

Our Ref: NAO 107/2015/35
Your Ref:

29 May 2020

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The Mayor and Executive Secretary
Marsaskala Local Council
Marsaskala



Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2019**

In terms of Section P2.06 (c.02) of the Local Councils (Audit) Procedures 2006, I am forwarding a copy of the Audit Report and Financial Statements, together with the Management Letter for the financial year ending 31 December 2019.

After seeking the Council's approval, you are kindly requested to submit your response to the Director (Local Government), the Local Government Auditor, and to this Office as stipulated in Section P2.06 (d) of the same Procedures, by not later than six weeks following receipt of this letter.

Yours faithfully,



Tanya Mercieca
Asst. Auditor General

Encls.



Grant Thornton

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Our ref MB/mf/38720

20 April 2020

Dear Sir,



Financial statements for the year ended 31 December 2019

During the course of our audit for the year ended 31 December 2019 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

1.1 Income

We are pleased to note that we did not identify any double posting in income.

1.2 Expenditure

We are pleased to note that the council is making petty cash purchases in line with the new directive.

We again noted various instances where the council is not adhering to the procurement procedures (refer to note 3.3).

We again identified that the council failed to send the travelling report to the Department for Local Government (refer to note 3.1)

We again noted irregularities in the insurance policy coverage taken out by the council (refer to notes 3.9 and 3.11).

1.3 Fixed assets

We again identified discrepancies in certain classification of assets when comparing the financial statements to the fixed asset register (refer to note 5.1).

The fixed asset register is once again lacking information as requested by the Local Councils (Financial) Procedures, 1996 (refer to note 5.4).

We again identified assets not included in the fixed asset register (refer to note 5.7)



1.4 Trade and other receivables

We are pleased to note that we did not identify any unreconciled discrepancies in trade receivable confirmations.

We again identified discrepancies in reports issued by Loqus (refer to notes 6.1 and 6.2).

We are pleased to note that we did not identify any irregularities in prepayments.

We did not identify any shortcomings in accrued income.

1.5 Bank and cash

We are pleased to note that the council obtained all bank statements as at 31 December 2019

1.6 Trade and other payables

The council is still not obtaining suppliers' statements at or near year-end (refer to note 7.1).

1.7 Council meetings and website uploads

We are pleased to note that none of the council meetings lasted for more than three hours.

We again noted an instance where a cheque numbers were omitted from the schedule of payments (refer to note 8.1).

The council did not upload all the required reports on the electronic site on time (refer to note 9.1).

2 Income

Income from LES administration fees

2.1 We obtained Loqus report 483 and reconciled to the LES administration fees and established that the council's income from LES administration fees for 2019 is understated by €12.

2.2 We did not propose an audit adjustment due to the immateriality of the amount. However we recommend that the council generates the Loqus report frequently and reconciles amounts to fees claimed for collection of fines.

3 Expenditure

Travelling expenses

3.1 The council travelled to Asikkala in Finland during the year. No travelling report was prepared for submission to the Department of Local Government. We were provided with the minutes of the meetings held but no proof of submission to the Department of Local Government was provided.



3.2 The council is required to prepare travel reports for each project or event which the council or delegates attend and submit this to the Director for Corporate Services as required by MF/5/2012. The report should be submitted to the Department by not later than one month after the trip and should include the purpose of the visit and any remarks such as benefits achieved from such trips.

Procurement procedures

3.3 Our testing on cheque payments revealed the following irregularities:

Details	Supplier	€	Note
40 bags viafix road repairs	CEB Metals Ltd	988.84	(a)
Viafix road repair	Pack it Malta	988.84	(b)
LED Bulbs	J.V Meli	749.00	(b)
Toners for Kyocera printer	Strand Electronics	1,055.59	(a)
Paint	Mario Mallia	920.90	(b)

- (a) The council did not raise a purchase order nor obtain any quotation.
- (b) The council did raise the purchase order, but no quotation was provided during audit fieldwork.

3.4 May we remind the council that the purpose of a purchase order is to confirm in writing the order for goods or services from third parties. The purchase order is the evidence of the council's approval for a proposed purchase or service. Upon receipt of the invoice, this should be checked and matched to the purchase order, with any discrepancies referred to the supplier.

3.5 In accordance with the Procurement Guidelines 2017 issued by the Department of Local Government the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000 unless, for purchases exceeding €50 but not €500, a direct order approved by the Executive Secretary is issued. We also draw your attention to section e.01 of the Local Councils (Financial) Procedures, 1996 which states that a similar purchase within four months is to be considered as one single purchase.

Tenders exceeding budget amount

3.6 Whilst reviewing the opening minutes of tender KLM 2018/08 we noted that the council budget was €375,000. The cheapest tender submitted was for €647,369 which was afterwards discounted to €474,209. This means that accepted offer exceeded the budget by €99,209.

3.7 Similarly tender KLM 2019/03 had a council budget of €380,000. However the awarded bidder offered €401,440 thus exceeding the council budget by €21,440.

3.8 May we remind the council that the budget is prepared to control the income and expenditure of the council. Thus, diverting from the budget will result in cash constraints for other services.

Asset insurance

3.9 During our audit we identified the below discrepancies between the asset insurance cover and net book value of assets as per prior year audited financial statements:



Asset	Sum insured €	NBV in books of account €
Fixtures, fittings, plant and machinery	21,590	15,934
Electronic and office equipment	53,210	-
Total	74,800	15,934

3.10 It is evident that some of the fixed assets are over/under insured. May we advise the council to perform at least an annual review of its insurance policy in order to ensure that the council's insurance coverage is in line with current legislation.

3.11 Whilst reviewing the insurance policy we also noted that the council is insuring property in the open, being Gnien Sant'Anna and the Zonqor public convenience. This is in breach of Directive 3/2017 which states that community assets should not be insured.

3.12 Directive 3/2017 and Legal Notice 269 of 2017 state that the council must ensure that administrative offices, including all the furniture and office machinery are insured by a 'buildings and content' insurance. The insurance shall cover fire, theft and damage due to natural events. Circular 33/2016 also states that the insurance policy should be based on the net book value of assets included in the last audited financial statements. However, in view of the fact that a significant number of assets have a nil net book value we recommend that the insurance at least covers the replacement value for assets.

Rent

3.13 Whilst reviewing the expenses, we noted that the council has a rental agreement in place for the rent of the training centre. The council did not account for this using IFRS 16 'Leases'. Given that the amounts were not deemed to be material, no adjustments were proposed from our end.

3.14 We recommend that the council reviews all lease contracts in place and considers the impact of IFRS 16 'Leases' on the council's financial statements and adjust if the need arises.

4 Personal emoluments

Councillors' allowances

4.1 Whilst testing emoluments we noted that the €2,000 mayor's allowance was included in the mayor's honorarium account. We have proposed an audit adjustment to adjust the books of account to include this with councillors' allowance. The council approved our audit adjustment and included it in the final set of financial statements.

4.2 We recommend that the council classifies councillor allowances separately from the honorarium.

5 Fixed assets

Classification

- 5.1 We identified differences between the net book value of certain assets in the fixed assets register and the net book value in financial statements. These are summarised below:

Asset category	NBV in unaudited financial statements €	NBV in Fixed assets register €	Difference €
Plant, machinery and equipment	11,031	13,516	(2,485)
Computer software	894	-	894
Office furniture and fittings	10,428	8,838	1,590
	303,091	303,092	(1)

- 5.2 Upon further analysis of the above discrepancies between the fixed asset register and the unaudited financial statements, we noted that the amortisation for computer software (intangible asset) was included with plant and machinery. No adjustment was proposed due to the fact that in the books of account, the amounts are properly accounted for.
- 5.3 We recommend that the council ensures that the fixed asset register is updated with the categories shown in the fixed asset register tying up with both the financial statements and the nominal accounts so as to have the correct net book value for both tangible and intangible assets.

Details of fixed asset register

- 5.4 When reviewing the fixed asset register, we noted that certain details like invoice numbers, location and suppliers' details are missing. For example:

Asset category	Asset code	Description	Purchase date	Net book value €
Urban improvements	KLM001489	Benches Green MT 2014	31.03.2016	2,087.81
Office furniture & fittings	KLM001156	Filing Cabinet 3 drawers	09.02.2010	151.28
Construction works	KLM001344	KLM001223	23.07.2010	3,552.18
Construction works	KLM001338	Decorative Kerbs	05.04.2012	171.61
Computer equipment	KLM001581	Computer i3 9100F GT710	01.08.2019	603.68

- 5.5 We recommend that every possible effort should be made to complete the fixed asset register to include at least all of the following:



- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code
- Cost
- Depreciation rate
- Location of the asset
- Grants received

5.6 An updated fixed asset register enables the council to exercise proper control over the council’s property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the council’s fixed asset register is updated henceforth with all relevant details.

Additions in Fixed Assets Register

5.7 When comparing the number of additions between the fixed asset register and the financial statements we identified various additions missing from the fixed assets register for the following categories:

Asset category	Additions in books of account €	Additions in Fixed assets register €	Difference €
Trees	14,122	-	14,122
Urban improvements	28,937	2,878	26,059
	43,059	2,878	40,181

5.8 Upon further investigating, it was noted that these additions were fully covered by government grants and therefore the net effect on the fixed asset register is nil.

5.9 We recommend that the council includes the value of these assets in the fixed asset register and then deducts the grant value as is being done for other assets in the fixed asset register. May we remind the council that the fixed asset register should mirror all the fixed assets that the council holds and therefore, even though the net book value is nil the asset should still be included in the register.

6 Trade and other receivables

Pre-regional LES debtors

6.1 During our review of pre-regional LES debtors, we noted that the tribunal pending payments in report 622 amounted to €330,841.14 whilst the prior year report showed the amount of €332,719.67 which means that the amount increased by €1,878.53. Given that these relates to old tribunal pending payments, such amounts should not increase but only decrease through payments.

6.2 We also noted that the increase in tribunal pending payments in report 622 was €1,878.53 which contrasts with the amount of payments of €1,878.54 shown in report 483 for pre-regional contraventions paid during the year.

- 6.3 The findings above cast doubts on the integrity of the data being generated from the Loqus IT system. Therefore, we recommend the council takes the matter up with Loqus to determine why the balance is fluctuating.

7 Trade and other payables

Suppliers' statements

- 7.1 During the course of our audit we noted that the council did not manage to obtain monthly suppliers' statements or year-end statements for all suppliers.
- 7.2 We again recommend that the council obtains monthly statements from all suppliers in order to ensure proper recording of creditors in the council's ledgers. This will highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements.

Debit balances in creditors' list

- 7.3 The council's creditors' list at the end of the year includes debit balances amounting to €3,542. Details of the debit balances are presented below:

Debtor	€
ARMS Limited	3,259
Community workers scheme	283
	<u>3,542</u>

- 7.4 We recommend that the council investigates all debit balances in the creditors' list since they may arise from overpayments or omitted invoices. In addition, these balances should also be disclosed separately with other receivables rather than set off against trade creditors. This was properly reflected in the financial statements but not reflected in the books of account. In this regard an audit reclassification was passed to agree the books of account with the audited financial statements.

Accruals

- 7.5 During our testing of accruals, we noted that the council included an accrual for performance bonus to community workers amounting to €2,360. Invoice for this expense was dated 26 November 2019 and therefore such expense should be accounted for in creditors. An audit adjustment was proposed to rectify this issue. The council approved our audit adjustment and included it in the final set of financial statements.
- 7.6 We reiterate our recommendation that the council obtains monthly statements from all suppliers which will highlight any omitted invoices or other discrepancies.

8 Council meetings

Schedules of payments

- 8.1 We identified an instance where cheque numbers were omitted from the schedule of payments:



Cheque number	€
14446	207.40
14447	207.40
14448	207.40
14449	207.40

- 8.2 Upon enquiry we were informed that these were omitted cheque by mistake from the schedule of payments.
- 8.3 We advise the council to abide by section P1.11.c.c.01. of the Financial Procedures which dictates the amount of detail required on the schedule and a further memo issued by DLG which requires the cheque number to be inserted even if cancelled. All cancelled cheques should be retained as proof of cancellation.

Meeting regulations

- 8.4 We observed that the date of the next meeting set is not the date of the actual meeting. Meeting 02/2019 was set for 19 July 2019 but was held on 20 August 2019. Similarly, meeting 03/2019 was set for 2 October 2019 but the meeting was held on 7 October 2019.
- 8.5 According to the Local Councils (Meeting) Procedures, 1996 at the end of every meeting the council must set the next council meeting which shall be fixed. If no unanimous agreement is reached, the councillors are to vote and decide according to the majority. This shall not be changed for any reason. Therefore, we recommend that these requirements are followed.

9 Electronic website

- 9.1 During our audit work we found that the council did not upload the quarterly financial reports for July to December within the required timeframe.
- 9.2 We recommend that the council abides by the directive given in memo 02/2014 which states that all meeting minutes, schedules of payments and specified documents must be uploaded on the council's site within three days of approval. The "iffimat" on the pdf documents is confirmation that the uploaded documents are the approved and correct ones.

10 Uploading of management letter and other documents

- 10.1 During our audit fieldwork, we noted that the council has uploaded the 2018 Management Letter in full in accordance with Circular 21 of 2019.
- 10.2 We would like to remind the council of the recent General Data Protection Regulations as indicated to councils in SPI 7/2018. Councils should be mindful that there are restrictions on transmitting/ publishing information regarding personal data. Therefore, certain documents should be carefully scrutinised to ensure that they do not contravene GDPR prior to uploading on the website. This is also highlighted in Circular 7 of 2019 which states that names of third parties not directly connected with the operations of the council should not be published.
- 10.3 We therefore recommend that the council contacts the Department for clarification of this contradiction.



Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Mr Josef Grech and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

A handwritten signature in blue ink that reads "Grant Thornton". The signature is written in a cursive style and is positioned above a horizontal line.

Local Council Marsaskala
Annual Audit Report
for the year ended 31 December 2019



Prepared by:
Ms Doreen Mintoff
B.Accountancy(Honours) AIA, DIP.IFR CPA, Reg Auditor

Contents

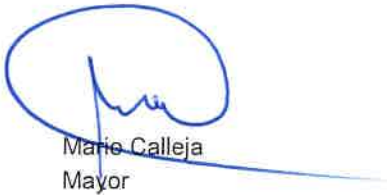
	Page
Statement of Local Council Members' and Executive Secretary's Responsibilities	1
Report of the Local Government Auditor	2-3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 27

**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2019**

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Council on 20 April 2020 and signed on its behalf by



Mario Calleja
Mayor



Josef Grech
Executive Secretary

Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Marsaskala Local Council set out on pages 4 to 27 which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act, the Local Councils (Financial) Procedures 1996 (the “Legislation”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of those charged with governance for the financial statements

As described on page 1 the Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Legislation, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Secretary and the members of the Local Council are responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is the intention to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

The Executive Secretary and the members of the Local Council are responsible for overseeing the Council’s financial reporting process.

Auditor's responsibilities for the audit of the financial statements

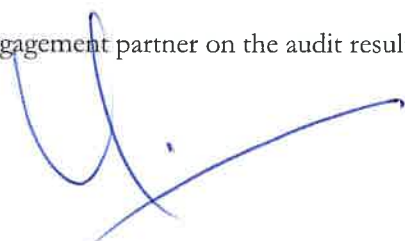
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq l-Intornjatur, Zone 1
Central Business District,
Birkirkara CBD 1050
Malta

20 April 2020

**Statement of Comprehensive Income
for the year ended 31 December 2019**

	Notes	2019 €	2018 €
Revenue			
Funds received from Central Government	3	1,068,022	984,114
Income raised under Local Enforcement System	4	7,994	9,990
General Income	6	68,347	69,426
		<u>1,144,363</u>	<u>1,063,530</u>
Expenditure			
Personal Emoluments	7	(196,306)	(171,117)
Operations and maintenance	8	(522,420)	(563,701)
Administration and other expenditure	9	(252,810)	(505,199)
		<u>(971,536)</u>	<u>(1,240,017)</u>
Operating profit/(loss) for the year		172,827	(176,487)
Finance income	5	1,589	1,510
		<u>174,416</u>	<u>(174,977)</u>
(Profit)/(loss) for the year		<u>174,416</u>	<u>(174,977)</u>

The notes on pages 8 to 27 form an integral part of these financial statements.

	Notes	2019 €	2018 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	348,083	362,583
Intangible assets	10	894	1,373
		<u>348,977</u>	<u>363,956</u>
Current Assets			
Receivables	12	230,804	194,558
Cash and cash equivalents	13	1,128,290	944,997
		<u>1,359,094</u>	<u>1,139,555</u>
Total Assets		<u>1,708,071</u>	<u>1,503,511</u>
RESERVES			
Retained earnings		1,397,523	1,223,107
Total reserves		<u>1,397,523</u>	<u>1,223,107</u>
Current Liabilities			
Trade and other payables	14	310,548	280,404
		<u>310,548</u>	<u>280,404</u>
Total Liabilities		<u>310,548</u>	<u>280,404</u>
Total reserves and liabilities		<u>1,708,071</u>	<u>1,503,511</u>

These financial statements were approved by the Local Council on 20th April 2020 and signed on its behalf by:


Mario Calleja
Mayor


Josef Grech
Executive Secretary

The notes on pages 8 to 27 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2019

	Retained Funds	Total
	€	€
At 1 January 2018	1,398,084	1,398,084
(Loss) for the year	(174,977)	(174,977)
At 31 December 2018	<u>1,223,107</u>	<u>1,223,107</u>
At 1 January 2019	1,223,107	1,223,107
Profit for the year	174,416	174,416
At 31 December 2019	<u>1,397,523</u>	<u>1,397,523</u>

Statement of Cash Flows
for the year ended 31 December 2019

	2019		2018	
	€	€	€	€
Net profit / (loss) for the year	174,416		(174,977)	
Reconciliation to cash generated from operations:				
Amortisation and Depreciation	82,149		363,915	
Loss on write offs of property, plant and equipment	1,467		-	
Movement in Provision for Doubtful Debts	(2,189)		(1,309)	
Interest receivable	(1,589)		(1,510)	
Operating surplus before working capital changes	254,254		186,119	
(Increase) in receivables	(23,870)		(5,838)	
(Increase) in other receivables	(10,187)		(146,077)	
Increase in payables	23,587		18,102	
Increase in other payables	6,557		1,118	
Cash generated from operating activities		250,341		53,424
Cash flow from investing activities				
Interest received	1,589		1,510	
Purchase of intangible fixed assets	-		(944)	
Purchase of property, plant & equipment	(108,817)		(184,882)	
Grants received	40,180		243,756	
Cash (used in) / generated from investing activities		(67,048)		59,440
Net increase in cash in the year		183,293		112,864
Cash and equivalents at beginning of year		944,997		832,133
Cash and equivalents at end of year		1,128,290		944,997

1. General Information

The Marsaskala Local Council is the local authority of Malta set up in accordance with the Local Councils Act(1993). The office of the Local Council is situated at 228, Triq is-Salini, Marsaskala. These financial statements were approved for issue by the Council Members on 20 April 2020. The Local Council's company's presentation as well as functional currency is €.

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, as modified to include fair values where it is stated in the accounting policies 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 the International Financial Reporting Standards.

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 amended standards adopted by the Local Council

In the current year the Council has applied the below new and revised IFRS issued by IASB that is mandatory effective for financial year beginning 1st January 2019.

IFRS 9 Prepayment Features with Negative Compensation allow instruments with symmetric prepayment options to qualify for amortised cost or fair value through other comprehensive income measurement. Amendments to IFRS 9 is effective for financial periods beginning on, or after, 1 January 2019.

IFRS 16, 'Leases', introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 is effective for financial periods beginning on, or after, 1 January 2019.

Annual improvements to IFRS Standards 2015-2017 are effective for financial periods beginning on, or after, 1 January 2019.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Local Council.

IAS 1 and IAS 8 Definition of Material include amendments to its definition of material to make it easier for companies to make materiality judgements. IAS 1 and IAS 8 Definition of Material, will be effective for financial periods beginning on, or after, 1 January 2020.

Amendments to references to the Conceptual Framework in IFRS standards include some important issues which were not covered or were unclear or out of date. It contain a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability and clarifications in important areas. These amendments will be effective for financial periods beginning on, or after, 1 January 2020.

The Councillors are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Councillors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

Intangible Fixed Assets

Computer software is valued at cost less accumulated amortisation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the straight line method at 25% - 100% per annum.

Up to the year ended 31st December 2017, depreciation was 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 according to IAS 16 Property, Plant and Equipment. On 1st January 2018, the straight line method in line with IAS 16, has been adopted, in line with the Directive No.1/2017 issued by the Department for Local Government.

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 straight line method at rates calculated to write off the cost of each asset over its expected useful life as follows:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5 - 100
Construction Works	10 - 100
Urban Improvements (Street Furniture)	10 - 100
Special Projects	10 - 100
Office Equipment	20 - 100
Motor Vehicles	20 - 100
Plant and Machinery	20 - 100
Computer Equipment	25 - 100
Plants	100
Litter Bins	Replacement Basis
Playground Furniture	100
Traffic Signs	Replacement Basis
Road Signs	Replacement Basis
Street Mirrors	Replacement Basis
Street Lights	100

Up to the year ended 31st December 2017, depreciation was 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 according to IAS 16 Property, Plant and Equipment. On 1st January 2018, the straight line method in line with IAS 16, has been adopted, in line with the Directive No.1/2017 issued by the Department for Local Government.

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 end of the reporting period. 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 trade and other receivables

Trade and other assets are measured at fair value, with changes in fair value subsequently recognised in profit and loss. The Council applies the simplified approach for all trade receivables and contract assets. Accordingly, the assessment to determine whether there is a significant increase in credit risk is not applicable for such financial assets.

Where the Council does not have reasonable and supportable information that is available without undue cost or effort to measure life time expected credit loss on an individual instrument basis and in order to ensure the life time expected credit losses are recognised before an asset becomes credit-impaired or an actual default occurs, life time expected credit losses on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the life time expected credit losses are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial.

The Council's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for receivables after 360 days, the loss rate was adjusted to take into consideration the proportion of actual recoveries over the selected period.

Impairment of cash and cash equivalents

Cash and cash equivalents are demand deposits, a 1-day probability of default has been applied, based on the respective external ratings of the counterparty banks and an adequate loss given default rate to the carrying amount at the measurement date.

The Council banks with local financial institutions with high quality standing and rating and management consider the probability of default to be close to zero.

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.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24

Revenue

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

Local Enforcement System

Up till August 2011, the Council used to manage the the Local Enforcement System in its locality and used to receive all the income generated from the fines. As from 1 September 2011, the Council started to form part of the Southern Region, which took over the management of Local Enforcement System and the Council is receiving a 10 % administration fee on every fine paid at the Council. As from October 2015 LESA took over the administration of the Local Enforcement System.

Government grants

Government grants relating to operating expenditure are recognized in the Statement of Comprehensive Income in the same period that the related expenditure is incurred.

Government grants relating to the purchase of property, plant and equipment are accounted for using the capital approach, and are thus deducted from the carrying amount of the relative non-current asset.

Up to the year ended 31st December 2017, government grants were accounted for using the income approach according to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. On 1st January 2018, the capital approach, according to IAS 20, has been adopted, in line with the Directive No 1/2017 issued by the Department for Local Government.

Profits and losses

Only losses that were realised at the date of the statement of financial position 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.

Cash and equivalents

Cash and Cash Equivalents are carried in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and balances held with banks.

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 substantially all 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

Trade and other assets are measured at fair value, with changes in fair value subsequently recognised in profit and loss. Details of impairment policies and the calculation of the loss allowance as per above.

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.'

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Council, 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 .

Capital management policies

The Council's objectives when managing capital are:

- to safeguard the council's ability to continue as a going concern, so that it can continue to provide services and benefits to its local community

The Council sets the amount of capital in proportion to risk. The Council manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Council monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises of retained earnings.

3. Funds received from central government

	2019	2018
	€	€
In terms of section 55 of the Local Council Act	945,635	896,511
Supplementary Government Income	54,835	65,358
Other Government Income	67,552	22,245
	<u>1,068,022</u>	<u>984,114</u>

4. Local Enforcement Income

	2019	2018
	€	€
Income from LES administration fees	8,203	9,990
Contraventions & other fines	(209)	-
	<u>7,994</u>	<u>9,990</u>

5. Investment Income

	2019	2018
	€	€
Bank Interest	1,589	1,510
	<u>1,589</u>	<u>1,510</u>

6. General Income

	2019	2018
	€	€
Community Services	420	-
Green MT Income	-	(460)
General Income	133	623
Media Advertising	4,617	-
Donations	300	-
Contributions	64	-
EU Local	-	8,131
Insurance Claims	94	-
Income from Permits	56,304	61,132
EU funding	6,415	-
	<u>68,347</u>	<u>69,426</u>

7. Personal Emoluments

	2019	2018
	€	€
Mayor's Allowance	13,690	12,796
Councillors' Allowance	16,900	9,600
Executive Secretary Salary and Allowances	35,533	34,688
Employees' Salaries	117,267	101,712
Social Security Contributions	12,916	12,321
	<u>196,306</u>	<u>171,117</u>

8. Operations and Maintenance

	2019	2018
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	-	90,927
Road/Street Pavements	44,454	13,367
Repair to motor vehicle	-	697
Signs	19,397	9,563
Office Furniture and Equipment	780	251
Plant & Equipment	714	810
Other repairs and Upkeep	43,007	49,379
Council Property	-	40
	<u>108,352</u>	<u>165,034</u>
<i>Contractual Services:</i>		
Waste Disposal	112,362	132,046
Refuse Collection	112,616	110,641
Bulky Refuse Collection	31,201	24,304
Hiring of Skips - Bins on Wheels	2,006	-
Cleaning Services	-	4,728
Road & Street Cleaning	50,622	45,371
Cleaning & Maintenance Non-Urban Roads	16,511	8,948
Cleaning - Public Conveniences	29,426	25,265
Cleaning - Council Premises	2,536	3,142
Cleaning & Maintenance Parks & Gardens	29,019	22,133
Street Lighting	27,366	21,735
Local Enforcement Expenses	403	354
	<u>414,068</u>	<u>398,667</u>
	<u>522,420</u>	<u>563,701</u>

9. Administration and other expenditure

	2019	2018
	€	€
Utilities	8,056	11,368
Uniforms	1,531	745
Sundry materials & supplies	26,975	18,285
Rent	23,400	21,460
European Organisations	350	350
Participation fees - Int. Mtg	-	120
Participation fee - Nat. Mtg.	1,528	475
Membership - Local Organisations	900	900
Carnival expenses	-	11,272
Printing	7,922	4,591
Stationery	2,011	2,201
Subscriptions	1,944	1,943
Couriers	868	-
Postages	367	681
Other Office Services	136	367
Transport	4,006	1,090
Travel	3,560	3,564
Information Services	17,060	6,631
Insurance Coverage	3,579	3,318
Bank Charges	240	274
IT Development Services	5,004	5,663
Legal services	2,596	602
Accountancy services	7,714	8,240
Professional services	30	55
Other support services	14,225	9,194
Training	207	-
Entertainment	1,720	4,405
Visits - Foreign Delegations	-	54
Other Hospitality Costs	2,982	1,496
Annual General Meeting	435	646
Social Events	23,379	17,476
Community Services	7,210	3,529
Sundry Minor Expenses	956	979
Provision for LES receivables	(6,447)	(1,309)
Loss on write offs of property, plant and equipment	1,467	-
Twinning expenses	327	619
Bad debts written off	4,423	-
Amortisation and Depreciation	82,149	363,915
	<u>252,810</u>	<u>505,199</u>

10. Intangible fixed assets

	Computer Software	Total
	€	€
Cost		
At 1 January 2018	6,899	6,899
Additions	944	944
At 31 December 2018	<u>7,843</u>	<u>7,843</u>
Amortisation		
At 1 January 2018	4,314	4,314
Charge for year	2,156	2,156
At 31 December 2018	<u>6,470</u>	<u>6,470</u>
Net book values		
At 31 December 2018	<u>1,373</u>	<u>1,373</u>
Cost		
At 1 January 2019	7,843	7,843
At 31 December 2019	<u>7,843</u>	<u>7,843</u>
Amortisation		
At 1 January 2019	6,470	6,470
Charge for year	479	479
At 31 December 2019	<u>6,949</u>	<u>6,949</u>
Net book values		
At 31 December 2019	<u>894</u>	<u>894</u>

Notes to the Financial Statements
for the year ended 31 December 2019

1.1. Property, plant and equipment

	Trees	Construction Works	New Street Signs	Urban Improvements	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Assets under construction	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2018	43,097	2,149,948	59,544	1,108,282	39,504	24,739	11,006	13,588	3,449,708
Additions	-	6,799	-	167,056	6,225	-	-	4,802	184,882
Reclassifications	-	-	-	4,404	-	-	-	(4,404)	-
At 31 December 2018	43,097	2,156,747	59,544	1,279,742	45,729	24,739	11,006	13,986	3,634,590
Grants									
At 1 January 2018	-	602,466	-	782,184	16,766	-	-	-	1,401,416
Grants for the year	-	-	-	153,756	-	-	-	-	153,756
	-	602,466	-	935,940	16,766	-	-	-	1,555,172
Depreciation									
At 1 January 2018	-	1,013,789	59,544	241,037	17,643	12,969	10,093	-	1,355,075
Reclassification	-	(950)	-	3,277	(2,327)	-	-	-	-
Charge for the year	-	334,950	-	16,413	5,736	3,748	913	-	361,760
At 31 December 2018	-	1,347,789	59,544	260,727	21,052	16,717	11,006	-	1,716,835
Net book values									
At 31 December 2018	43,097	206,492	-	83,075	7,911	8,022	-	13,986	362,583

Notes to the Financial Statements
for the year ended 31 December 2019

1.1. Property, plant and equipment	Trees	Construction Works	New Street Signs	Urban Improvements	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Assets under construction	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2019	43,097	2,156,747	59,544	1,279,742	45,729	24,739	11,006	13,986	3,634,590
Additions	14,122	37,148	-	28,937	6,148	5,043	4,900	12,519	108,817
Disposals	-	-	-	-	(3,984)	(6,610)	-	-	(10,594)
At 31 December 2019	57,219	2,193,895	59,544	1,308,679	47,893	23,172	15,906	26,505	3,732,813
Grants									
At 1 January 2019	-	602,466	-	935,940	16,766	-	-	-	1,555,172
Grants for the year	14,122	-	-	26,058	-	-	-	-	40,180
	14,122	602,466	-	961,998	16,766	-	-	-	1,595,352
Depreciation									
At 1 January 2019	-	1,347,789	59,544	260,727	21,052	16,717	11,006	-	1,716,835
On disposals	-	-	-	-	(3,852)	(5,275)	-	-	(9,127)
Charge for the year	-	59,295	-	17,605	2,896	1,302	572	-	81,670
At 31 December 2019	-	1,407,084	59,544	278,332	20,096	12,744	11,578	-	1,789,378
Net book values									
At 31 December 2019	43,097	184,345	-	68,349	11,031	10,428	4,328	26,505	348,083

12. Receivables

	2019	2018
	€	€
Receivables	37,367	17,479
Other receivables	5,767	680
Accrued income	178,301	167,327
Financial assets	<u>221,435</u>	<u>185,486</u>
Prepayments	9,369	9,072
	<u>230,804</u>	<u>194,558</u>

Receivables

General receivables are analysed as follows:

	2019	2018
	€	€
Within credit period	5,400	9,062
Exceeded credit period but not impaired	31,967	8,417
	<u>37,367</u>	<u>17,479</u>

Receivables are stated after a specific provision for bad debts amounting to € 0 (2018 : € 275).

LES Debtors

LES debtors are stated after a specific provision for doubtful debts amounting to € 330,842(2018: € 333,030).

Other receivables

	2019	2018
	€	€
Exceeded credit period but not impaired	5,767	470
Within credit period	<u>-</u>	<u>210</u>

Other receivables are stated after a provision for doubtful debts amounting to € 0 (2018 : € 3,983).

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

	2019	2018
	€	€
Balance at 1 January	337,288	338,597
(Decrease) in provision for LES Debtors	(2,188)	(1,309)
(Decrease) in provision for receivables	4,258	-
Balance at 31 December	<u>330,842</u>	<u>337,288</u>

13. Cash and equivalents

	2019	2018
	€	€
Bank Balances	1,127,943	944,624
Cash in Hand	347	373
	<u>1,128,290</u>	<u>944,997</u>

14. Payables

	2019	2018
	€	€
Payables	136,962	113,375
Other creditors	139,211	127,500
Accruals	32,933	38,075
Financial Liabilities	<u>309,106</u>	<u>278,950</u>
Deferred income	1,442	1,454
	<u>310,548</u>	<u>280,404</u>

15. Capital commitments

	2019	2018
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	2,000	551,761
Contracted for but not provided in the financial statements	559,567	-
These could be analysed as follows:		
<i>(i) Approved but not yet contracted for:</i>		
Construction	-	410,428
Urban Improvements	-	109,333
Office equipment	1,000	1,000
Motor Vehicle	-	30,000
Office furniture & fittings	1,000	1,000
	2,000	551,761
<i>(ii) Contracted for but not provided in the Financial Statements:</i>		
Construction	559,567	-

16. Related party transactions

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Government	Significant control
Regional Committee (Local Enforcement)	Joint control
Fgura Joint Committee (Local Enforcement)	Joint control
Local Enforcement System Agency	No control
Gozo Regional Committee	No control
North Regional Committee	No control
South Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Public General Head Quarters	No control
Local Councils' Association	No control
Malta Information Technology Agency	No control
Malta Communication Authority	No control
Malta Tourism Authority	No control
Malta Transport Authority	No control
Department of Lands	No control
Department of Inland Revenue	No control
Permanent Secretary - Ministry of Education	No control
Permanent Secretary - Ministry for Family & Social Solidarity	No control
Bank of Valletta plc	No control
Airmalta plc	No control
Jobs plus	No control
Arms Limited	No control
Planning Authority	No control
Environment and Resources 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
Commissioner for Data Protection	No control

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

	2019	2018
	€	€
Annual Financial Allocation	<u>945,635</u>	<u>896,511</u>

Key management compensation

Transactions with key management personnel are disclosed in note 8.

The Council's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for receivables after 360 days, the loss rate was adjusted to take into consideration the proportion of actual recoveries over the selected period.

As at 31 December 2019, trade receivables of € 31,967 (2018 : € 8,417) were past due but not impaired. The ageing of these past due trade receivables was over 1 month. These mainly related to a number of government entities for whom there is no recent history of default and exposure is very limited. Whilst a number of customers account for a certain percentage of the Council's past due trade debts, management has not identified any major concerns with respect to concentration of credit risk. Categorisation of trade receivables as past due is determined by the Council on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. Exposure is immaterial.

Previous accounting policy for impairment of trade and other receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

The Council considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Cash and cash equivalents

The Council banks only with local financial institution with high quality standing or rating. At 31 December 2019, cash and cash equivalents are held with counterparty with a credit rating of BBB and are callable on demand. Council consider the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Council.

Liquidity risk

The Council is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Council's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. At the end of the reporting period, the Local Council's net asset position amounted to € 1,048,546 (2018: € 859,151) view of the matching of cash inflows and outflows arising from expected maturities of financial instruments. In this respect management does not consider liquidity risk to the Council as significant taking into account the liquidity management process referred to above.

The following table analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2019 to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Current		Non- Current		Total
	Payable within 1 year	Payable withing 1 & 2 years	Payable within 2 & 5 years	Payable after more than 5 years	
	€	€	€	€	€
31 December 2019					
Payables	136,962	-	-	-	136,962
Other payables	139,211	-	-	-	139,211
Accruals	32,933	-	-	-	32,933
	<u>309,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,106</u>
31 December 2018					
Payables	113,375	-	-	-	113,375
Other payables	127,500	-	-	-	127,500
Accruals	38,075	-	-	-	38,075
	<u>278,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,950</u>

With respect to the maturity of the Council's financial liabilities as at 31 December 2019, the Council disclose that the trade and other payables are entirely repayable within one year from the end of the respective reporting period.

18. 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.

19. Comparative Figures

Certain amounts have been re-classified to conform with the current year's presentation.