of the relevant pronouncements will be adopted in the council's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the council's financial statements is provided below. Certain other new standards and interpretations have been issued but are not relevant and therefore are not expected to have a material impact on the council's financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2015)

The IASB aims to replace *IAS 39 Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

Council members have yet to assess the impact that this amendment is likely to have on the financial

statements of the council. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and the standard has been adopted by the European Union.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The amendments are effective for annual reporting periods beginning on or after 1 January 2013 and interim periods within those annual periods. The required disclosures should be provided retrospectively. The council members do not anticipate a material impact on the council's financial statements from these amendments.

Intangible fixed assets

Computer software is valued at cost less accumulated depreciation and impairment losses to date. Amortisation to write off the cost is calculated on a monthly basis using the reducing balance method at 20% per annum.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Depreciation is calculated on a monthly basis using the reducing balance method at rates calculated to write down the cost less residual value of each asset over its expected useful life as follows:

	%
Land	-
Trees	-
Buildings	1
Office furniture and fittings	7.5
Construction works	10
Urban improvements (Street furniture)	10
Special projects	10
Office equipment	20
Motor vehicles	20
Plant and machinery	20
Computer equipment	25
Plants	100
Litter bins	replacement basis
Playground furniture	100
Road signs	replacement basis
Street mirrors	replacement basis
Street lights	100
Traffic signs	replacement basis

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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 costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the statement of comprehensive income.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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 and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of comprehensive income.

Related parties

Related parties are those persons or bodies of persons having relationships with the council as defined in IAS 24. See note 17 for a list of related parties with which the council carried out transactions during the year under review.

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the statement of comprehensive income as it accrues.

Income from Central Government is not recognised until there is a reasonable assurance that the council will comply with any conditions attached to it, and that the income will be received. The received income is to be recorded gross and any deductions made for non compliance are to be disclosed separately with expenses.

LES income

LES income is accounted for in the statement of comprehensive income as it accrues.

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'.

Capital management policies and procedures

The council's capital consists of its net assets, including working capital, represented by its retained funds. The council's management objectives are to ensure:

- that the council's ability to continue as a going concern is still valid and
- that the council maintains a positive working capital rate.

To achieve the above, the council carries out a quarterly review of the working capital ratio ('Financial Situation Indicator'). This ratio was negative at the reporting date and the council is working to improve the situation. The council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Significant judgements, estimates and assumptions

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).

3 Funds received from Central Government

	2013	2012
	€	€
In terms of section 55 of the Local Councils Act	678,395	689,226
Other supplementary Government income	9,015	-
Other Government income	36,333	32,700
	<u>723,743</u>	<u>721,926</u>

4 Local enforcement income

	2013	2012
	€	€
Contraventions and other fines	-	42,917
Sentenced cases - accrued income	(1,596)	(51,663)
Administrative charges to regional committees	10,014	11,697
	<u>8,418</u>	<u>2,951</u>

5 General income

	2013	2012
	€	€
CVA income	25,817	25,800
Community services income	3,348	-
Sponsorship income	500	-
Tender documents/Info. Charges	2,075	8,465
Contributions	(4,260)	8,157
Science in the city	-	2,250
Grant released – Housing Authority	-	75,478
Grant released – PPP scheme	11,570	8,264
Grant released – EU Youth Project	39,585	-
Grant released – Mattia Preti Square	10,997	4,294
Grant released – niches	672	-
Income for European Walled Towns presidency	8,909	-
Creditors written back	360	51,392
Income from permits	45,820	42,326
Other income	13,806	40,715
	159,199	267,141

6 Personnel emoluments

	2013	2012
	€	€
Mayor's allowance	9,025	11,146
Councillors' allowances	3,430	7,200
Executive secretary salary and allowance	34,594	29,023
Employees' salaries	82,621	71,940
Social security contributions	8,457	6,573
	138,127	125,882

7 Operations and maintenance

	2013	2012
	€	€
Repairs and upkeep:		
Road/street pavements	28,947	21,583
Signs	7,547	17,251
Road markings	4,066	4,772
Office furniture and equipment	2,474	3,331
Plant and equipment	77	-
Sundry repairs	1,009	2,552
Council property	1,737	2,194
	<u>45,857</u>	<u>51,683</u>
 Contractual Services:		
Refuse collection	163,734	92,731
Bulky refuse collection	14,470	13,760
Tipping fees	42,390	42,390
Road and street cleaning	243,803	152,240
Cleaning - public conveniences	13,055	18,152
Cleaning - council premises	2,296	2,493
Cleaning and maintenance - parks & gardens	32,486	32,626
Local Enforcement expenses	2,091	12,267
	<u>514,325</u>	<u>366,659</u>
 Total operations and maintenance costs	<u>560,182</u>	<u>418,342</u>

8 Administration and other expenditure

	2013	2012
	€	€
Utilities	22,528	23,063
Other repairs and upkeep	1,070	2,360
Rent	6,258	(293)
Membership fees	-	775
Participation fees – International meeting	1,562	2,100
Participation fees – National meeting	463	122
Works at Housing Authority blocks	-	75,478
EU Youth project	39,585	-
Science in the city	850	3,020
Office services	13,539	14,150
Transport	1,684	5,409
Maintenance of vehicle	2,158	-
Travel	22,814	27,007
Information services	12,285	25,880
Insurance coverage	4,720	4,406
Bank charges	1,096	1,041
Professional services	55,385	62,688
Training	59	207
Other hospitality costs	5,015	5,276
Social events	14,348	20,490
Cultural events	30,138	57,631
Community services	6,991	12,311
Leasing of equipment	1,538	2,627
Sundry expenses	391	418
Increase in provision for bad debts	33,270	34,588
Amounts written off (note)	23	20,564
Depreciation	131,336	76,602
Amortisation	55	49
	409,164	477,969

Note:

	2013	2012
	€	€
LTD Debtors written off	23	-
Housing Authority Grant	-	11,710
Accrued income from Local Council Department	-	8,614
Accrued income for 2012 activities not to be received	-	240
	23	20,564

9 Finance income and finance cost

The following amounts have been included in the statement of comprehensive income line for the reporting periods presented:

	2013 €	2012 €
Bank interest receivable	138	326
Finance income	<u>138</u>	<u>326</u>
Interest expense on bank overdraft	-	48
Finance cost	<u>-</u>	<u>48</u>

10 Intangible fixed asset

	Computer software €
Gross carrying amount	
Balance at 1 January 2013	2,598
Additions	224
Balance at 31 December 2013	<u>2,822</u>
Amortisation	
Balance at 1 January 2013	2,379
Amortisation for the year	55
Balance at 31 December 2013	<u>2,434</u>
Carrying amount at 31 December 2013	<u>388</u>
Gross carrying amount	
Balance at 1 January and 31 December 2012	<u>2,598</u>
Amortisation	
Balance at 1 January 2012	2,330
Amortisation for the year	49
Balance at 31 December 2012	<u>2,379</u>
Carrying amount at 31 December 2012	<u>219</u>

Valletta Local Council
Report and financial statements
For the year ended 31 December 2013

11 Property, plant and equipment

	Property €	Motor Vehicles €	Assets under construction €	New street signs €	Urban improvements €	Plant, machinery & equipment €	Office furniture & fixtures €	Special programmes €	Total €
Gross carrying amount									
Balance as at 1 January 2012	-	-	371,675	8,900	868,883	36,973	37,444	194,601	1,518,476
Additions	-	8,000	203,139	-	46,881	6,086	3,004	-	267,110
Reclassification	-	-	(434,403)	-	434,403	-	-	-	-
Balance as at 31 December 2012	-	8,000	140,411	8,900	1,350,167	43,059	40,448	194,601	1,785,586
Depreciation									
Balance as at 1 January 2012	-	-	-	8,900	393,407	19,407	15,529	194,601	631,844
Depreciation for the year	-	1,006	-	-	70,000	3,878	1,718	-	76,602
Balance as at 31 December 2012	-	1,006	-	8,900	463,407	23,285	17,247	194,601	708,446
Carrying amount as at 31 December 2012	-	6,994	140,411	-	886,760	19,774	23,201	-	1,077,140
Gross carrying amount									
Balance as at 1 January 2013	-	8,000	140,411	8,900	1,350,167	43,059	40,448	194,601	1,785,586
Additions	-	-	85,658	-	347,338	1,801	489	-	435,286
Reclassification	-	-	(93,462)	-	93,462	-	-	-	-
Balance as at 31 December 2013	-	8,000	132,607	8,900	1,790,967	44,860	40,937	194,601	2,220,872
Depreciation									
Balance as at 1 January 2013	-	1,006	-	8,900	463,407	23,285	17,247	194,601	708,446
Depreciation for the year	-	1,277	-	-	124,506	3,800	1,693	-	131,336
Balance as at 31 December 2013	-	2,283	-	8,900	587,913	27,145	18,940	194,601	839,782
Carrying amount as at 31 December 2013	-	5,717	132,607	-	1,203,054	17,715	21,997	-	1,381,090

12 Receivables

	2013 €	2012 €
Receivables	26,675	35,131
LES Debtors	7,346	45,047
Other receivables	15,159	13,791
Accrued income	79,897	150,515
Financial assets	129,077	244,484
Prepayments	5,559	4,870
Advance payments to creditors	9,446	10,780
	144,082	260,134

The carrying value of short-term receivables is considered a reasonable approximation of fair value.

In determining the recoverability of receivables the council considers any change in the credit quality of each receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the debtor base being large and unrelated.

Included in receivables are debtors with a carrying amount of € 21,986 (2012: € 32,475) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	2013 €	2012 €
Not more than 3 months	2,051	1,687
More than 3 months but not more than 6 months	1,727	1,814
More than 6 months	18,208	28,974
	21,986	32,475

The movement in the provision for doubtful debts is as follows:

	2013 €	2012 €
Balance at 1 January	415,606	381,018
Increase in provision for LES debtors	33,270	34,588
Increase in provision for general receivables	-	-
Balance at 31 December	448,876	415,606

13 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2013 €	2012 €
Bank balances	26,530	134,535
Cash in hand	43	43
	26,573	134,578

The council did not have any restrictions on its cash balances at year end.

14 Payables

	2013	2012
	€	€
Payables	561,187	358,604
Accruals	156,468	46,084
Financial liabilities	717,655	404,688
Deferred income	221,252	251,127
Other creditors	23,392	10,450
	962,299	666,265
Comprising:		
Long term payables	165,484	176,553
Deferred income		
Payables - current	796,815	489,712

The movement in deferred income is as follows:

	2013	2012
	€	€
Balance at 1 January	251,127	283,091
Received during the year	58,278	65,856
Released to income	(88,153)	(97,820)
At 31 December	221,252	251,127
Deferred income		
Current deferred income	55,768	74,574
Non-current deferred income	165,484	176,553

Financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

15 Capital commitments

	2013	2012
	€	€
Details of capital commitments at the reporting date are as follows:		
Contracted for	3,000	279,585
Approved but not yet contracted for	-	-
(i) Contracted for:		
Mattia Preti bust	3,000	-
Road resurfacing	-	150,000
Works at Siege bell	-	66,500
Others	-	63,085
	3,000	279,585
(ii) Approved but not yet contracted for:	-	-

16 Contingent liabilities

	2013	2012
	€	€
Guarantees in favour of third parties	1,600	4,397
Garnishee order	38,998	11,544
Claims by suppliers	176,582	40,876
	<u>217,180</u>	<u>56,817</u>

17 Related party transactions

During the year under review, the council carried out transactions with the following related parties:

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Central Joint Committee (Local Enforcement)	Joint control
South Eastern Regional Committee	Joint control
Gozo Regional Committee	No control
North Regional Committee	No control
Southern Regional Committee	No control
Central Regional Committee	No control
Police General Head Quarters	No control
Local Councils Association	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Ministry for the Family and Social Solidarity	No control
Malta Communications Authority	No control
Malta Council for Culture and Arts	No control
Director General – Works Division	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Wasteserv Malta Limited	No control
Transport Malta	No control
The Commissioner for Inland Revenue	No control
Malta Information Technology Agency	No control
ARMS Limited	No control
Gozo Channel Limited	No control

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

	2013	2012
	€	€
Annual financial allocation	<u>678,395</u>	<u>689,226</u>

The ultimate controlling party is Central Government since the council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

The council also receives revenue from other Government entities such as Water Services Corporation for trenching works carried out in the locality, and for the reinstatement of roads as a result of the trenching works.

Transactions with key management personnel are disclosed in note 6.

18 Risk management objectives and policies

The council is exposed to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The council is not exposed to any market risk. The council's risk management is coordinated by the council members and focuses on actively securing the council's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the council is exposed are described below. See also note 18.3 for a summary of the council's financial assets and liabilities by category.

18.1 Credit risk

The council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	2013 €	2012 €
Classes of financial assets – carrying amounts			
Trade and other receivables	12	129,077	244,484
Cash and cash equivalents	13	26,573	134,578
		<u>155,650</u>	<u>379,062</u>

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal only with creditworthy counterparties.

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 12 for further information on impairment or financial assets that are past due.

None of the council's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

18.2 Liquidity risk

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables (see note 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the council's obligations when they become due.

The council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the council's committed borrowing facilities that it can access to meet liquidity needs.

At 31 December 2013 the council's financial liabilities have contractual maturities which are summarised below:

31 December 2013	Current within 1 year €	Non-current 1 to 5 years €	Non-current later than 5 years €
Payables	561,187	-	-
Accruals	156,468	-	-

This compares to the maturity of the council's financial liabilities in the previous reporting period as follows:

31 December 2012	Current within 1 year €	Non-current 1 to 5 years €	Non-current later than 5 years €
Payables	358,604	-	-
Accruals	46,084	-	-

18.3 Summary of financial assets and liabilities by category

The carrying amounts of the council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows:

	2013 €	2012 €
Current assets		
Loans and receivables:		
Trade and other receivables	129,077	244,484
Cash and cash equivalents	26,573	134,578
	<u>155,650</u>	<u>379,062</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	561,187	358,604
Accruals	156,468	46,084
	<u>717,655</u>	<u>404,688</u>

19 Fair values estimation

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

20 Going concern

The statement of financial position on page 5 and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council able to meet its financial obligations as they fall due without curtailing its future commitments.