



ST. VENERA LOCAL COUNCIL

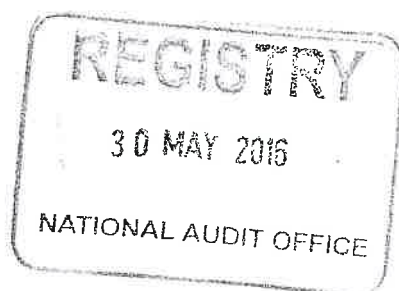
Report and Financial Statements Audited

For the year 1 January to 31 December 2015

Prepared by:

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ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

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ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

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
Executive Secretary

Date: 25/11/2016

Financial statements for the year ended 31 December 2015

Report of the Local Government auditor to the Auditor General

We have audited the accompanying financial statements of St. Venera Local Council which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Respective responsibilities of the Local Council and Local Government auditors

As described in page 3, these financial statements are the responsibility of the Executive Secretary and the Local Council members.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

1. As from 30 September 2002, all income and expenditure from the Local Enforcement System (LES) were centralised through the Birkikara Joint Committee and LES debtors at that date were transferred to the Joint Committee as well. The Birkikara Joint Committee ceased operations on 31 August 2011 and LES was centralised through the Central Regional Committee as from 1 September 2011. The Council has reported income of EUR116 from LES in the current year. We were unable to determine the amount of any income the Council is entitled to receive from Birkikara Joint Committee since the audited financial statements of the Joint Committee are qualified on the basis that amounts receivable could not be reconciled to the IT system. All LES receivables of the Joint Committee have been provided for.

Financial statements for the year ended 31 December 2015

Report of the Local Government auditor to the Auditor General (continued)

2. The financial statements do not disclose the actual lease commitments arising on leased property and a description of lease arrangements as required by IAS 17 *Leases*.
3. The company's interest free non-current payable arising on the PPP project is accounted for at historical cost rather amortised cost as required by IAS 39, *Financial Instruments*.
4. The council did not disclose an analysis of the maturity of non-current deferred income as required by NAO.
5. Excluded from these financial statements are the budgeted figures for the year. This is not in accordance with the Local Council (Financial) Procedures, 1996.

Qualified opinion

In our opinion, except for the effects of the matters described in paragraphs 1, 2, and 3 above, the financial statements give a true and fair view of the financial position of St. Venera Local Council as of 31 December 2015 and of the results of its operations, changes in net assets/equity and its cash flows for the period then ended in accordance with the accounting policies set out on pages 10 to 15.

Because of the matters set out in paragraphs 4 and 5 above, these financial statements do not comply fully with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 and because of the matters set out in paragraphs 1, 2 and 3 above these financial statements have not been prepared in accordance with International Financial Reporting Standards.



*This copy of the audit report has been signed by
Ernestino Riolo (Partner) for and on behalf of*

Mazars Malta

Certified Public Accountants
Attard

25 April 2016

ST. VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

	Notes	2015	2014
		€	€
INCOME			
Funds received from Central Government	3	455,649	421,547
Income from Local Enforcement System	4	10,044	6,931
Income raised under Local Council Bye Laws		1,600	1,480
General Income	5	25,593	9,782
		<u>492,886</u>	<u>439,740</u>
EXPENDITURE			
Personal emoluments	6	88,227	87,435
Operations and maintenance	7	194,880	194,223
Administration and other expenditure	8	146,639	120,318
		<u>(429,746)</u>	<u>(401,976)</u>
OPERATING SURPLUS FOR THE YEAR		63,140	37,764
Finance Income	9	270	999
SURPLUS FOR THE PERIOD		<u>63,410</u>	<u>38,763</u>

The notes on page 10 to 24 form an integral part of these financial statements.




SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Statement of Financial Position

	Notes	2015 €	2014 €
ASSETS			
Non-current Assets			
Property, plant and equipment	10	618,483	643,738
		<u>618,483</u>	<u>643,738</u>
Current Assets			
Receivables	11	118,765	112,695
Cash and cash equivalents	12	577,862	474,252
		<u>696,627</u>	<u>586,947</u>
TOTAL CURRENT ASSETS		<u><u>1,315,110</u></u>	<u><u>1,230,685</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained Funds		<u>812,589</u>	<u>749,179</u>
Non-Current Liabilities			
Payable and Deferred income	13	277,882	267,387
Current Liabilities			
Trade & Other Payables	13	224,639	214,119
		<u>502,521</u>	<u>481,506</u>
TOTAL RESERVES AND LIABILITIES		<u><u>1,315,110</u></u>	<u><u>1,230,685</u></u>

These financial statements were approved by the Local Council on 25/4/2016 and signed on its behalf by:


 Stephen Sultana
 Mayor


 Michael Mifsud
 Executive Secretary

The notes on page 10 to 24 form an integral part of these financial statements.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Statement of Changes in Equity

	Retained Funds €	Total €
Balance at 01 January 2014	710,416	710,416
Surplus for the year	38,763	38,763
	<hr/>	<hr/>
Balance at 31 December 2014	749,179	749,179
Changes in equity	63,410	63,410
Surplus for the year		
	<hr/>	<hr/>
Balance at 31 December 2015	812,589	812,589
	<hr/>	<hr/>

The notes on page 10 to 24 form an integral part of these financial statements.



SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2015

Statement of Cash flows

	Note	2015	2014
		€	€
Cash flow from operating activities			
Surplus for the year		63,410	38,763
Adjustment for:			
Depreciation		64,388	68,639
Loss on disposal		-	212
Provision for Bad Debts		7,679	-
Interest Receivable		(270)	(999)
		<u>135,207</u>	<u>106,615</u>
Movement in payables		(17,907)	(29,635)
Movement in receivables		(30,217)	6,532
Grant utilized for period		<u>(22,528)</u>	<u>(21,801)</u>
		<u>(70,652)</u>	<u>(44,904)</u>
<i>Net cash generated from operating activities</i>		<u>64,555</u>	<u>61,711</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,718)	(33,720)
Interest received		270	999
Grants received		<u>104,503</u>	<u>110,285</u>
<i>Net cash used in investing activities</i>		<u>39,055</u>	<u>77,564</u>
Net increase in cash and cash equivalents		103,610	139,275
Cash and cash equivalents at beginning of year		<u>474,252</u>	<u>334,977</u>
Cash and cash equivalents at end of year	12	<u>577,862</u>	<u>474,252</u>

The notes on page 10 to 24 form an integral part of these financial statements.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

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, 2016. The Local Council's presentation as well as functional currency are denominated in Euro.

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 except as follows:

The Council has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2015:

- Annual improvements to IFRSs 2010-2012 Cycle and 2011 – 2013 Cycle (applicable for financial period beginning in or after 1 July 2014)
- IAS 19 Amendments – Defined Benefit Plans: Employee Contributions (applicable for financial period beginning in or after 1 July 2014).

The adoption of the above new and amended standards and IFRIC interpretations did not have an impact on the financial position or performance of the Council.

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective up to 31 December 2014

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 Council has not yet adopted. The Council anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no impact on the financial statements of the Company in the period of initial application. These are as follows:

- IFRIC 19: (Amendments arising from IFRS9) – Extinguishing Financial Liabilities with Equity Instruments (effective on adoption of IFRS 9)

Notes to the Financial Statements – (continued)

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective up to 31 December 2014 – (continued)

- IAS 1 Amendments – Disclosure Initiative (effective from 1 January 2016)
- Annual Improvements to IFRSs 2012 – 2014 Cycle (effective from 1 January 2016)
- IAS 27 Amendments – Equity Method in Separate Financial Statements (effective from 1 January 2016)
- IAS 16 and IAS 41 Amendments – Bearer Plants (effective from 1 January 2016)
- IAS 16 and IAS 38 Amendments – Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
- IFRS 11 Amendments – Accounting for Acquisition of interest in Joint Operations (effective from 1 January 2016)

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 10, IFRS 12 and IAS 28 Amendments – Investment Entities: Applying the Consolidation Exemption
- IFRS 10 and IAS 28 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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:

a. 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.

b. Local Enforcement System

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

c. Financial assets and liabilities

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

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.

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.

Notes to the Financial Statements (continued)

2.3 Summary Of Significant Accounting Policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset 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.

d. Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Street signs and litter bins are on a replacement basis. Depreciation is calculated on a monthly basis using the reducing balance method at the following annual percentage rates:

	%
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

e. Government Grants

Government grants are accounted for on a systematic basis in the Income and Expenditure Account over the periods necessary to match them with the related costs which they are intended to compensate. If such costs have already been incurred when the grant is made, or if there are no related costs, then the grant is accounted for when it becomes receivable.

f. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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 recognized 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 less cost to sell and the value in use. Impairment losses are immediately recognized as an expense in the Statement of Income and Expenditure.

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements (continued)

2.3 Summary Of Significant Accounting Policies (Continued)

g. Amounts Receivable

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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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'.



SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

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.

Notes to the Financial Statements (continued)

	2015 €	2014 €
3. Funds Received from central government		
Central Government income	384,804	372,256
Supplementary Government income	20,805	17,960
Other Government income	50,040	31,331
In terms of article 55 of the Local Councils Act (Cap 363)	<u>455,649</u>	<u>421,547</u>
	2015 €	2014 €
4. Local Enforcement Income		
Income including fines and penalties	871	-
LES administration fees	9,173	6,931
Income including fines and penalties	<u>10,044</u>	<u>6,931</u>
	2015 €	2014 €
5. General Income		
Income from permits	10,674	4,574
Income from Kiosks	373	451
Other income	1,546	4,757
Twinning Project	13,000	-
	<u>25,593</u>	<u>9,782</u>
	2015 €	2014 €
6. Personal Emoluments		
Mayor's and Councilors' Allowance	8,468	7,840
Mayor's Honoraria	10,572	10,302
Executive Secretary salary and allowances	29,518	20,172
Employee's salaries	34,501	44,382
Social Security contributions	5,168	4,739
	<u>88,227</u>	<u>87,435</u>

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements (continued)

	2015 €	2014 €
7. Operations and maintenance		
Repairs and upkeep:		
Office Furniture	4	384
Road markings	4,870	2,130
Other repairs and upkeep	3,945	10,037
	<u>8,819</u>	<u>12,551</u>
 Contractual Services:		
Refuse collection	70,794	71,193
Bulky refuse collection	3,532	3,120
Waste Disposal	53,602	55,194
Road and Street Cleaning	18,972	18,999
Cleaning and maintenance of Public Conveniences	4,061	4,061
Other cleaning and maintenance services	16,834	16,834
Materials & Support	2,985	1,299
Hire of Skips	-	140
Other contractual services	2,400	2,215
Street Lighting maintenance	12,881	8,538
Local warden services	-	79
	<u>186,061</u>	<u>181,672</u>
	 <u>194,880</u>	 <u>194,223</u>

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements (continued)

	2015 €	2014 €
8. Administration and other expenditure		
Utilities	5,930	9,060
Other repairs and upkeep	220	274
Rent	9,730	9,730
National and International Memberships	200	675
Office services	3,166	1,969
Advertising	157	123
Transport	4,868	3,897
Information Services	2,293	2,771
Insurance	2,034	1,746
Professional services	24,665	12,606
Local Enforcement Expenditure	13,251	3,364
Community and hospitality	6,553	3,811
Bank charges	50	93
Lease of Equipment	922	835
Depreciation	64,388	68,639
Sundry minor expenses	533	513
Loss on disposal	-	212
Provision for Bad Debts	7,679	-
	<u>146,639</u>	<u>120,318</u>

	2015 €	2014 €
9. Finance Income		
Bank Interests	<u>270</u>	<u>999</u>

SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2015

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 2014	31,479	17,418	-	21,417	36,071	100,125	746,955	666,592	4,141	4,303	920	1,629,421
Additions/Reclassifications	-	319	500	-	1,145	155,664	(125,431)	-	-	1,523	-	33,720
Disposal	(678)	(720)	-	-	-	-	-	-	-	-	-	(1,398)
As at 31 December 2014	30,801	17,017	500	21,417	37,216	255,789	621,524	666,592	4,141	5,826	920	1,661,743
Grants												
As at 1 January 2014	-	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Additions	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2014	-	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Depreciation												
As at 1 January 2014	20,563	15,101	-	18,383	36,071	78,026	125,012	242,299	-	2,757	-	538,212
Charge for the year	671	465	83	716	1,145	16,111	40,040	9,013	-	395	-	68,639
Disposal	(481)	(705)	-	-	-	-	-	-	-	-	-	(1,186)
As at 31 December 2014	20,753	14,861	83	19,099	37,216	94,137	165,052	251,312	-	3,152	-	605,665
Net Book Value												
As at 31 December 2014	10,048	2,156	417	2,318	-	161,652	376,498	82,914	4,141	2,674	920	643,738




SANTA VENERA LOCAL COUNCIL
Financial Statements for the year ended 31 December 2015

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 2015	30,801	17,017	500	21,417	37,216	255,789	621,524	666,592	4,141	5,826	920	1,661,743
Additions	-	2,467	-	-	-	9,333	27,333	-	-	-	-	39,133
As at 31 December 2015	30,801	19,484	500	21,417	37,216	265,122	648,857	666,592	4,141	5,826	920	1,700,876
Grants												
As at 1 January 2015	-	-	-	-	-	-	79,974	332,366	-	-	-	412,340
As at 31 December 2015	-	-	-	-	-	-	79,974	332,366	-	-	-	412,340
Depreciation												
As at 1 January 2015	20,753	14,861	83	19,099	37,216	94,137	165,052	251,312	-	3,152	-	605,665
Charge for the year	754	829	84	545	-	15,978	37,741	7,922	-	535	-	64,388
As at 31 December 2015	21,507	15,690	167	19,644	37,216	110,115	202,793	259,234	-	3,687	-	670,053
Net Book Value												
As at 31 December 2015	9,294	3,794	333	1,773	-	155,007	365,018	74,992	4,141	2,139	920	618,483

SANTA VENERA LOCAL COUNCIL

Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements (continued)

	2015 €	2014 €
11. Receivables		
Due within one year:-		
Trade receivables	6,932	9,726
Prepayments and accrued income	111,833	98,038
Other receivables	-	4,931
	<u>118,765</u>	<u>112,695</u>
(i) Details of trade receivables are as follows:		
Due within the credit period	6,749	9,726
Exceeding credit period but not provided for	183	-
	<u>6,932</u>	<u>9,726</u>

Prepayments include prepayments of Local Council property rental and insurance premium.
Other receivables are stated net of provision for Bad Debts of Euro 7,679.

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:

	2015 €	2014 €
Bank balances:		
- ordinary funds	584,890	477,914
- overdrawn balance	(7,044)	(3,690)
Cash in Hand	16	28
	<u>577,862</u>	<u>474,252</u>

	2015 €	2014 €
13. Payables		
Payables	36,055	60,212
Accruals and deferred income	214,318	151,578
FSS & NI Due	-	2,329
	<u>250,373</u>	<u>214,119</u>

Due after more than one year:-

Non-current payables PPP project	22,235	36,218
Other deferred Income	186,013	150,458
Deferred Income PPP Scheme	69,634	80,711
	<u>277,882</u>	<u>267,387</u>

Provisions include estimates for goods and services received prior to 31 December 2015 and for which invoices have not yet been received by the Local Council.



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Financial Statements for the year ended 31 December 2015

Notes to the Financial Statements (continued)

14. Capital Commitments

	2015 €	2014 €
Details of capital commitments are as follows:		
Approved but not yet contracted for (i)	472,733	358,000
	<u>472,733</u>	<u>358,000</u>
These could be analysed as follows:		
Gnien Romeo Romano – Flood Lights Installation	3,033	1,486
Urban Green Project	30,000	-
Improvements – Various Roads	89,700	76,514
Landscaping – Palazz l-Ahmar	70,000	-
Misrah il-Barrieri	280,000	280,000
	<u>472,733</u>	<u>358,000</u>

Most of other projects will be financed by UIF Funds, other funds received from Regjuni

15. 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:

	2015 €	2014 €
Not later than 1 year	8,723	8,723
Later than 1 year and not later than 5 years	793	793
Later than 5 years		
	<u>9,516</u>	<u>9,516</u>

The Council has an operating lease agreement with the Government of Malta in respect of the council's premises.
Old peoples' centre

16. 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, Malta Environment and Planning Authority and the Department of Lands.

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

	2015 €	2014 €
Annual Financial Allocation	<u>384,684</u>	<u>372,256</u>

Notes to the Financial Statements (continued)

17. 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.

	2015	2014
Trade and other receivables		
Bank balances:	8,540	16,328
- ordinary funds	584,890	477,914
- overdrawn balance	(7,044)	(3,690)
Cash in Hand	16	28
	<u>586,402</u>	<u>490,580</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.

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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.

Notes to the Financial Statements (continued)

17. Financial Instruments (continued)

Liquidity Risk (continued)

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 2015 based on the contractual undiscounted payments.

Details	0-3 months	3 - 12 months	1-5 years	Totals
Accruals	27,832	-	-	27,832
Payables	-	36,055	-	36,055
PPP Scheme (N/C)	-	-	22,235	22,235
Totals	27,832	36,055	22,235	61,134

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	31,694	-	-	31,694
Payables	-	60,212	-	60,212
PPP Scheme (N/C)	-	-	36,218	36,218
NI/FSS	2,329	-	-	2,329
Totals	34,023	60,212	36,218	130,453



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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.

Notes to the Financial Statements (continued)

17. 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 2015, 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 councils financial assets and liabilities as recognised at the reporting dates unless revised are categorised as follows:

	2015 €	2014 €
Current Assets		
Loans and Receivables		
Trade and Other Receivables	8,540	16,328
Cash & cash equivalents	577,862	474,252
	<u>586,402</u>	<u>490,580</u>
Current Liabilities		
Financial Liabilities measured at amortized cost		
Payables	58,290	96,430
Other Payables	-	2,329
Accruals	27,832	31,694
	<u>86,122</u>	<u>130,453</u>