

**Local Council Attard**  
**Annual Audit Report**  
**for the year ended 31 December 2017**

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**Statement of Local Council Members' and Executive Secretary's Responsibilities  
for the year ended 31 December 2017**

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The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the year, and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, and the Local Council (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Council on 23 April 2018 and signed on its behalf by:

Stefan Cordina  
Mayor

Marica Mifsud  
Executive Secretary

**Statement of Comprehensive Income**  
for the year ended 31 December 2017

	Notes	2017 €	2016 €
<b>Revenue</b>			
Funds received from Central Government	3	<b>745,895</b>	703,209
Income raised under Local Council Bye-Laws	4	<b>5,488</b>	3,983
Income raised under Local Enforcement System	5	<b>35,875</b>	5,684
General Income	6	<b>41,199</b>	41,445
		<b>828,457</b>	754,321
<b>Expenditure</b>			
Personal Emoluments	7	<b>(142,608)</b>	(147,460)
Operations and maintenance	8	<b>(475,677)</b>	(428,624)
Administration and other expenditure	9	<b>(175,259)</b>	(183,429)
		<b>(793,544)</b>	(759,513)
<b>Operating profit/(loss) for the year</b>		<b>34,913</b>	(5,192)
Finance income	10	<b>83</b>	60
Finance costs	11	<b>(611)</b>	-
		<b>34,385</b>	(5,132)
Loss on disposal of assets	7	<b>(508)</b>	-
<b>Profit/(loss) for the year</b>	<b>7</b>	<b>33,877</b>	(5,132)

The notes on pages 6 to 25 form an integral part of these financial statements.

Statement of Financial Position  
as at 31 December 2017

	Notes	2017 €	2016 €
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	12	679,863	748,922
<b>Current Assets</b>			
Inventories	13	9,486	10,018
Receivables	14	67,253	52,758
Cash and cash equivalents	15	233,583	129,558
		310,322	192,334
<b>Total Assets</b>		<b>990,185</b>	<b>941,256</b>
<b>RESERVES</b>			
Retained earnings		518,183	484,306
<b>Total reserves</b>		<b>518,183</b>	<b>484,306</b>
<b>Non-Current Liabilities</b>			
Deferred income	17	348,018	340,160
<b>Current Liabilities</b>			
Payables	16	123,984	116,790
<b>Total Liabilities</b>		<b>472,002</b>	<b>456,950</b>
<b>Total reserves and liabilities</b>		<b>990,185</b>	<b>941,256</b>

These financial statements were approved by the Local Council on 23rd April 2018 and signed on its behalf by:

Stefan Cordina  
Mayor

Marica Mifsud  
Executive Secretary

The notes on pages 6 to 25 form an integral part of these financial statements.

**Statement of Changes in Equity  
for the year ended 31 December 2017**

	<b>Retained Funds</b>	<b>Total</b>
	<b>€</b>	<b>€</b>
<b>At 1 January 2016</b>	489,438	489,438
Loss for the year	(5,132)	(5,132)
<b>At 31 December 2016</b>	<u>484,306</u>	<u>484,306</u>
<b>At 1 January 2017</b>	<b>484,306</b>	<b>484,306</b>
<b>Profit for the year</b>	<b>33,877</b>	<b>33,877</b>
<b>At 31 December 2017</b>	<u><b>518,183</b></u>	<u><b>518,183</b></u>

The notes on pages 6 to 25 form an integral part of these financial statements.

**Statement of Cash Flows**  
**for the year ended 31 December 2017**

	2017		2016	
	€	€	€	€
<b>Cash flow from operating activities</b>				
<b>Net profit/(loss) for the year</b>	<b>33,877</b>		(5,132)	
Reconciliation to cash generated from operations:				
Depreciation	<b>77,847</b>		82,647	
Loss on disposal of assets	<b>508</b>		-	
Movement in Provision for Doubtful Debts	<b>(1,034)</b>		(1,420)	
Bad debtors written off	<b>978</b>		-	
Inventory written off	<b>492</b>			
Interest receivable	<b>(83)</b>		(60)	
Interest payable	<b>611</b>		-	
Operating profit before working capital changes	<b>113,196</b>		76,035	
Decrease in inventories	<b>40</b>		39	
Decrease in receivables	<b>1,765</b>		5,142	
Increase in other receivables	<b>(16,204)</b>		(753)	
Increase / (decrease) in payables	<b>11,245</b>		(9,596)	
Decrease in other payables	<b>(1,663)</b>		(7,621)	
Government grants released	<b>(23,692)</b>		(26,352)	
<b>Cash generated from operating activities</b>	<b>84,687</b>		<b>36,894</b>	
<b>Cash flow from investing activities</b>				
Interest received	<b>83</b>		60	
Purchase of property, plant & equipment	<b>(9,295)</b>		(9,504)	
Receipt of grant	<b>29,161</b>		27,346	
<b>Cash generated from investing activities</b>	<b>19,949</b>		<b>17,902</b>	
<b>Cash from financing activities</b>				
Interest paid	<b>(611)</b>		-	
<b>Cash used in financing activities</b>	<b>(611)</b>		<b>-</b>	
<b>Net increase in cash in the year</b>	<b>104,025</b>		<b>54,796</b>	
Cash and equivalents at beginning of year	<b>129,558</b>		74,762	
<b>Cash and equivalents at end of year</b>	<b>233,583</b>		<b>129,558</b>	

The notes on pages 6 to 25 form an integral part of these financial statements.

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**1. General Information**

The Local Council Attard 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 6, Main Street, Attard. These financial statements were approved for issue by the Council Members on 23 April 2018. The Local Council's presentation as well as functional currency are denominated in €.

**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*

During the year the Company has applied the following International Financial Reporting Standards as adopted by the EU which have become mandatorily effective for the year ending 31 December 2017:

On 29 January 2016 the IASB issued Amendment to IAS 7 Disclosure Initiative. The amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

*New and revised IFRSs adopted by the EU that are not mandatorily effective for the year ending 31 December 2017:*

Below is a list of amendments to IFRSs adopted by the EU that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2017:

- IFRS 9 Financial Instruments - A finalized version of IFRS 9 was issued on 24 July 2014 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard becomes mandatorily effective for annual periods beginning on or after 1 January 2018.

- IFRS 15 Revenue from Contracts with Customers - IFRS 15 was issued on 28 May 2014 and provides a single, principles based five-step model to be applied to all contracts with customers. The standard becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018. On 12 April 2016, the IASB also issued Clarifications to IFRS 15 'Revenue from Contracts with Customers' to amend IFRS 15 and clarify three aspects of the standard (namely identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

- IFRS 16 Leases - IFRS 16 was issued on 13 January 2016 to specify how an IFRS reporter will recognise, measure, present and disclose leases. The standard becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019.



**2 Accounting Policies and Reporting Procedures (continued)***Standards and Interpretations issued by the IASB but not yet adopted by the EU*

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards and amendments to the existing standards, which were not endorsed for use in the EU as at 31 December 2017 and cannot be applied by the entities preparing their financial statements in accordance with IFRS as adopted by the EU:

- Annual Improvements to IFRS Standards 2014-2016 Cycle (issued 8 December 2016)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued 12 December 2017)

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.

*Property, plant and equipment*

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

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

Directive issued in 2017 by the Department of Local Councils, applicable as from 1st January 2018, instructs the Council to depreciate non-current assets on a monthly basis using straight line method at the rates specified in the Local Council (Financial) Procedures (P1.X1).

## 2 Accounting Policies and Reporting Procedures (continued)

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

### *Impairment of Assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

### *Inventories*

Inventories are valued at the lower of cost and net realisable value.

### *Amounts receivable*

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of comprehensive income.

### *Related parties*

Related parties are those persons or bodies of persons having relationships with the Council as defined in 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 statement of comprehensive income as it accrues.

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

## 2 Accounting Policies and Reporting Procedures (continued)

### *Government grants*

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement over the expected lives of the related assets.

Directive issued in 2017 by the Department of Local Councils, instructs the Council to adopt the alternative capital approach available in IAS 20, as from 1st January 2018.

### *Foreign currencies*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial statements are presented in €, which is the Council's functional and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the Statement of Financial Position.

### *Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred.

### *Profits and losses*

Only profits 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 at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

### *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 Executive Secretary, 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'.

### *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.

## 2 Accounting Policies and Reporting Procedures (continued)

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. 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.

### *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 transactions costs. They are measured subsequently as described below.

### *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, which are 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 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 considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty 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.

### *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.

**3. Funds received from central government**

	2017 €	2016 €
In terms of section 55 of the Local Councils Act	672,935	613,914
Other Government Income	23,692	57,172
Supplementary Government Income	49,268	32,123
	<u>745,895</u>	<u>703,209</u>

**4. Income raised from Bye-Laws**

	2017 €	2016 €
Bye-Law - Advertising on Street Furniture	5,488	3,983
	<u>5,488</u>	<u>3,983</u>

**5. Local Enforcement System**

	2017 €	2016 €
Administrative charges to Regional Committees	6,250	5,684
LESA surplus distribution	29,625	-
	<u>35,875</u>	<u>5,684</u>

**6. General Income**

	2017 €	2016 €
Community Services	-	2,790
Sale of books and other merchandise	44	70
General Income	701	710
Tender Documents/Info. Charges	-	500
Media Advertising	-	515
Donations	150	-
Refund of expenses	7,942	11,441
Insurance Claims	-	99
Income from Permits	32,362	25,320
	<u>41,199</u>	<u>41,445</u>

**7. Loss for the year**

		<b>2017</b>	<b>2016</b>
		€	€
Loss for the year is stated after charging:			
Staff salaries	<i>Note</i>	<b>142,608</b>	147,460
Depreciation of tangible assets		<b>77,849</b>	82,647
Loss on disposal of property, plant and equipment		<b>508</b>	-
		<u><b></b></u>	<u><b></b></u>

*Staff salaries*

	<b>2017</b>	<b>2016</b>
	€	€
Mayor's Remuneration	<b>11,018</b>	10,843
Councillors' Allowances	<b>11,200</b>	11,100
Executive Secretary Salary and Allowances	<b>33,746</b>	32,908
Employees' Salaries	<b>78,030</b>	82,993
Social Security Contributions	<b>8,614</b>	9,616
	<u><b>142,608</b></u>	<u>147,460</u>

*Average number of people employed*

Employees	<b>6</b>	6
Mayor & Councillors	<b>9</b>	9
	<u><b></b></u>	<u><b></b></u>

**8. Operations and Maintenance**

	<b>2017</b>	<b>2016</b>
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	<b>11,779</b>	5,210
Road/Street Pavements	<b>42,084</b>	12,150
Signs	<b>5,178</b>	8,508
Road Markings	<b>1,130</b>	763
Office Furniture and Equipment	<b>1,087</b>	610
Plant & Equipment	-	60
Other repairs and Upkeep	<b>83</b>	-
	<u><b>61,341</b></u>	<u>27,301</u>

## 8. Operations and Maintenance (continued)

	2017	2016
	€	€
<i>Contractual Services:</i>		
Waste Disposal	88,866	77,671
Refuse Collection	123,703	114,762
Bulky Refuse Collection	17,130	17,130
Hiring of Skips - Bins on Wheels	657	59
Bring-in Sites	437	1,214
Road & Street Cleaning	63,994	67,594
Cleaning & Maint. Non-Urban	10,331	6,927
Cleaning - Public Conveniences	5,025	5,025
Other Contractual Services	1,820	277
Clean. & Maint. Parks & Gardens	90,325	100,421
Street Lighting	8,425	6,601
Experts	177	296
Studies & Consultations	1,980	-
Local Enforcement Expenses	1,466	3,346
	<u>414,336</u>	<u>401,323</u>
 Total Operations and Maintenance Costs	 <u>475,677</u>	 <u>428,624</u>

**9. Administration and other expenditure**

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Utilities	<b>8,695</b>	9,989
Other repairs and upkeep	<b>3,823</b>	3,951
Rent	<b>116</b>	116
National and International Memberships	<b>791</b>	873
Office Services	<b>23,131</b>	21,808
Transport	<b>9,447</b>	7,705
Travel	<b>-</b>	4,583
Information Services	<b>4,327</b>	4,736
Bank charges	<b>114</b>	260
Insurance Coverage	<b>3,163</b>	3,956
Penalties	<b>-</b>	9,206
Professional Services	<b>27,855</b>	19,049
Training	<b>180</b>	-
Entertainment	<b>923</b>	1,675
Visits - Foreign Delegations	<b>3,204</b>	761
Social Events	<b>8,051</b>	3,727
Cultural Events	<b>2,762</b>	7,906
Community Services	<b>200</b>	1,707
Donations	<b>194</b>	194
Inventory written off	<b>492</b>	-
Increase/(decrease) provision for doubtful debts	<b>(1,034)</b>	(1,420)
Bad debts written off	<b>978</b>	-
Depreciation	<b>77,847</b>	82,647
	<b>175,259</b>	183,429

**10. Finance Income**

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Bank Interest Received	<b>83</b>	60

**11. Finance Costs**

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Late payment interest	<b>611</b>	-



**Notes to the Financial Statements  
for the year ended 31 December 2017**

**12. Property, plant and equipment**

	Trees	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Total
Cost	€	€	€	€	€	€	€	€
At 1 January 2016	11,529	1,332	18,445	2,639,272	24,984	27,735	5,299	2,728,596
Additions	-	5,622	-	757	1,676	1,449	-	9,504
At 31 December 2016	11,529	6,954	18,445	2,640,029	26,660	29,184	5,299	2,738,100
<b>Depreciation</b>								
At 1 January 2016	-	-	12,877	1,235,596	12,545	15,399	1,325	1,277,742
Charge for the year	-	-	-	78,077	2,798	977	795	82,647
At 31 December 2016	-	-	12,877	1,313,673	15,343	16,376	2,120	1,360,389
<b>Grants</b>								
At 1 January 2016								
At 31 December 2016	-	-	5,568	623,221	-	-	-	628,789
<b>Net book values</b>								
At 31 December 2016	11,529	6,954	-	703,135	11,317	12,808	3,179	748,922

Notes to the Financial Statements  
for the year ended 31 December 2017

12. Property, plant and equipment (continued)

	Trees	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Total
Cost	€	€	€	€	€	€	€	€
At 1 January 2017	11,529	6,954	18,445	2,640,029	26,660	29,184	5,299	2,738,100
Additions	-	155	-	3,852	4,901	387	-	9,295
Disposals	-	-	-	-	(641)	(198)	-	(839)
At 31 December 2017	11,529	7,109	18,445	2,643,881	30,920	29,373	5,299	2,746,556
<b>Depreciation</b>								
At 1 January 2017	-	-	12,877	1,313,673	15,343	16,376	2,120	1,360,389
On disposals	-	-	-	-	(302)	(30)	-	(332)
Charge for the year	-	-	-	73,288	2,945	978	636	77,847
At 31 December 2017	-	-	12,877	1,386,961	17,986	17,324	2,756	1,437,904
<b>Grants</b>								
At 1 January 2017	-	-	-	-	-	-	-	-
At 31 December 2017	-	-	5,568	623,221	-	-	-	628,789
<b>Net book values</b>								
At 31 December 2017	11,529	7,109	-	633,699	12,934	12,049	2,543	679,863

**13. Inventories**

	2017	2016
	€	€
Books held for resale	9,486	10,018

**14. Receivables**

	2017	2016
	€	€
Receivables	4,804	6,513
LES amounts receivable	180	-
Accrued income	51,369	38,017
<b>Financial assets</b>	<b>56,353</b>	<b>44,530</b>
Other receivables	2,713	461
Prepayments	8,187	7,767
	<b>67,253</b>	<b>52,758</b>

**14. Receivables (continued)***Receivables*

General receivables are analysed as follows:

	2017 €	2016 €
Within credit period	1,731	2,125
Exceeded credit period	3,309	5,018
Provision for doubtful debts	(236)	(630)
	<u>4,804</u>	<u>6,513</u>

Included in the receivables are debtors with a carrying amount of €3,073 (2016 : €4,388) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	2017 €	2016 €
Not more than 3 months	1,469	518
More than 3 months but not more than 6 months	293	308
More than 6 months	1,311	3,562
	<u>3,073</u>	<u>4,388</u>

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

	2017 €	2016 €
Balance at 1 January	125,516	126,936
(Decrease) in provision for LES debtors	(640)	(2,050)
(Decrease)/Increase in provision for general receivables	(394)	630
Balance at 31 December	<u>124,482</u>	<u>125,516</u>

*Local Enforcement System (LES) Debtors*

LES Debtors are stated after a specific provision for doubtful debts amounting to €124,246 (2016 - €124,886).

**15. Notes to the cashflow statement***Cash & cash equivalents*

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2017 €	2016 €
Bank Balances	233,550	129,460
Cash in Hand	33	98
	<u>233,583</u>	<u>129,558</u>

**16. Payables**

	2017 €	2016 €
Payables	72,140	60,894
Other creditors	-	1,257
Other taxes and social security costs	-	-
Accruals	29,076	28,937
<b>Financial liabilities</b>	<u>101,216</u>	<u>91,088</u>
Deferred Income Government Grants (Note 17)	21,303	23,692
Other Deferred Income	1,465	2,010
	<u>123,984</u>	<u>116,790</u>

17. Deferred income Government grants	2017 €	2016 €
<b>Government grants</b>		
At 1 January 2017	<b>363,852</b>	362,858
Increase in year	<b>29,161</b>	27,346
	<b>393,013</b>	390,204
Released in year	<b>(23,692)</b>	(26,352)
At 31 December 2017	<b>369,321</b>	363,852
<b>Current Deferred Income</b>	<b>21,303</b>	23,692
<b>Non-Current Deferred Income</b>	<b>348,018</b>	340,160
<b>Deferred Government Grants</b>		
Deferred between one and two years	<b>19,157</b>	21,303
Deferred between two and five years	<b>46,632</b>	51,884
Deferred in five years or more	<b>282,229</b>	266,973
	<b>348,018</b>	340,160

**18. Capital commitments**

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	<b>358,358</b>	224,328
(i) Approved but not yet contracted for:		
Construction of New Local Council's Premises	<b>278,358</b>	103,806
Office Furniture and Fittings	<b>5,000</b>	11,308
Urban Improvements	<b>75,000</b>	109,214
	<b>358,358</b>	224,328

The capital commitments will be financed by the Council through funds received from the Regional Committee and potential new funds from the PA Urban Improvement Fund.

**19. Contingent liabilities**

The Council as at 31 December 2017 had the following pending Court cases:

- two claims in front of the First Hall opened by third parties claiming damages for motor-cycle accident in Mdina Road Attard. The Council is restricting such claims as this road falls under the responsibility of the Central Government.

- arbitration claim by a third party against the Council for accident occurred at the area of Ta' Qali. The Council is restricting such claim as the area falls under the responsibility of the Central Government.

- case opened by the Council against the owner of a quarry situated in the locality of Attard. The Council is requesting the owner of the quarry to regulate the alleged irregularities in the quarry site. The outcome of such case still unpredictable.

**20. 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 Councils	Significant control
Regional Committee (Local Enforcement)	Joint Control
Birkirkara Joint Committee (Local Enforcement)	Joint 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
Local Enforcement System Agency	No control
Police General Head Quarters	No control
Local Councils' Association	No control
Malta Environment and Planning Authority	No control
Malta Communications Authority	No control
Malta Information Technology Agency	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Commissioner for Data Protection	No control
Department of Inland Revenue	No control
Bank of Valletta plc	No control
Wasteserv Malta Limited	No control
GreenPak	No Control
Airmalta plc	No control
ARMS Ltd	No control
ERA Monitoring Unit	No Control
Environmental Landscapes Consortium Limited	No control
Koperattiva tat-Tabelli u Sinjali	No control

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

	<b>2017</b>	<b>2016</b>
	€	€
Annual Financial Allocation	<b>672,935</b>	613,914

**Key management compensation**

The Council considers the Mayor, Councillors and the Executive Secretary to be Key Management Personnel. Remuneration to Key Management Personnel are disclosed in note 7.



**21. 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:

	2017	2016
	€	€
Classes of financial assets - carrying amounts		
Trade and other receivables	56,353	44,530
Cash and cash equivalents	233,583	129,558
	<u>289,936</u>	<u>174,088</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 and cash equivalents of the amount of € 233,583. The Council also maintains a positive net asset position of € 518,183 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2017 the council's financial liabilities have contractual maturities which are summarised below:

**31 December 2017**

	Current	Non-current	
	within	1 to 5	later than
	1 year	years	5 years
	€	€	€
Payables	72,140	-	-
Accruals	29,076	-	-

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

**31 December 2016**

	<b>Current within 1 year €</b>	<b>Non-current 1 to 5 years €</b>	<b>later than 5 years €</b>
Payables	60,894	-	-
Other creditors	1,257	-	-
Accruals	28,937	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

*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 objective of interest rate risk management is to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

**22. 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.

	<b>2017 €</b>	<b>2016 €</b>
<b>Current assets</b>		
Loans and receivables:		
Trade and other receivables	<b>56,353</b>	44,530
Cash and cash equivalents	<b>233,583</b>	129,558
	<u><b>289,936</b></u>	<u>174,088</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised cost:		
Payables	<b>72,140</b>	60,894
Other creditors	-	1,257
Accruals	<b>29,076</b>	28,937
	<u><b>101,216</b></u>	<u>91,088</u>

**23. 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.

**24. Going Concern**

The Statement of Financial Position on page 3 and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council able to meet its financial obligations as they fall due without curtailing its future commitments.



