

ST. VENERA LOCAL COUNCIL

Unaudited Financial Statements

For the year ending 31 December 2018

Prepared by:

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ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

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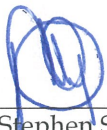
ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

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 income and expenditure 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, 1993, and the Local Council (Financial) Procedures, 1996 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, CAP 363, the 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.



Stephen Sultana

Mayor



Michael Mifsud
Deputy Executive
Secretary

11th February 2019

ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Statement of Comprehensive Income

	Notes	2018	2017
		€	€
INCOME			
Funds received from Central Government	3	491,183	468,197
Income from Local Enforcement System	4	8,263	39,936
Income raised under Local Council Bye Laws		1,200	2,400
General Income	5	37,584	23,969
		<u>538,230</u>	<u>535,222</u>
EXPENDITURE			
Personal emoluments	6	87,037	87,918
Operations and maintenance	7	228,421	197,271
Administration and other expenditure	8	<u>223,362</u>	<u>146,787</u>
		<u>538,820</u>	<u>431,976</u>
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		(590)	103,246
Finance Income	9	60	114
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(530)</u>	<u>103,360</u>

The notes on page 8 to 24 form an integral part of these financial statements.

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Financial Statements for the year ended 31 December 2018

Statement of Financial Position

	Notes	2018 €	2017 €
ASSETS			
Non-current Assets			
Property, plant and equipment	10	486,155	581,296
Current Assets			
Receivables	11	42,100	38,720
Cash and cash equivalents	12	577,880	586,637
		<hr/>	<hr/>
		619,980	625,357
		<hr/>	<hr/>
TOTAL ASSETS		<u><u>1,106,135</u></u>	<u><u>1,206,653</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained Funds		<hr/> 986,486	<hr/> 987,016
Current Liabilities			
Trade & Other Payables	13	119,649	219,637
		<hr/>	<hr/>
		119,649	219,637
		<hr/>	<hr/>
TOTAL RESERVES AND LIABILITIES		<u><u>1,106,135</u></u>	<u><u>1,206,653</u></u>

These financial statements were approved by the Local Council on 11th February 2019 and signed on its behalf by:



Stephen Sultana

Mayor



Michael Mifsud
Deputy Executive
Secretary

The notes on page 8 to 24 form an integral part of these financial statements.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Statement of Changes in Equity

	Retained Funds €
At 1 January 2017	883,656
Total comprehensive income for the year	103,360
	<hr/>
At 31 December 2017	<u>987,016</u>
At 1 January 2018	987,016
Total comprehensive deficit for the year	(530)
	<hr/>
Balance at 31 December 2018	<u><u>986,486</u></u>

The notes on page 8 to 24 form an integral part of these financial statements.

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Financial Statements for the year ended 31 December 2018

Statement of Cash Flows for the year ended 31 December 2018

	Note	2018	2017
		€	€
Cash flow from operating activities			
(Deficit)/Surplus for the year		(530)	103,360
Adjustment to reconcile profit with net cash flows:			
Depreciation		141,770	60,741
Loss on disposals		-	245
Movement in provision for Bad Debts		(2,991)	9,483
Interest Receivable		(60)	(114)
Grants released during the year		-	(51)
		<u>138,189</u>	<u>173,664</u>
Working Capital Adjustments:			
Movement in payables		28,688	(4,854)
Movement in receivables		<u>4,579</u>	<u>7,180</u>
Cash flows from operating activities		<u>171,456</u>	<u>161,630</u>
Interest received		60	129
Net cash generated from operating activities		<u>171,516</u>	<u>161,759</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		<u>(195,696)</u>	<u>(66,066)</u>
Net cash flows used in investing activities		<u>(195,696)</u>	<u>(66,066)</u>
Cash flows from financing activities			
Grants received		<u>15,423</u>	<u>33,051</u>
Net cash from financing activities		<u>15,423</u>	<u>33,051</u>
Net increase/ decrease) in cash and cash equivalents		(8,757)	128,744
Cash and cash equivalents at beginning of year		<u>586,637</u>	<u>457,893</u>
Cash and cash equivalents at end of year	12	<u>577,880</u>	<u>586,637</u>

The notes on page 8 to 24 form an integral part of these financial statements.

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Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements

1. General Information

St. Venera Local Council is the local authority of St. Venera set up in accordance with the Local Councils Act 1993. The office of the Local Council is situated at Umberto Calosso complex, St. Joseph High Street, St. Venera.

The financial statements were authorized for issue by the Council on the 11th February 2019. The Local Council's presentation as well as functional currency are denominated in Euro. Its ultimate controlling party is the Department for Local Government within the Ministry for Justice, Culture and Local Government.

2.1 Accounting Policies and Reporting Procedures

These financial statements have been drawn up in accordance with the accounting policies and the reporting procedures prescribed for Local Council is 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 as modified to include fair values stated in the accounting policies below. These financial statements are prepared in accordance to the requirements of International Financial Reporting Standards 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.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial period.

The Council has adopted the following new and amended IFRS as of 1 January 2018:

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

IFRS 15, 'Revenue from Contracts from Customers' requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. Subject to adoption by the EU, IFRS 15, will be effective for financial periods beginning on, or after, 1 January 2018.

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Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements – (continued)

The Council has adopted the following new and amended IFRS as of 1 January 2018 (cont.)

The application of these standards did not have any material impact on the financial statements.

Up to the financial position date, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Company has not yet adopted. These are as follows:

- IFRS 16 - Leases
- IFRIC 23 Uncertainty over Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long Term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual improvements to IFRS Standards 2015-2017 Cycle – various standards
- Amendments to References to Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts.

The Council is assessing the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the Company in the period of initial application.

2.3 Summary of Significant Accounting Policies

The Principal accounting policies and reporting procedures used by the Local Councils are as follows:

Revenue Recognition

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

Local Enforcement System

Income from the Local Enforcement System is recognized in the Income Statement as it accrues.

Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities must be recognised in the statement of financial position and measured in accordance with their assigned category.

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Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements - (continued)

2.3 Summary of Significant Accounting Policies (continued)

Financial assets

The Council classifies financial assets to IAS 39 category loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest rate (EIR) method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the EIR method. This category generally applies to trade and other receivables.

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs incurred, and subsequently carried at amortised cost using the EIR method. The Council's financial liabilities comprise mainly deposits of non-bank customers, deposits and balances of banks and other financial institutions, and amounts due to related companies.

Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of comprehensive income.

Determination of fair value

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

2.3 Summary of Significant Accounting Policies (continued)

The fair value of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Local Council for similar financial liabilities.

Offsetting financial instruments

Financial assets and liabilities are offsetted and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, impairment and grants received for specific projects (which grants were treated through the balance sheet approach). Depreciation is calculated on a monthly basis using the straight-line method of depreciation at rates estimated to write down the cost of all assets over their expected useful life, other than land and trees, 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
Utile dominium of property	16.67
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	On a Replacement Basis
Playground Furniture	100
Traffic Signs	On a Replacement Basis
Road Signs	On a Replacement Basis
Street Mirrors	100
Street Lights	100

Up to the year ending 31st December 2017, depreciation was calculated using the reducing balance method. The change in the depreciation method has been affected according to the instructions in the DLG Directive 1/2017.

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 surplus. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

2.3 Summary of Significant Accounting Policies (Continued)

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 Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Impairment of property, plant and equipment

At the end of each reporting year, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

Impairment of financial assets other than inventories

At the end of each reporting year, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events - significant difficulty of the issuer (or counterparty) and/or breach of contract.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables or, if there is objective evidence that an impairment loss has been incurred, the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale at arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in the statement of comprehensive income, unless the asset is carried at a re-valued amount, in which case, the impairment loss is recognised directly against the asset's revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the asset.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised; the previously recognised impairment loss is reversed directly.

In the case of assets tested for impairment, an impairment loss recognised in a prior period is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but in a manner, that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Impairment reversals are recognised immediately in the comprehensive income statement, unless the asset is carried at a re-valued amount, in which case, the impairment reversal is recognised directly in reserves, unless an impairment loss on the same asset was previously recognised in the comprehensive income statement.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

2.3 Summary of Significant Accounting Policies (Continued)

Receivables

Amounts receivable are recognized initially at fair value and subsequently measured at amortized 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 recognized in the Statement of Income and Expenditure.

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 present currency.

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

Profit and Losses

Only profits that were realised at the date of the Statement of Affairs 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.

Cash and Equivalents

Cash and Cash Equivalents are carried in the Statement of Affairs at face value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and balances held banks.

Related Parties

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

Income recognition

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organisation of courses, cultural, sporting and social activities is only recognised on a cash basis.

Income from investment activities is recognised when the rights of receipt have been established.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

2.3 Summary of Significant Accounting Policies (Continued)

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Local Enforcement System

St. Venera Local Council forms part of the Birkirkara 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 and 10% commission income from LES administration fees.

1. Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and based on historic 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 judgments 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 IAS 1 (revised) - 'Presentation of Financial Statements'.

m. Operating Lease

The council is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

2.3 Summary of Significant Accounting Policies (Continued)

	2018 €	2017 €
3. Funds Received from central government		
Central Government income	466,494	447,323
Supplementary Government income	23,805	20,708
Other Government income	884	886
In terms of article 55 of the Local Councils Act (Cap 363)	<u>491,183</u>	<u>468,197</u>
	2018 €	2017 €
4. Local Enforcement Income		
LESA surplus contribution	-	20,797
Income including fines and penalties	470	9,634
LES administration fees	7,793	9,505
	<u>8,263</u>	<u>39,936</u>
	2018 €	2017 €
5. General Income		
Income from permits	24,325	20,597
Income from Kiosks	617	281
Other income	12,642	3,094
	<u>37,584</u>	<u>23,969</u>
	2018 €	2017 €
6. Personal Emoluments		
Mayor's and Councilors' Allowance	8,745	8,560
Mayor's Honoraria	11,196	11,018
Executive Secretary salary and allowances	22,432	30,423
Employee's salaries	40,094	32,792
Social Security contributions	4,570	5,125
	<u>87,037</u>	<u>87,918</u>

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

	2018 €	2017 €
7. Operations and maintenance		
Repairs and upkeep:		
Road signs, pavements & markings	7,328	4,426
Other repairs and upkeep	8,087	3,707
	<u>15,325</u>	<u>8,133</u>
Contractual Services:		
Refuse collection	79,642	81,858
Bulky refuse collection	5,508	4,399
Waste Disposal	57,727	53,426
Road and Street Cleaning	37,782	18,852
Cleaning and maintenance of Public Conveniences	5,595	4,455
Other cleaning and maintenance services	13,830	14,172
Materials & Support	699	402
Other contractual services	685	2,600
Street Lighting maintenance	9,876	8,061
Local warden services	1,752	913
Total Contractual Expenses	<u>213,096</u>	<u>189,138</u>
Total Operations & Maintenance	<u><u>228,421</u></u>	<u><u>197,271</u></u>

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

	Notes	2018 €	2017 €
8. Administration and other expenditure			
Utilities		5,016	5,150
Other repairs and upkeep		-	10
Rent		10,989	9,950
National & international memberships		338	278
Office services		2,532	4,096
Advertising		199	224
Transport		8,023	4,195
Information Services		3,436	1,276
Insurance		1,904	1,657
Professional services		20,513	28,170
Community & hospitality		31,001	20,447
Bank charges		74	82
Lease of Equipment		-	265
Depreciation	10	141,770	60,741
Sundry minor expenses		558	518
Provision for Bad Debts		(2,991)	9,483
Loss on disposals		-	245
		<hr/> 223,362	<hr/> 146,787
		2018 €	2017 €
9. Finance Income			
Bank Interests		<hr/> 60	<hr/> 114

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SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

10a. Property, Plant and Equipment

Asset	Office Furniture & Fittings	Office Equipment	Motor Vehicle	Computer Equipment	New Street Signs	Urban Improvements	Construction	Special Programmes	Trees	Plant & Machinery	Assets not Capitalised	Total
	€	€	€	€	€	€	€	€	€	€	€	€
Cost												
As at 1 January 2017	31,155	20,148	500	21,417	37,216	272,244	882,814	666,592	19,367	5,826	-	1,957,279
Disposals	-	-	(500)	-	-	-	-	-	-	-	-	(500)
Additions	-	1,504	1,700	2,767	-	11,735	205,339	-	5,789	-	19,769	248,603
Govt Grants deducted	-	-	-	(1,416)	-	(17,124)	(459,371)	(332,366)	-	-	-	(810,277)
As at 31 December 2017	31,155	21,652	1,700	22,768	37,216	266,857	628,782	334,226	25,156	5,826	19,769	1,395,105
Grants												
At 1 January 2017	-	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Movement during year	-	-	-	-	-	-	(79,974)	(332,366)	-	-	-	(412,340)
At 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation												
As at 1 January 2017	22,226	16,515	233	20,061	37,216	125,348	243,636	266,399	15,226	4,115	-	750,975
Charge for the year	647	785	185	669	-	14,733	64,121	6,480	5,787	313	-	93,720
Balance on disposals	-	-	(255)	-	-	-	-	-	-	-	-	(255)
Adj with 2017 release of grants	-	-	-	(259)	-	(14,391)	(18,330)	-	-	-	-	(32,980)
As at 31 December 2017	22,873	17,300	163	20,471	37,216	125,690	289,427	272,879	21,013	4,428	-	811,460
Net Book Value												
As at 31 December 2017	8,282	4,352	1,537	2,297	-	138,817	339,354	61,347	4,141	1,398	19,769	581,296

SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

10b. Property, Plant and Equipment

Asset	Office Furniture & Fittings	Office Equipment	Motor Vehicle	Computer Equipment	New Street Signs	Urban Improvements	Construction	Special Programmes	Trees	Plant & Machinery	Assets not Capitalised	Total
	€	€	€	€	€	€	€	€	€	€	€	€
Cost												
As at 1 January 2018	31,155	21,652	1,700	22,768	37,216	266,857	628,780	334,226	25,156	5,826	19,769	1,395,105
Disposals	777	118	5,000	1,764	-	6,108	32,713	-	-	150	(2,350)	44,280
As at 31 December 2018	31,932	21,770	6,700	24,532	37,216	272,965	661,493	334,226	25,156	5,976	17,419	1,439,385
Grants as at 1st January & 31 December 2018												
Depreciation												
As at 1 January 2018	22,873	17,300	163	20,471	37,216	125,690	289,427	272,879	21,013	4,428	-	811,460
Charge for the year	2,370	4,376	1,342	2,830	-	26,889	65,131	33,462	4,143	1,228	-	141,770
Balance on disposals												
As at 31 December 2018	25,243	21,676	1,505	23,301	37,216	152,579	354,558	306,341	25,156	5,656	-	953,230
Net Book Value												
As at 31 December 2018	6,689	94	5,195	1,231	-	120,386	306,935	27,885	-	320	17,419	486,155

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

	2018 €	2017 €
11. Receivables		
Due within one year:-		
Other receivables	135	7,854
Trade receivables	1,800	-
Related party undertakings	106	2,594
Prepayments	5,848	1,930
Accrued income	34,211	26,342
	<u>42,100</u>	<u>38,720</u>
 (i) Details of trade receivables are as follows:		
Due within the credit period	24	2,355
Exceeding credit period but not provided for	2,736	239
Impaired and provided for	854	1,091
Provision for bad and doubtful debts	(854)	(1,091)
	<u>2,760</u>	<u>2,594</u>

12. Cash and Equivalents

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the cash flow statement comprise the following amounts in the Local Council's Statement of Affairs:

	2018 €	2017 €
Cash at bank	577,674	586,636
Cash in Hand	206	1
	<u>577,880</u>	<u>586,637</u>

	2018 €	2017 €
13. Payables		
Trade Payables	37,789	14,708
Related party undertakings	23,932	2,200
Capital creditors (note 13A)	21,241	180,187
Other payables	7,920	6,145
Statutory Obligations	298	-
Accruals	26,737	14,665
Other deferred income	1,732	7,877
	<u>119,649</u>	<u>219,637</u>

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

13. Payables (continued)

Provisions include estimates for goods and services received prior to 31 December 2018 and for which invoices have not yet been received by the Local Council.

13A. Capital Creditors

Current capital creditors amounted to €21,241 (2017: €180,187) at year end and consisted of part of the cost resurfacing works on Triq Hal Qormi and Triq il-Kbira San Guzepp and pots and plants bought during the year and unpaid as at end of year.

14. Deferred Income

As explained in Note 2 – Accounting policies and reporting procedures on Government Grants, as from 01 January 2018, reporting of grants have been changed from Income approach to Capital approach and government grants related to the purchase of property, plant and equipment are deducted from the carrying amount of the relative non-current asset. Therefore, in financial statements no deferred income is reported. Since this is a change in accounting policy according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

15. Capital Commitments

	2018 €	2017 €
Details of capital commitments are as follows:		
Approved but not yet contracted for (i)	400,000	438,000
	<u>400,000</u>	<u>438,000</u>

These could be analysed as follows:

Signs & Other	10,000	10,000
Urban improvements - CCTVs	30,000	30,000
Improvements - Various Roads	330,000	338,000
Landscaping - Palazz l-Ahmar	-	30,000
Pathing Works - Various Roads	30,000	30,000
	<u>400,000</u>	<u>438,000</u>

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

16. Operating Lease Commitments

Operating lease commitments - where the council is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	€	€
Not later than 1 year	1,263	1,263
Later than 1 year and not later than 5 years	-	-
	<u>1,263</u>	<u>1,263</u>

In April 2011, the council entered into an agreement to lease premises for €513 per annum to be used as council premises. The agreement is for a period of one-year renewable annually. In January 2019, the council renewed the lease for an old people's day care centre for a further period of three - years at €9,500 per annum.

17. Related Parties

St. Venera Local Council has the following related parties, exercising:

- (i) Significant Control - The Department of Local Government
- (ii) Joint Control - Group C Joint Committee for Local Enforcement, Central Regional Committee
- (iii) No Control - Water Services Corporation, Enemalta Corporation, Wasteserv Malta Ltd., South Regional Committee, Gozo Regional Committee, North Regional Committee, South Eastern Regional Committee, Police General Headquarters, Planning Authority, ARMS Limited, Department of Information, LESA and the Department of Lands.

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

	2018	2017
	€	€
Annual Financial Allocation	<u>466,494</u>	<u>447,323</u>

The council considers the Mayor, councillors and executive secretary to be key personnel. Remuneration paid to these amounted to €42,373 (2017: €52,281).

In the opinion of the Local Council's members, disclosure of related party transactions, which are generally carried out, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Council.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

18. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset is any asset that is cash or a contractual right to receive cash. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Financial instruments give rise to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at banks, receivables and due from related parties. The Local Council controls this credit risk through strict monitoring procedures and regular coordination with its related parties, with the result that the Local Council's exposure to impairment loss is not significant. The Local Council's maximum exposure to credit risk is the carrying amount of its financial assets.

	2018 €	2017 €
Trade and other receivables	36,252	36,790
Cash at bank	577,880	586,637
	<u>614,132</u>	<u>623,427</u>

The Local Council's cash at bank are placed with financial institutions of high credit standing. In the director's opinion, receivables are fully recoverable. Accordingly, the Local Council has no significant credit risk.

The council accounts for funds received and receivable from persons guilty of contraventions under the local enforcement system. The council is not responsible for the collection of the funds which is the responsibility of another central government department.

Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The council receives guaranteed funds from central government which are predetermined as to how they are to be spent in services towards the community. Other funds are available to the council to finance capital projects.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

18. Financial Instruments

The Council's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Council closely monitors its cash flows to be able to finance its operations and capital expenditures and pay its obligation as and when they fall due.

The table below summarises the maturity profile of the Local Council's financial liabilities at 31 December 2018 based on the contractual undiscounted payments.

Details	0-3 months	3 - 12 months	1-5 years	Totals
Accruals	26,737	-	-	26,737
Payables	82,962	7,920	-	90,882
Other payables & statutory obligations	298	1,732	-	2,030
Totals	109,997	9,652	-	119,649

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

Details	0-3 months	3 - 12 months	1-5 years	Totals
Accruals	14,665	-	-	14,665
Payables	190,950	6,145	-	197,095
Other Payables		7,877		7,877
Totals	205,615	14,022	0	219,637

Foreign Currency Risk

Foreign currency transactions arise when the council buys and 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 foreign currency.

Interest Rate Risk

Interest rate risk mainly arise through interest bearing liabilities and assets. The objective of interest rate risk management is to optimize the balance between minimizing uncertainty caused by fluctuations in interest rates and maximize the net interest income and expenses.

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SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements (continued)

18. Financial Instruments (continued)

Fair values

The carrying amounts of current financial assets and current financial liabilities approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of non-current financial liabilities are not materially different from their carrying amounts. Thus, as at 31 December 2017 and 2016, the carrying amounts of the borrowings are a reasonable approximation of its fair value.

Capital management

The primary objectives of the Council's capital management are to ensure that it maintains its ability to continue as a going concern, to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value and to meet the regulatory capital requirements at all times. The Local Council manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

Summary of financial assets and liabilities

The carrying amount of the council's financial assets and liabilities as recognised at the reporting dates unless revised are categorised as follows:

	2018 €	2017 €
Current Assets		
Trade and Other Receivables	36,252	36,790
Cash & cash equivalents	577,880	586,637
	<u>614,132</u>	<u>623,427</u>
Current Liabilities		
Financial Liabilities measured at amortized cost		
Payables	91,180	197,095
Other payables	1,732	7,877
Accruals	26,737	14,665
	<u>119,649</u>	<u>219,637</u>

19. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval of the financial statements by the council members.

20. Prior year Comparative amounts

Comparative amounts have been changed to reflect the change in accounting policy for Government grants from income approach to capital approach and be consistent with current year's presentation.

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