



L-Intarfa Local Council

Annual Report and Financial Statements
31 December 2021

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Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the period and of the Council's retained funds at the end of the period. 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, 1993 and the Local Council (Financial) Procedures, 1996.

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 1993, and the Local Council (Financial) Procedures 1996. The Executive Secretary is also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 27 January 2022 and signed on its behalf by:

Kyle Mifsud
Mayor

Josette Micallef
Executive Secretary

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2021 €	2020 €
Income			
Funds received from central government	3	333,731	318,444
Income raised under Local Enforcement System	5	649	480
General Income	6	7,963	8,824
Income from Bye Law	7	145	173
		342,488	327,921
Expenditure			
Personal emoluments	8	103,827	101,184
Operations and Maintenance	9	136,124	154,616
Administrative and other Expenditure	10	65,367	95,991
		305,318	351,791
Operating profit/(loss) for the year		37,170	(23,870)
Investment Income	4	0	9
Profit/(Loss) for the year		37,170	(23,861)
Total comprehensive (expenditure) for the year		37,170	(23,861)

The notes on pages 6 to 28 form an integral part of these financial statements

Statement of Financial Position

	Notes	2021 €	2020 €
ASSETS			
Non-current assets			
Intangible asset	11	190	772
Tangible assets			
Property, plant and equipment	12	489,932	240,819
		<u>490,122</u>	<u>241,591</u>
Current assets			
Inventories	13	3,994	4,035
Receivables	14	47,537	43,888
Cash and cash equivalents	15	124,621	184,089
		<u>176,152</u>	<u>232,012</u>
Total Assets		<u>666,274</u>	<u>473,603</u>
Reserves			
Retained Fund		247,483	200,313
Non-Current Liabilities			
Payables	16	327,613	139,910
		<u>327,613</u>	<u>139,910</u>
Current Liabilities			
Payables	16	101,178	133,380
		<u>101,178</u>	<u>133,380</u>
Total Liabilities		<u>428,791</u>	<u>273,290</u>
Total Reserves and Liabilities		<u>666,274</u>	<u>473,603</u>

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Kyle Mifsud
Mayor

Josette Micallef
Executive Secretary

The notes on pages 6 to 28 form an integral part of these financial statements

Statement of Changes in Equity

	Retained Earnings €	Total €
Balance at 1 January 2020	224,174	224,174
Total comprehensive expenditure for the year	(23,861)	(23,861)
Balance at 31 December 2020	200,313	200,313
Balance at 1 January 2021	200,313	200,313
Total comprehensive income for the year	37,170	37,170
Balance at 31 December 2021	237,483	237,483

The notes on pages 6 to 28 form an integral part of these financial statements

Statement of Cash Flows

	Notes	2021 €	2020 €
Cash flows from operating activities			
Profit/(Loss) for the year		37,170	(23,861)
Adjustments for:			
Depreciation	12a	14,176	28,496
Amortisation charge	11	582	581
Provision for bad debts		0	(82)
Investment income receivable		0	(9)
		<hr/>	<hr/>
Surplus for the period before working capital movements		51,928	5,125
Decrease in inventories		41	46
(Increase) in receivables		(3,715)	(1,756)
Increase in payables		155,567	68,776
		<hr/>	<hr/>
Net cash inflow from operating activities		203,821	72,191
		<hr/>	<hr/>
Cash flows used in investing activities			
Investment income receivable		0	9
Payment to acquire property, plant and equipment	12a	(293,645)	(166,373)
		<hr/>	<hr/>
Net cash (used in) investing activities		(293,645)	(166,364)
		<hr/>	<hr/>
Cash flows used in financing activities			
Grants		30,356	13,147
		<hr/>	<hr/>
Net cash (used in) financing activities		30,356	13,147
		<hr/>	<hr/>
Movement in cash and cash equivalents		(59,468)	(81,026)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		184,089	265,115
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	15	124,621	184,089
		<hr/>	<hr/>

Notes to the Financial Statements For the year ended 31 December 2021

1. Statutory Information

L-Imtarfa Local Council is the local authority of L-Imtarfa setup in accordance with the Local Councils Act. The Office of the Local Council is situated at 'Town Centre', Triq ir-Rigiment Maltin, L-Imtarfa..

2. Accounting policies

The principal accounting policies adopted 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.

a. Basis of preparation

The 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). The financial statements are prepared under the historical cost convention, in accordance to the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

b. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

However, in the opinion of the Council members, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2. Accounting policies – continued**c. Application of new and revised international Financial Reporting Standards (IFRSs)**

The Local Council has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2020:

- Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions (effective for financial years beginning on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 – Definition of Material (effective for financial years beginning on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (effective for financial years beginning on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for financial years beginning on or after 1 January 2020)
- Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after 1 January 2020)

The adoption of new and amended standards did not have a material impact on the Local Council's financial statements. The Council did not apply IFRS 16 as amounts are not material.

d. New and revised IFRSs in issue but not yet effective**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Local Council**

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

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective for financial years beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective for financial years beginning on or after 1 January 2021)

The Council anticipates that all the relevant pronouncements will be adopted in the Local Council's accounting policies for the first period beginning after the effective date of the pronouncement.

Certain new standards and interpretations have been issued but are not expected to have a material impact on the Local Council's financial statements.

2. Accounting policies – continued**Standards, amendments and interpretations to published standards that are not yet endorsed by the EU**

- IFRS 17 – Insurance contracts (effective for financial years beginning on or after 1 January 2023)
- Amendment to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018 – 2020 (effective for financial years beginning on or after 1 January 2022)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current – Deferral of Effective Date (effective for financial years beginning on or after 1 January 2022)

2.1 Significant accounting policies

The principal accounting policies and reporting procedures used by the Council are as follows:

e. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the L-Imtarfa Local Council and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is recognised upon transfer of funds from the Central Government when there are no significant uncertainties concerning the derivation of consideration or associated costs.

Interest income is recognised in the income statement as it accrued under finance income.

f. Functional and presentation currency

Items included in the Local Council's financial statements are measured using the currency of the primary economic environment in which the entity operates. The Local Council's financial statements are presented in Euro, which is the Local Council's functional currency.

2. Accounting policies - continued**g. Local Enforcement System**

L-Imtarfa Local Council forms part of the Regjun Tramuntana. On 1st September 2011, all LES funds were diverted to five regions. With effect from 1st September 2011, the only income attributable to the Council is commission income based on the value of contraventions paid at L-Imtarfa Local Council. In line with Memo issued from the Department for Local Government dated 30th September 2015, the LES operations started gradually being phased out from the Regional Committee towards the Local Enforcement System Agency (LESA) with effect from 1st October 2015, until December 2015.

Prior to 1st September 2011, L-Imtarfa Local Council formed part of the North Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses, which is accounted for on a cash basis, and the administrative charges to Regional Committees.

h. Government Grants

Government Grants relating to operating expenditure are recognised 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.

i. Intangible assets

Intangible assets comprise computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 25% using the straight-line method. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy (k)).

2. Accounting policies - continued**j. Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a monthly basis using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Land	0%
• Trees	0%
• Buildings	1%
• Office furniture and fittings	7.5%-52.21%
• Construction works	10%-17.65%
• Urban Improvements (Street Furniture)	10%-85.71%
• Special Projects	10%
• Office Equipment	20%-46.14%
• Motor Vehicles	20%
• Plant and Machinery	20%-23.08%
• Plants	100%
• Computer Equipment	25%-85.67%
• Litter Bins	Replacement Basis
• Traffic and Road Signs	Replacement Basis
• Street Mirrors	Replacement Basis
• Street Lights	100%
• Playground Furniture	100%

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 Statement of Financial Position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council 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.

2. Accounting policies - continued**k. Impairment of assets***Impairment of Financial Assets*

The Local Council assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Council applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment of Non-Financial Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

l. Amounts receivable

Amounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Amounts receivable are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of amount receivables is established when there is objective evidence that the Local Council will not be able to collect all amounts due according to the set original terms. The amount of provision is recognised in the Statement of Comprehensive Income. Bad debts are written off during the year in which they are identified.

m. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

n. Profits and losses

Only profits that were realized at the date of the Statement of Financial Position are recognized 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.

o. Trade and Other Payables

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material in which case, trade and other payables are measured at amortised cost using the effective interest method.

2. Accounting policies - continued**p. Provisions**

Provisions are recognised when the Local Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

q. Leases

Assets held under a lease agreement are recognised as assets of the Council (representing the right to use the leased item for the lease term) at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a lease liability (representing the obligation to pay rentals). Lessees initially recognize a right-of-use asset and lease liability based on the discounted payments required under the lease, taking into account the lease term as determined under the new standard. Lease liabilities are measured with reference to an estimate of the lease term, which includes optional lease periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. Lessees reassess the lease term only upon the occurrence of a significant event or a significant change in circumstances that are within the control of the lessee. Exemptions exist for short term and low value leases.

r. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months from the end of the reporting period.

s. Capital Management

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

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

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

2. Accounting policies - continued**t. 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 substantial 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 transaction costs. They are measured subsequently as described below.

u. Financial assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition.

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets as described below.

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considerable to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counter party and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

2. Accounting policies - continued**v. Financial liabilities**

The Council's financial liabilities include other payables. These are stated at their nominal amount which is reasonable approximation of fair value.

All interest-related charges are included within finance costs.

w. Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24.

x. 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. Government grants that are related specifically to non-capital expenditures are recognised immediately in the Statement of Comprehensive Income.

y. 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. Except for the issues highlighted in note 2.2 below, the Council is of the opinion that the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS1 (revised) – 'Presentation of Financial Statements'.

2.2. Judgements in applying accounting policies and key sources of estimating uncertainty

In preparing these Financial Statements, the Local Council has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised.

Judgements and estimates in relation to lessee accounting under IAS 17 became obsolete with the initial application of IFRS 16 'Leases' as of 1 January 2019. Any new judgements and estimates with regards to IFRS 16 Leases that warrant additional disclosures in terms of IAS 1 as outlined in Note 24.

3. Funds Received from Central Government

	2021 €	2020 €
In terms of Section 55 of the Local Councils Act (Cap 363)	301,392	287,554
Other Government Income	32,339	30,890
	333,731	318,444

4. Investment income

	2021 €	2020 €
Bank interest receivable	0	9

5. Local Enforcement System

	2021 €	2020 €
Administrative charges to Regional Committees	602	480
Contraventions	47	0
	649	480

6. General Income

	2021 €	2020 €
Income from permits	3,497	5,058
Contributions and donations	505	180
General Income	3,961	3,586
	7,963	8,824

7. Income from bye law

	2021 €	2020 €
Income from bye law	145	173

8. Personal Emoluments

	2021	2020
	€	€
Mayor's allowance	10,569	10,403
Executive Secretary and allowances	32,651	31,813
Employees' salaries	41,606	40,013
Social Security Contributions	6,001	5,955
Councillors' remuneration	13,000	13,000
	103,827	101,184
Average number of people employed		
Employees	4	4
Mayor & Councillors	5	5

9. Operations and Maintenance

	2021	2020
	€	€
Repairs and Upkeep:		
Road and street pavements	5,266	1,114
Repair plant and equipment	4,114	370
Road signs and markings	3,182	4,465
Repairs to Council property	2,148	10,327
Office furniture & equipment	2,013	909
Sundry repairs	1,815	7,459
	18,538	24,644
Contractual Services:		
Refuse collection (including bins on wheels)	13,076	19,658
Waste disposal	15,897	16,274
Bulky refuse collection (including open skips)	5,997	6,930
Road and street cleaning (mechanical and manual)	18,428	18,428
Cleaning and Maintenance of Public Conveniences	5,608	5,796
Cleaning and Maintenance of Parks and Gardens	28,055	34,871
Cleaning and Maintenance of Council Premises	1,345	1,175
Other Contractual Services	16,271	15,617
Street Lighting and security	12,878	11,215
LES related expenditure	31	8
	117,586	129,972
	136,124	154,616

10. Administrative and other expenditure

	2021	2020
	€	€
Depreciation	14,758	29,077
Professional services	15,783	37,843
Advertising and public relations expenses	266	118
Bank charges	516	193
Fuel	55	80
Community services	10,155	8,558
Conference and membership expenses	300	443
Insurance	1,496	1,484
Information services	1,879	1,516
Staff training	1,620	-
Postages	48	65
Printing and stationery	1,348	1,457
Publications	41	46
Rent	7,311	6,652
Provision for bad debts (LES)	-	(82)
Office Services	1,200	629
Telecommunications	3,812	4,054
Transport expenses	1,422	1,424
Water and Electricity	3,357	2,434
	<u>65,367</u>	<u>95,991</u>

11. Intangible asset

	Computer Software €
At 1 January 2020	
Cost	2,032
Accumulated amortisation	(974)
Net book amount	<u>1,058</u>
Movements for the year ended 31 December 2020	
Opening net book amount	1,058
Additions	295
Amortisation charge	(581)
Closing net book amount	<u>772</u>
At 31 December 2020	
Cost	2,327
Accumulated amortisation	(1,555)
Net book amount	<u>772</u>
Movements for the year ended 31 December 2021	
Opening net book amount	772
Additions	0
Amortisation charge	(582)
Closing net book amount	<u>190</u>
At 31 December 2021	
Cost	2,327
Accumulated amortisation	(2,137)
Net book amount	<u>190</u>

Amortisation of €582 (2020: €581) is included in administrative expenses.

12a. Property, plant and equipment

	Office Furniture, Fixtures & Fittings €	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improv. €	Street Lighting €	Construction €	Trees €	Plant & Machinery €	Assets under Construction €	Total €
Cost											
At 1 January 2021	50,489	19,135	9,529	38,068	300,479	94,942	477,953	9,370	8,824	190,207	1,198,996
Additions	320	298	0	0	63,848	0	0	1,685	549	226,945	293,645
Capitalizations	0	0	0	0	1,116	0	0	0	0	(1,116)	0
At 31st December 2021	50,809	19,433	9,529	38,068	365,443	94,942	477,953	11,055	9,373	416,036	1,492,641
Grants											
At 1 January 2021	0	2,847	0	0	112,480	35,159	400,968	0	2,300	2,599	556,353
Transferred during the year	0	0	0	0	30,356	0	0	0	0	0	30,356
At 31st December 2021	0	2,847	0	0	142,836	35,159	400,968	0	2,300	2,599	586,709
Depreciation											
At 1 January 2021	37,843	14,500	9,341	38,068	183,868	59,783	53,294	0	5,127	0	401,824
Charge for the period	1,963	646	174	0	7,664	0	3,165	0	564	0	14,176
At 31st December 2021	39,806	15,146	9,515	38,068	191,532	59,783	56,459	0	5,691	0	416,000
Net Book Value											
At 31st December 2021	11,003	1,440	14	0	31,075	0	20,526	11,055	1,382	413,437	489,932

12b. Property, plant and equipment

	Office Furniture, Fixtures & Fittings €	Office Equipment €	Computer Equipment €	New Street Signs €	Urban Improv. €	Street Lighting €	Construction €	Trees €	Plant & Machinery €	Assets under Construction €	Total €
Cost											
At 1 January 2020	49,532	18,873	9,529	38,068	298,106	40,853	477,953	9,370	9,107	56,660	1,008,051
Additions	1,400	262	0	0	2,373	54,089	0	0	570	133,547	192,241
Disposals	(443)	0	0	0	0	0	0	0	(853)	0	(1,296)
At 31st December 2020	50,489	19,135	9,529	38,068	300,479	94,942	477,953	9,370	8,824	190,207	1,198,996
Grants											
At 1 January 2020	0	2,847	0	0	112,480	0	400,968	0	2,300	0	518,595
Transferred during the year	0	0	0	0	0	35,159	0	0	0	2,599	37,758
At 31st December 2020	0	2,847	0	0	112,480	35,159	400,968	0	2,300	2,599	556,353
Depreciation											
At 1 January 2020	36,391	12,517	8,936	38,068	182,066	40,853	50,130	0	5,663	0	374,624
Charge for the period	1,895	1,983	405	0	1,802	18,930	3,164	0	317	0	28,496
Released on disposal	(443)	0	0	0	0	0	0	0	(853)	0	(1,296)
At 31st December 2020	37,843	14,500	9,341	38,068	183,868	59,783	53,294	0	5,127	0	401,824
Net Book Value											
At 31st December 2020	12,646	1,788	188	0	4,131	0	23,691	9,370	1,397	187,608	240,819

13. Inventories

	2021 €	2020 €
Books and other publications	3,994	4,035
	<u>3,994</u>	<u>4,035</u>

14. Receivables

	2021 €	2020 €
Receivables	8,886	12,368
Other receivables	0	66
Accrued income	35,605	24,891
Financial assets	<u>44,491</u>	<u>37,325</u>
Prepayments	3,046	6,563
	<u>47,537</u>	<u>43,888</u>

The total financial assets for the year amounted to €44,491 (2020: €37,325).

The average credit period on sales of services is 60 days. Receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2021 €	2020 €
Age of receivables that are past due but not impaired		
60-90 days	2,580	12,006
91-120 days	826	0
More than 120 days	5,480	362
Total	<u>8,886</u>	<u>12,368</u>

14. Receivables - continued

	2021	2020
	€	€
Movement in the allowance for doubtful debts		
Balance at beginning of the year	43,154	43,154
Bad debts written off	0	0
Amounts collected during the year	0	0
	<hr/>	<hr/>
Balance at end of the year	43,154	43,154
	<hr/>	<hr/>

In determining the recoverability of a receivable, the Local Council considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The impairment loss on receivables is included in administrative expenses in the statement of comprehensive income.

Receivables are stated net of a provision for LES doubtful debts of €37,104 (2020: €37,104).

Receivables are stated net of a provision for doubtful debts of €6,050 (2020: €6,050).

15. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council Statement of Financial Position:

	2021	2020
	€	€
Petty cash and cash in hand	291	1,202
Bank balances:		
Ordinary funds	124,330	182,887
	<hr/>	<hr/>
	124,621	184,089
	<hr/>	<hr/>

16. Payables

	2021 €	2020 €
Payables	58,409	58,972
Other payables	11,213	30,820
Accruals	<u>21,556</u>	<u>40,722</u>
Financial liabilities	91,178	130,514
Advance payment	10,000	0
Deferred Income	<u>0</u>	<u>2,866</u>
	101,178	133,380

The total financial liabilities for the year amounted to €91,178 (2020: €130,514)

Payables due after more than one year

	2021 €	2020 €
Advance Payment	<u>327,613</u>	<u>139,910</u>
	327,613	139,910

17. Contingent liabilities

The Council has no contingent liabilities as at 31st December 2021.

18. Related party transactions

During the year, the Local Council had affected transactions with related parties resulting mainly in connection with income and administrative transactions, are disclosed in notes 8 and 10 to these financial statements. The following were the related parties:

Name of Entity	Nature of relationship
Department of Local Councils	Significant Control
Gozo Regional Committee	No Control
Central Regional Committee	No Control
North Regional Committee	Joint Control
South Regional Committee	No Control
South Eastern Regional Committee	No Control
Local Enforcement Systems Agency	No Control
ARMS Ltd	No Control
Commissioner of Data Protection	No Control
Department of Information	No Control
Ministry of Finance	No Control
Police General Head Quarters	No Control
Malta Environment and Planning Authority	No Control
Water Services Corporation	No Control
Enemalta Corporation	No Control
Cleansing Directorate	No Control
Department of Lands	No Control
Wasteserv Malta Limited	No Control
Bank of Valletta plc	No Control
Department of Lands	No Control
Local Councils' Association	No Control
Central Bank of Malta	No Control
Department of Inland Revenue	No Control
Ministry for Justice, Culture and Local Government	No Control

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

	2021	2020
	€	€
(a) Funds received from Local Government	301,392	287,554

Key management compensation

The Mayor, Councillors and Executive Secretary of the Council make up the Key Management Personnel. Transactions with key management personnel are disclosed in note 8.

Ultimate controlling party

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

19. Financial risk management

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

Credit risk

Financial assets which potentially subject the Council to concentrations of credit risk consist principally of cash at bank and debtors. The Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the Council has no significant concentration of credit risk.

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarised as follows:

	2021 €	2020 €
Classes of financial assets – carrying amounts		
Trade and other receivables	44,491	37,325
Cash and cash equivalents	124,621	184,089
	<u>169,112</u>	<u>221,414</u>

Liquidity risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short-term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Council has as cash in bank and in hand the amount of €124,621. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position of €74,974 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2021 the council's financial liabilities have contractual maturities which are summarised below:

19. Financial risk management – continued**At 31 December 2021**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	58,409	-	-
Other creditors	11,213	-	-
Accruals	21,556	-	-

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

At 31 December 2020

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	58,972	-	-
Other creditors	30,820	-	-
Accruals	40,722	-	-

Foreign currency risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Council does not trade in any foreign currencies.

Interest rate risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objectives of interest rate risk management are to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

20. Summary of financial assets and liabilities

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

	2021 €	2020 €
Current assets		
Loans and receivables:		
Trade and other receivables	44,491	37,325
Cash and cash equivalents	124,621	184,089
	<u>169,112</u>	<u>221,414</u>
Current liabilities		
Financial liabilities measured at amortised costs:		
Payables	91,178	130,514
	<u>91,178</u>	<u>130,514</u>

21. 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.

22. Capital commitments**Capital expenditure**

Commitments for capital expenditure not provided for in these financial statements are as follows:

	2021 €	2020 €
Contracted but not provided for	196,000	387,560
Authorised but not contracted	-	-
	<u>-</u>	<u>-</u>