



Spiteri Bailey & Co.

Accountancy Audit Advisory

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LOCAL COUNCIL NADUR

Report of the Local Government Auditor to the Auditor General

We have audited the accompanying financial statements of Local Council Nadur set out on pages 4 to 21, which comprise the statement of financial position as at 31st December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Local Council for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council Responsibilities for the Financial Statements

As described on page 3, the Executive Secretary and the Council are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Local Government Auditor's Responsibility

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

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

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

Partners:

William Spiteri Bailey
F.I.A., M.I.M., C.S.A., C.P.A.
Registered Auditor

Karen Spiteri Bailey
B.A. Hons. (Accty.), F.I.A., A.M.I.T., C.P.A.
Registered Auditor



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Council as of 31 December 2012 and of the Council's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Local Councils Act, (CAP 363); the Financial Regulations issued in terms of the said Act; and the Local Councils (Financial) Procedures.

Emphasis of Matter

Without qualifying our audit opinion, we would like to bring your attention to the fact that as at 31st December 2012, the current liabilities of the Local Council exceeded its current assets by Euro 152,274 indicating possible liquidity problems.

**This copy of the audit report has been signed by
Conrad Borg FCCA FIA DipIFR CPA (Partner) for and on behalf of
Spiteri Bailey & Co.**

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18/04/13