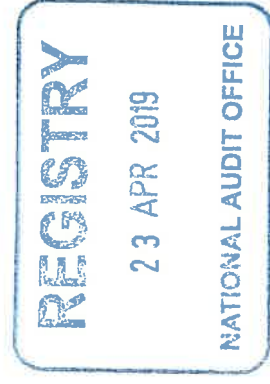


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Local Council Marsaskala

Annual Audit Report

for the year ended 31 December 2018



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 - 29

**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2018**

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 25 March 2019 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 29 which comprise the statement of financial position as at 31 December 2018, 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 2018, 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

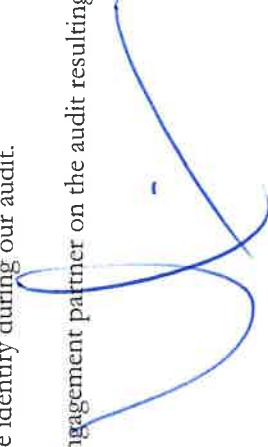
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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
Mriehel Bypass
Birkirkara BKR 3000
Malta

25 March 2019

Local Council Marsaskala

Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 €	2017 (Restated) €
Revenue			
Funds received from Central Government	3	984,114	951,463
Income raised under Local Council Bye-Laws	4	-	549
Income raised under Local Enforcement System	5	9,990	20,548
General Income	7	69,426	41,859
		<u>1,063,530</u>	<u>1,014,419</u>
Expenditure			
Personal Emoluments	8	(171,117)	(160,614)
Operations and maintenance	9	(563,701)	(478,726)
Administration and other expenditure	10	(505,199)	(205,207)
		<u>(1,240,017)</u>	<u>(844,547)</u>
Operating (loss)/profit for the year		<u>(176,487)</u>	<u>169,872</u>
Finance income	6	1,510	1,630
(Loss)/profit for the year		<u>(174,977)</u>	<u>171,502</u>

The notes on pages 8 to 29 form an integral part of these financial statements.

Local Council Marsaskala

**Statement of Financial Position
as at 31 December 2018**

	Notes	2018 €	2017 (Restated) €
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	362,583	693,217
Intangible assets	11	1,373	2,585
		<u>363,956</u>	<u>695,802</u>
Current Assets			
Receivables	13	194,558	41,333
Cash and cash equivalents	14	944,997	832,133
		<u>1,139,555</u>	<u>873,466</u>
Total Assets		<u>1,503,511</u>	<u>1,569,268</u>
RESERVES			
Retained earnings		1,223,107	1,398,084
Total reserves		<u>1,223,107</u>	<u>1,398,084</u>
Current Liabilities			
Trade and other payables	15	280,404	171,184
		<u>280,404</u>	<u>171,184</u>
Total Liabilities		<u>280,404</u>	<u>171,184</u>
Total reserves and liabilities		<u>1,503,511</u>	<u>1,569,268</u>

These financial statements were approved by the Local Council on 25th March 2019 and signed on its behalf by:



Mario Calleja
Mayor



Josef Grech
Executive Secretary

The notes on pages 8 to 29 form an integral part of these financial statements.

**Statement of Changes In Equity
for the year ended 31 December 2018**

	Retained Funds	Total
	€	€
At 1 January 2017	1,226,582	1,226,582
Profit for the year	175,252	175,252
At 31 December 2017	1,401,834	1,401,834
At 1 January 2018	1,401,834	1,401,834
as previously stated	(3,750)	(3,750)
Prior year adjustment		
At 1 January 2018	1,398,084	1,398,084
Profit for the year	(174,977)	(174,977)
At 31 December 2018	1,223,107	1,223,107

Statement of Cash Flows
for the year ended 31 December 2018

	2018		2017	
	€	€	€	€
Net (loss)/ profit for the year	(174,977)		175,252	
Prior year adjustment	-		(3,750)	
Reconciliation to cash generated from operations:				
Amortisation and Depreciation	363,915		87,505	
Loss on disposal of non current assets	-		416	
Movement in Provision for Doubtful Debts	(1,309)		(1,053)	
Interest receivable	(1,510)		(1,630)	
Government grant released	-		(828)	
Operating surplus before working capital changes	186,119		255,912	
(Increase) in receivables	(5,838)		(1,196)	
(Increase) in other receivables	(146,077)		(8,919)	
Increase / (decrease) in payables	18,102		(15,490)	
Increase in other payables	1,118		1,570	
Cash generated from operating activities	53,424		231,877	
Cash flow from Investing activities				
Interest received	1,510		1,801	
Purchase of intangible fixed assets	(944)		(744)	
Purchase of property, plant & equipment	(184,882)		(224,202)	
Grants received	243,756		122,595	
Cash generated from/(used in) investing activities	59,440		(100,550)	
Net increase in cash in the year	112,864		131,327	
Cash and equivalents at beginning of year	832,133		700,806	
Cash and equivalents at end of year	944,997		832,133	

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 25 March 2019. 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 2018.

IFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and replaces the multiple classification and measurement tools in IAS 39 with a single model that only has two classification categories: amortised cost and fair value. Classification under IFRS 9 will be driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 is effective for financial periods beginning on, or after, 1 January 2018.

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 2018, 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. Subject to adoption by EU, IAS 1 and IAS 8 Definition of Material, will be effective for financial periods beginning on, or after, 1 January 2020.

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. It will be effective for financial periods beginning on, or after, 1 January 2019.

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. Subject to adoption by EU, it will be effective for financial periods beginning on, or after, 1 January 2020.

Annual improvements to IFRS Standards 2015-2017. Subject to adoption by EU, it will be 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, will be effective for financial periods beginning on, or after, 1 January 2019.

The Councilors 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 Councilors 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. This is a change in accounting estimate, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for prospectively.

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	%
Trees	0
Buildings	0
Office Furniture and Fittings	1
Construction Works	7.5 - 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. This is a change in accounting estimate, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for prospectively.

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. This is a change in accounting policy, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

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

	2018	2017 (Restated)
	€	€
In terms of section 55 of the Local Council Act	896,511	859,668
Supplementary Government Income	65,358	75,488
Other Government Income	22,245	16,307
	<u>984,114</u>	<u>951,463</u>

4. Income raised from Bye-Laws

	2018	2017
	€	€
Bye-Laws - Advertising on Street Furniture	-	549
	<u>-</u>	<u>549</u>

5. Local Enforcement Income

	2018	2017
	€	€
Income from LES administration fees	9,990	12,157
LESA income distribution	-	8,391
	<u>9,990</u>	<u>20,548</u>

6. Investment Income

	2018	2017
	€	€
Bank Interest	1,510	1,630
	<u>1,510</u>	<u>1,630</u>

7. General Income

	2018 €	2017 €
Green MT Income	(460)	2,618
General Income	623	230
Tender Documents/Info. Charges	-	200
Media Advertising	-	1,269
Donations	-	300
Contributions	-	300
EU Local	8,131	6,869
Income from Permits	61,132	30,073
	<u>69,426</u>	<u>41,859</u>

8. Personal Emoluments

	2018 €	2017 €
Mayor's Allowance	12,796	12,618
Councillors' Allowance	9,600	9,600
Executive Secretary Salary and Allowances	34,688	33,852
Employees' Salaries	101,712	93,918
Social Security Contributions	12,321	10,626
	<u>171,117</u>	<u>160,614</u>

9. Operations and Maintenance

	2018 €	2017 €
<i>Repairs and Upkeep:</i>		
Public Property	90,927	-
Road/Street Pavements	13,367	47,785
Repair to motor vehicle	697	366
Signs	9,563	7,409
Road Markings	-	5,907
Office Furniture and Equipment	251	1,970
Plant & Equipment	810	1,917
Other repairs and Upkeep	49,379	19,402
Council Property	40	40
	<u>165,034</u>	<u>84,796</u>

<i>Contractual Services:</i>		
Waste Disposal	132,046	130,534
Refuse Collection	110,641	111,330
Bulky Refuse Collection	24,304	23,117
Cleaning Services	4,728	1,446
Road & Street Cleaning	45,371	46,634
Cleaning & Maintenance Non-Urban Roads	8,948	7,854
Cleaning - Public Conveniences	25,265	25,029
Cleaning - Council Premises	3,142	2,911
Cleaning & Maintenance Parks & Gardens	22,133	21,850
Street Lighting	21,735	22,946
Local Enforcement Expenses	354	279
	<u>398,667</u>	<u>393,930</u>
	<u>563,701</u>	<u>478,726</u>

10. Administration and other expenditure

	2018	2017 (Restated)
	€	€
Utilities	11,368	17,611
Uniforms	745	1,421
Sundry materials & supplies	18,285	12,340
Rent	21,460	18,116
European Organisations	350	350
Participation fees - Int. Mtg	120	-
Participation fee - Nat. Mtg.	475	980
Membership - Local Organisations	900	900
Carnival expenses	11,272	8,023
Printing	4,591	4,919
Stationery	2,201	1,678
Subscriptions	1,943	1,856
Couriers	-	-
Postages	681	572
Other Office Services	367	2,124
Transport	1,090	1,260
Travel	3,564	1,057
Information Services	6,631	17,167
Insurance Coverage	3,318	2,590
Bank Charges	274	249
IT Development Services	5,663	4,407
Legal services	602	970
Accountancy services	8,240	6,805
Professional services	55	50
Other support services	9,194	4,855
Entertainment	4,405	2,398
Visits - Foreign Delegations	54	-
Other Hospitality Costs	1,496	111
Annual General Meeting	646	318
Social Events	17,476	2,869
Community Services	3,529	1,911
Sundry Minor Expenses	979	307
Provision for LES receivables	(1,309)	(1,053)
Loss on disposal of non-current assets	-	416
Twinning expenses	619	125
Amortisation and Depreciation	363,915	87,505
	<u>505,199</u>	<u>205,207</u>

11. Intangible fixed assets

	Computer Software	Total
	€	€
Cost		
At 1 January 2017	6,155	6,155
Additions	744	744
At 31 December 2017	<u>6,899</u>	<u>6,899</u>
Amortisation		
At 1 January 2017	3,633	3,633
Charge for year	681	681
At 31 December 2017	<u>4,314</u>	<u>4,314</u>
Net book values		
At 31 December 2017	<u>2,585</u>	<u>2,585</u>
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>

12. 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 2017	43,097	1,951,015	59,544	1,091,210	40,098	24,029	11,006	7,905	3,227,904
Additions	-	198,933	-	17,072	1,804	710	-	5,683	224,202
Disposals	-	-	-	-	(2,398)	-	-	-	(2,398)
At 31 December 2017	43,097	2,149,948	59,544	1,108,282	39,504	24,739	11,006	13,588	3,449,708
Grants									
At 1 January 2017	-	157,421	-	25,102	-	-	-	-	182,523
Government grant prior years	-	327,100	-	757,082	16,766	-	-	-	1,100,948
Government grants current year	-	117,945	-	-	-	-	-	-	117,945
At 31 December 2017	-	602,466	-	782,184	16,766	-	-	-	1,401,416
Depreciation									
At 1 January 2017	-	1,108,736	59,544	613,294	21,249	12,036	9,865	-	1,824,724
Adjusted	-	(152,329)	-	(397,004)	(4,443)	-	-	-	(553,776)
On disposals	-	-	-	-	(1,982)	-	-	-	(1,982)
Charge for the year	-	956,407	59,544	216,290	14,824	12,036	9,865	-	1,268,966
Adjusted	-	(81,767)	-	62,354	4,051	933	228	-	149,333
At 31 December 2017	-	1,013,789	59,544	241,037	17,643	12,969	10,093	-	1,355,075
Net book values									
At 31 December 2017	43,097	802,024	-	407,532	16,186	11,770	913	13,588	1,295,110
As adjusted	43,097	533,693	-	85,061	5,095	11,770	913	13,588	693,217
Difference	-	(268,331)	-	(322,471)	(11,091)	-	-	-	(601,893)

12. Property, plant and equipment	Cost									
	Trees	Construction Works	New Street Signs	Urban Improvements	Plant, machinery & equipment	Office Furniture & fittings	Motor Vehicles	Assets under construction	Total	
	€	€	€	€	€	€	€	€	€	€
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	
Reclassification	-	-	-	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	-	602,466	-	782,184	16,766	-	-	-	1,401,416	
At 1 January 2018	-	-	-	153,756	-	-	-	-	153,756	
Grants for the year	-	-	-	935,940	16,766	-	-	-	1,555,172	
Depreciation	-	1,013,789	59,544	241,037	17,643	12,969	10,093	-	1,355,075	
At 1 January 2018	-	(950)	-	3,277	(2,327)	-	-	-	-	
Reclassification	-	334,950	-	16,413	5,736	3,748	913	-	361,760	
Charge for the year	-	1,347,789	59,544	260,727	21,052	16,717	11,006	-	1,716,835	
At 31 December 2018	-	1,347,789	59,544	260,727	21,052	16,717	11,006	-	1,716,835	
Net book values	43,097	206,492	-	83,075	7,911	8,022	-	13,986	362,583	
At 31 December 2018	43,097	206,492	-	83,075	7,911	8,022	-	13,986	362,583	

13. Receivables

	2018 €	2017 €
Receivables	17,479	11,641
Other receivables	680	687
Accrued income	167,327	18,905
Financial assets	<u>185,486</u>	<u>31,233</u>
Prepayments	9,072	10,100
	<u>194,558</u>	<u>41,333</u>

Receivables

General receivables are analysed as follows:

	2018 €	2017 €
Within credit period	9,062	225
Exceeded credit period but not impaired	8,417	11,416
	<u>17,479</u>	<u>11,641</u>

Receivables are stated after a specific provision for bad debts amounting to € 275 (2017 : € 275).

LES Debtors

LES debtors are stated after a specific provision for doubtful debts amounting to € 333,030 (2017: € 334,339).

Other receivables

	2018 €	2017 €
Exceeded credit period but not impaired	470	687
Within credit period	<u>210</u>	<u> </u>

Other receivables are stated after a provision for doubtful debts amounting to € 3,983 (2017 : € 3,983).

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

	2018 €	2017 €
Balance at 1 January	338,597	339,650
(Decrease) in provision for LES Debtors	<u>(1,309)</u>	<u>(1,053)</u>
Balance at 31 December	<u>337,288</u>	<u>338,597</u>

14. Cash and equivalents

	2018	2017
	€	€
Bank Balances	944,624	831,826
Cash in Hand	373	307
	<u>944,997</u>	<u>832,133</u>

15. Payables

	2018	2017
	€	€
Payables	113,375	95,273
Accruals	38,075	33,761
Financial Liabilities	<u>151,450</u>	<u>129,034</u>
Deferred income	128,954	42,150
	<u>280,404</u>	<u>171,184</u>

16. Prior year adjustment

As from 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. This is a change in accounting policy, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

In view of this, the financial statements for the year ended 31 December 2017 have been restated to reflect the correction of errors.

	Notes	2017	2017	2017
		<i>Originally reported</i>	<i>Adjustment</i>	<i>Restated</i>
		€	€	€
Funds received from Central Government	3	(1,017,722)	66,259	(951,463)
Administration and other expenditure	10	267,716	(62,509)	205,207
Retained earnings		(1,401,834)	3,750	(1,398,084)
Property, plant and equipment	12	1,295,110	(601,893)	693,217
Non-current deferred income		(572,079)	572,079	-
Trade and other payables	15	(197,248)	26,064	(171,184)

The effect of the restatement on each financial statement line item affected is summarised below:

	Notes	2017	2017	2017
		<i>Originally reported</i>	<i>Adjustment</i>	<i>Restated</i>
		€	€	€
Other government income	3	(82,566)	66,259	(16,307)
Depreciation	10	150,014	(62,509)	87,505
Profit for the year		(175,252)	3,750	(171,502)
Property, plant and equipment	12	1,295,110	(601,893)	693,217
Non-current deferred income		(572,079)	572,079	-
Current deferred income	15	(68,214)	26,064	(42,150)

17. Capital commitments

	2018 €	2017 €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	<u>551,761</u>	<u>509,000</u>
These could be analysed as follows:		
<i>(i) Approved but not yet contracted for:</i>		
Construction	410,428	495,000
Urban Improvements	109,333	10,000
Office equipment	1,000	3,000
Motor Vehicle	30,000	-
Office furniture & fittings	1,000	1,000
	<u>551,761</u>	<u>509,000</u>

Urban improvement works amounting to € 109,333 falls under Measure 4 Programme and the Council is going to receive a grant amounting to € 57,870. Moreover the Council is going to receive the amount of € 150,000 from the Capital Fund to cover part of the construction works.

18. 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
Figura 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