

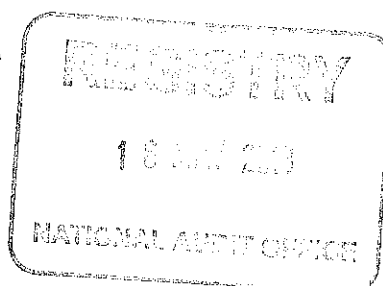
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Had-Dingli Local Council

Annual Report

2017

Prepared by: Mandy Ducker Camilleri, FIA, FCCA, CPA



Had-Dingli Local Council

	Page
Annual Report	
Statement of Local Council Members' and Executive Secretary's responsibilities	1
Financial Statements:	
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Independent Auditor's Report	

Had-Dingli Local Council

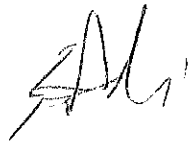
Statement of Local Council Members' and Executive Secretary's responsibilities

For the Year Ended 31 December 2017

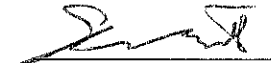
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's statement of Profit or Loss and Other Comprehensive Income for the year and of the Council's retained funds at the end of the year. By virtue 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 present report present fairly, in accordance with accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at year end, and that they comply with the Act, the Local Councils (Financial) regulations, and the Local Councils (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, the Local Councils (Financial) regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence to take reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on the 27th April 2018 and signed on its behalf by:



Sandro Azzopardi
Mayor



Shawn Tanti
Executive Secretary

Had-Dingli Local Council

Statement of Financial Position

As at 31 December 2017

	Note	2017 €	2016 €
ASSETS			
Intangible assets	11	663	853
Property, plant and equipment	12	1,244,842	1,350,406
Total non-current assets		1,245,505	1,351,259
Trade and other receivables	13	28,224	39,441
Cash and cash equivalents	14	184,146	167,100
Total current assets		212,370	206,541
Total assets		1,457,875	1,557,800
Reserves			
Retained earnings		562,012	488,289
Total equity		562,012	488,289
LIABILITIES			
Trade and other payables	15	22,468	33,702
Deferred income	16	704,578	775,711
Total non-current liabilities		727,046	809,413
Trade and other payables	15	97,990	181,525
Deferred income	16	70,827	78,573
Total current liabilities		168,817	260,098
Total liabilities		895,863	1,069,511
Total equity and liabilities		1,457,875	1,557,800

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 4 to 26 were approved and authorised for issue by the Local Council on 27th April 2018 and signed on its behalf by:


Sandro Azzopardi
Mayor


Shawn Tanti
Executive Secretary

Had-Dingli Local Council

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

		2017	2016
	Note	€	€
Income			
Funds received from Central Government	5	438,000	413,993
Income raised under Local Enforcement System	6	2,478	2,526
General Income	7	25,022	26,999
Total Income		465,500	443,518
Personal emoluments	8	(86,735)	(71,847)
Operations and maintenance expenses	9	(129,978)	(100,308)
Administrative and other expenses	10	(175,481)	(244,804)
Total expenditure		(392,194)	(416,959)
Results from operations		73,306	26,559
Bank interest receivable		417	197
Total comprehensive income for the year		73,723	26,756

The accompanying notes are an integral part of these financial statements.

Had-Dingli Local Council

Statement of Changes in Equity

For the Year Ended 31 December 2017

	Retained Funds
	€
Balance at 1 January 2016	461,533
Total comprehensive income for the period	
Total comprehensive income for the year	26,756

Balance at 31 December 2016	488,289
	=====
Balance at 1 January 2017	488,289
Total comprehensive income for the period	
Profit for the year	73,723

Balance at 31 December 2017	562,012
	=====

The accompanying notes are an integral part of these financial statements.

Had-Dingli Local Council

Statement of Cash Flows

For the Year Ended 31 December 2017

		2017	2016
	Note	€	€
Cash flows from operating activities			
Total comprehensive income for the year		73,723	26,756
Adjustment for:			
Depreciation		117,253	196,126
Provision for doubtful debts		-	289
Grant released		(78,572)	(86,733)
Interest receivable		(417)	(197)
		<u>111,987</u>	<u>136,241</u>
Change in trade and other receivables		11,301	32,886
Change in trade and other payables		(95,075)	(234,553)
Net cash generated/(used in) from operating activities		<u>28,213</u>	<u>(65,426)</u>
Cashflows from investing activities			
Acquisition of property, plant and equipment		(11,584)	(5,322)
Acquisition of intangible asset		-	(844)
Amounts claimed back by Paying Agency		-	(32,436)
Receipt of grant		-	37,330
Interest received		417	197
Net cash used in from investing activities		<u>(11,167)</u>	<u>(1,075)</u>
Net increase in cash and cash equivalents		17,046	(66,501)
Cash and cash equivalents and the beginning of the period		167,100	223,601
Cash and cash equivalents at 31 December	14	<u>184,146</u> =====	<u>167,100</u> =====

The accompanying notes are an integral part of these financial statements.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 Reporting entity

The Had-Dingli Local Council is a local Authority of Malta set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Centre of the Community, Dahlas-Sienja, Had-Dingli. These financial statements were approved for issue by the Council Members on 7th February 2018.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up 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.

2.2 Basis of measurement

Assets and liabilities are measured at historical cost.

2.4 Functional and presentation currency

These financial statements are presented in EURO (€), which is the Local Council's functional currency.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the Council 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 recognised in the period in which the estimates are revised and in any future periods affected. 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 significant and critical in terms of the requirements of IAS 1, *Presentation of Financial Statements*.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

2.5 Use of estimates and judgements (continued)

A number of the Local Council's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Local Council has established a control framework with respect to the measurement of fair values. The Local Council regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as architect's valuations are used to measure fair value, the Local Council assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Local Council uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Local Council recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been consistently applied throughout the periods presented in these financial statements.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

3 Significant accounting policies (continued)

3.1 Financial instruments

Financial assets are recognised initially on the trade date at which the Local Council becomes a party to the contractual provisions of the instrument. The Local Council derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Local Council is recognised as a separate asset or liability.

Financial liabilities are recognised initially on the trade date at which the Local Council becomes a party to the contractual provisions of the instrument. The Local Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Local Council's financial liabilities comprise of trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Local Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Local Council's non-derivative financial assets mainly comprise trade and other receivables and cash and cash equivalents.

3.2 Impairment

3.2.1 Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Local Council considers evidence of impairment for receivables at a specific asset level. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. All impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

3.2 Impairment (continued)

3.2.2 Non-financial assets

At each reporting date, the Local Council reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

3.3 Revenue

Revenue is recognized when there are no significant uncertainties concerning the derivation of consideration or associated costs and it can be measured reliably. 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 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.

3.4 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 statement of comprehensive income over the expected life of the related assets.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

3.5 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Local Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6 Property, plant and equipment

3.6.1 Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. After initial recognition, plant and equipment are carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

3.6.2 Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is calculated on a monthly basis using the reducing balance method and is recognised in the statement of comprehensive income.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

3.6 Property, plant and equipment (continued)

3.6.2 Depreciation (continued)

The rates of depreciation used for other items of plant and equipment are the following:

	%
Land	0
Trees	0
Buildings	1
Office furniture and fittings	7.5
Construction works, Urban improvements and special projects	10
Office equipment, Motor Vehicles and Plant and Machinery	20
Computer equipment	25
Plants, playground furniture and street lights	100
Litter bins, Traffic signs, Road Signs and street mirrors	Replacement basis

3.7.3 Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

3.7.4 Derecognition of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the statement of comprehensive income in the period of derecognition.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

4 Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017, however, the Local Council has not applied the following new or amended standards in preparing these financial statements. The standard which is relevant to the Local Council is set out below:

IFRS 9 Financial Instruments

IFRS 9, published in July 2016, replaces the existing guidance in IAS 39 *Financial Instruments, Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The Local Council is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

5 Funds received from Central Government

	2017	2016
	€	€
In terms of Section 55 of the Local Councils Act	335,755	319,780
Other Government Income	23,673	7,480
Grants released	78,572	86,733
	<u>438,000</u>	<u>413,933</u>
	=====	=====

6 Local Enforcement system

	2017	2016
	€	€
Administrative charges to Regional Committees	2,478	2,895
	=====	=====

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

7 General Income

	2017	2016
	€	€
Sponsorships and donations	650	2,222
Temporary permits	22,883	9,850
Community services	108	9,100
Sales of books and maps	-	12
Other income	1,381	5,815
	<u>25,022</u>	<u>26,999</u>
	=====	=====

8 Comprehensive income for the year

8.1 Comprehensive income for the year is stated after charging the following:

	2017	2016
	€	€
Depreciation	117,253	196,126
Employee benefits expense	86,735	71,847
	<u>=====</u>	<u>=====</u>

8.2 Staff costs incurred during the year are analysed as follows:

	2017	2016
	€	€
Mayor's Remuneration	7,345	7,229
Councillors' Allowance	6,334	6,400
Executive Secretary Salary and Allowances	29,816	23,863
Employee Salaries	36,775	30,799
Social Security Contributions	6,465	3,556
	<u>86,735</u>	<u>71,847</u>
	=====	=====

8.3 The average number of persons employed by the Company during the year was 11 (2016: 11 employees).

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

9	Operations and maintenance expenses	2017	2016
		€	€
	<i>Repairs and upkeep:</i>		
	Road/street pavements	12,635	2,995
	Signs	4,309	2,216
	Road markings	-	1,943
	Office furniture and equipment	2,883	731
	Plant and equipment repairs	482	168
	Motor vehicle repairs	1,502	1,398
	Public property	2,910	1,481
	Other repairs and upkeep	2,344	1,062
		-----	-----
		27,066	11,994
		=====	=====
	<i>Contractual services:</i>		
	Waste disposal	16,643	10,987
	Refuse collection	26,913	27,484
	Bulky refuse collection	9,334	7,432
	Road and street cleaning	23,072	22,705
	Street lighting	13,450	7,274
	Hiring of skips – Bins on wheels	-	180
	Cleaning services	-	227
	Local enforcement expenses	-	25
	Other contractual services	13,500	12,000
		-----	-----
		102,912	88,314
		=====	=====
	Total operations and maintenance costs	129,978	100,308
		=====	=====

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2017

10 Administrative and other expenses

	2017	2016
	€	€
Utilities	5,501	6,496
Materials and supplies	2,690	585
Rent	540	566
National and international memberships	400	1,121
Postage and couriers	609	633
Office services	3,974	3,482
Transport	7,739	6,039
Information services	2,202	987
Insurance	2,103	2,402
Bank charges	64	126
Professional services	5,540	8,583
Training	1,335	250
Other hospitality costs	2,827	387
Social and cultural events	9,225	12,294
Community services	13,478	4,438
Provision for bad debts	-	289
Depreciation and amortisation	117,253	196,126
	<u>175,481</u>	<u>244,804</u>
	=====	=====

LOCAL COUNCIL DINGLI
Report of the Local Government Auditors to the Auditor General

Report on the Audit of the Financial Statements

We have audited the financial statements of the LOCAL COUNCIL DINGLI, set out on pages 4 to 26, which comprise the statement of financial position as at 31 December 2017, 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.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the LOCAL COUNCIL DINGLI as at 31 December 2017, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Qualified Opinion

In accordance with the Local Enforcement System (LES) issued by the Ministry by virtue of article 72 of the Local Councils Act (Cap. 363), the income relating to contraventions was delegated to the local councils through Legal Notice 32 of 2000. The Council entered into a pooling agreement with a number of local councils within the Local Enforcement System and formed a Joint Committee to manage and administer this function up to September 2011, when this was delegated to Regional Committees. Due to the fact that no proper audited financial statements have been prepared by the Joint Committee, we could not obtain reasonable assurance on the completeness of the share of income or expenditure that could have been recorded in the financial statements as well as on any accrued income or liabilities present as at end of the current financial year.

The Council does not maintain an appropriate fixed asset register to record its acquisitions of property, plant and equipment. We could not perform practical satisfactory audit procedures to obtain reasonable assurance on the existence and completeness of the opening balances of property, plant and equipment as recorded in the financial statements and having a net book value of €1,244,842 as well as on the completeness of the depreciation charged thereupon.

As at year end, the Council has recognised trade payables amounting to €72,508. The information and evidence provided by the Council with respect to these supplier payables was not appropriate to provide us with reasonable assurance as to the correctness of these supplier balances at year end and other alternate audit procedures performed did not provide us with the necessary assurance to determine whether there is any misstatement within the trade payables recognized by the Council.

The Council has recognised an amount of € 775,405 as deferred income as at year end together with a release to the Comprehensive Income Statement of € 78,572. The Council has in previous years received EU grants with respect to the Measure 125 and Measure 313 projects for which no supporting documentation was provided by the Council confirming the nature of the grants received, the timing thereof and the related capitalised assets covered by these grants. Furthermore, a variance of €43,933 was noted between the opening balance of deferred income as per Council workings and the opening balance as per financial statements as well as no release was undertaken in relation to a grant of €20,000 provided for works on Ghaqda Talent Dingli area upgrade which was capitalised in 2017. Based on these findings we believe there may be material misstatements in the deferred income liability recognised by the Council but there were no practicable procedures to arrive to the exact amount of misstatement in relation to the deferred income liability and release to comprehensive income statement for the year.

The financial statements include a payable of €33,786 with respect to road works undertaken through the Public Private Partnership Scheme. The Council has not applied the proper accounting in relation to this liability include the relevant disclosures in line with the requirements of IAS39 - Financial Instruments: Recognition & Measurement which requires that such liabilities are accounted for at

amortised cost. This entails that after initial recognition this liability is measured at amortised cost using the effective interest method, less provision for any impairment. In this regard, the Council should have accounted for this liability accordingly using a proper discount rate which equates to the Council's cost of capital.

International Financial Reporting Standards require that all applicable standards and their disclosure requirements are complied with in the preparation of financial statements. These financial statements lack proper recognition and disclosures emanating from IAS 24-Related Parties in view that note 18 to the financial statements does not reflect the requirement of articles 18, 25 and 26 of the said standard. Furthermore, they also lack full disclosures emanating from IAS 1 – Presentation of Financial Statements in relation to new and revised IFRSs adopted by the EU that are no mandatorily effective but allow early application) for the year ending 31 December 2017.

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 that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information

The Council is responsible for the other information. The other information comprises the Statement of Local Council Members' and Executive Secretary's Responsibilities. Our opinion on the financial statements does not cover this information, including the Statement of Local Council Members' and Executive Secretary's Responsibilities. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

Council's Responsibility of the Financial Statements

The Council Members and the Executive Secretary are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as management determines 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 management are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to cease operations, or has no realistic alternative but to do so.

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 ISAs, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members and Executive secretary.
- Conclude on the appropriateness of the Council members and Executive secretary' 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 Company'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 company 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

The Local Council (Financial) Procedures, 1996, require that the financial statements should be prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. In view of the matters set out under the basis for qualified opinion section of this report, these financial statements have not been prepared in line with the requirements of International Financial Reporting Standards as adopted by the European Union.



This copy of the audit report has been signed by
Mr. Neville Cutajar (Audit Partner) for and on behalf of

3a
Certified Public Accountants
Level 2,
Palazzo Ca Brugnera',
Valley Road,
Birkirkara Malta.

Date: 27th April 2018

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