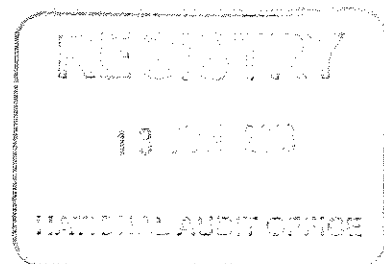


Local Council Sliema
Annual Audit Report
for the year ended 31 December 2018



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**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2018**

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

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

This statement was approved by the Council on 6 May 2019 and signed on its behalf by:


Anthony Chircop
Mayor


Anthony Attard
Deputy Executive Secretary

Local Council Silema

Statement of Comprehensive Income
for the year ended 31 December 2018

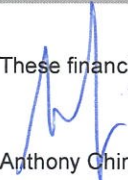
	Notes	2018 €	2017 Restated €
Revenue			
Funds received from Central Government	3	1,211,211	1,136,443
Income raised under Local Council Bye-Laws	4	30,318	29,653
Income raised under Local Enforcement System	5	11,311	40,640
General Income	6	273,903	208,503
		<u>1,526,743</u>	<u>1,415,239</u>
Expenditure			
Personal Emoluments	7	(190,754)	(182,857)
Operations and maintenance	8	(818,935)	(773,323)
Administration and other expenditure	9	(755,051)	(371,713)
		<u>(1,764,740)</u>	<u>(1,327,893)</u>
Operating profit for the year		(237,997)	87,346
Finance income	10	295	285
Finance costs	11	-	(254)
		<u>(237,702)</u>	<u>87,377</u>
Asset impairment losses	7	-	(12,084)
Profit for the year	7	<u>(237,702)</u>	<u>75,293</u>

The notes on pages 6 to 29 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2018

	Notes	2018 €	2017 <i>Restated</i> €
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	1,094,871	1,313,651
Intangible assets	12	1,384	3,022
		<u>1,096,255</u>	<u>1,316,673</u>
Current Assets			
Receivables	14	477,836	145,011
Cash and cash equivalents	15	677,355	905,325
		<u>1,155,191</u>	<u>1,050,336</u>
Total Assets		<u><u>2,251,446</u></u>	<u><u>2,367,009</u></u>
EQUITY			
Reserves			
Retained earnings		1,388,323	1,626,025
Total equity		<u><u>1,388,323</u></u>	<u><u>1,626,025</u></u>
Non-Current Liabilities			
Deferred income	17	315,995	313,244
		<u>315,995</u>	<u>313,244</u>
Current Liabilities			
Payables	16	547,128	427,740
		<u>547,128</u>	<u>427,740</u>
Total Liabilities		<u><u>863,123</u></u>	<u><u>740,984</u></u>
Total equity and liabilities		<u><u>2,251,446</u></u>	<u><u>2,367,009</u></u>

These financial statements were approved by the Local Council on 6 May 2019 and signed on its behalf by:


Anthony Chircop
Mayor


Anthony Attard
Deputy Executive Secretary

The notes on pages 6 to 29 form an integral part of these financial statements.

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Retained Funds	Total
	€	€
At 1 January 2017	1,550,732	1,550,732
Profit for the year (as restated)	75,293	75,293
At 31 December 2017 (as restated)	<u>1,626,025</u>	<u>1,626,025</u>
At 1 January 2018 (as restated)	1,626,025	1,626,025
Profit for the year	(237,702)	(237,702)
At 31 December 2018	<u>1,388,323</u>	<u>1,388,323</u>

The notes on pages 6 to 29 form an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2018

	2018		2017 <i>Restated</i>	
	€	€	€	€
Net profit for the year	(237,702)		75,293	
Reconciliation to cash generated from operations:				
Depreciation and amortisation	515,670		95,742	
Inventories written off	-		1,776	
Movement in provision for doubtful debtors	(4,539)		69,282	
Bad debts written off	349		2,100	
Impairment and asset disposal losses	-		12,084	
Investment income	(295)		(285)	
Government grants absorbed	-		(2,775)	
Interest paid	-		254	
Operating profit before working capital changes	<u>273,483</u>		<u>253,471</u>	
Decrease in inventories	-		8	
Decrease in receivables	13,793		19,078	
(Increase)/Decrease in other receivables	(85,441)		15,293	
Increase /(Decrease) in payables	121,820		(31,475)	
(Decrease) in other payables	<u>(2,431)</u>		<u>(64,076)</u>	
Cash generated from operating activities		321,224		192,299
Cash flow from investing activities				
Interest received	295		285	
Purchase of intangible fixed assets	-		(1,779)	
Purchase of property, plant & equipment	(552,240)		(117,259)	
Receipt of grants	2,751		66,106	
Cash generated from investing activities		(549,194)		(52,647)
Cash from financing activities				
Interest paid	-		(254)	
Cash generated from financing activities		-		(254)
Net Decrease in cash in the year		(227,970)		139,398
Cash and equivalents at beginning of year		<u>905,325</u>		<u>765,927</u>
Cash and equivalents at end of year		677,355		905,325

The notes on pages 6 to 29 form an integral part of these financial statements.

1. General Information

The Sliema Local Council is the local authority of Malta set up in accordance with the Local Councils Act(1993). The office of the Local Council is situated at Government School, Depiro Street, Sliema. These financial statements were approved for issue by the Council Members on 6 May 2019. The Local Council's presentation as well as functional currency are denominated in €.

2. Accounting Policies and Reporting Procedures

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards.

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap. 363).

New and amended standards adopted by the Local Council

During the year the Council has applied the following International Financial Reporting Standards as adopted by the EU which have become mandatorily effective for the year ending 31 December 2018:

On 24 July 2014, the IASB issued IFRS 9 Financial Instruments. The finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement has become mandatory for annual periods beginning on or after 1 January 2018. The standard contains requirements in the following areas:

Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

On 28 May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: Identify the contract with the customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contracts; & Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The application of IFRS 15 has not had an impact on the financial position and financial performance of the Council.

On 8 December 2016, the IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation addresses foreign currency transactions or parts of transactions where:

- (1) There is consideration that is denominated or priced in a foreign currency;
- (2) The entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- (3) the prepayment asset or deferred income liability is non-monetary.

The Interpretation states, that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. The interpretation also states that if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

New or revised Amendments adopted:

Clarifications to IFRS 15 'Revenue from Contracts with Customers'. Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Amendments to IAS 40: Transfers of Investment Property. Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) - (d) of the standard, is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual improvements to IFRS Standards 2014-2016 Cycle. Makes amendments to the following standards:

- (1) IFRS 1 - Deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose.
- (2) IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

New and revised IFRSs adopted by the EU that are not mandatorily effective for the year ending 31 December 2018:

Below is a list of new or revised standards, as well as interpretations and amendments to IFRSs adopted by the EU, that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2018:

- IFRS 16 Leases - IFRS 16 was issued on 13 January 2016 to specify how an IFRS reporter will recognise, measure, present and disclose leases. The standard becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019. At this stage the Council is still in the process of assessing and evaluating the impact of IFRS 16.
- IFRIC 23 Uncertainty over Income Tax Treatments -
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) - Issued 12 October 2017. Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The amendment becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019.

Standards and Interpretations issued by the IASB but not yet adopted by the EU:

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following standards and amendments to the existing standards, which were not endorsed for use in the EU as at 31 December 2018 and cannot be applied by the entities preparing their financial statements in accordance with IFRS as adopted by the EU:

- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued 12 December 2017)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (issued 7 February 2018)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued 29 March 2018)
- Amendment to IFRS 3 Definition of a Business (issued 22 October 2018)
- Amendments to IAS 1 and IAS 8 Definition of Material (issued 31 October 2018)
- IFRS 17 Insurance Contracts (issued 18 May 2017)

The Councillors are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Councillors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

Intangible Fixed Assets

Computer Software

Computer software is valued at cost less accumulated depreciation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the reducing balance method at 25% per annum.

Property, plant and equipment

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

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

Up to the year 31 December 2017, depreciation was accounted for using the reducing balance method according to IAS 16 Property, Plant and Equipment. On 1 January 2018, the straight-line method, according to IAS 16 has been adopted, in line with the Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting estimate, which according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors it has been accounted for prospectively.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each Statement of Financial Position date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Impairment of Assets

As at 31 December 2017 assets that had an indefinite useful life were not subject to amortisation and were tested annually for impairment. Assets that were subject to amortisation or depreciation were reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss was recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

After the adoption of IFRS 9 as from 1 January 2018, the Council applied the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Inventories

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

Amounts receivable

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

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24.

During the year under review the Local Council has opted to early adopt the partial exemptions as provided by IAS 24, effective from periods starting 1 January 2011. The paragraphs adopted from IAS 24 are paragraphs 25 - 27, being amendments to government related entities' disclosures.

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the Statement of Comprehensive Income as it accrues.

Local Enforcement System

The Sliema Local Council used to form part of the Lvant Joint Committee up to 31 August 2011. 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.

As from 1 September 2011, the Central Regional Committee has taken over the Local Enforcement System function and the Council receives 10% administrative reimbursements on fines collected. Subsequently, as from 1st October 2015, the Local Enforcement System Authority is now responsible for the overall management and control of the Local Enforcement System.

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.

Up to the year ended 31st December 2017, government grants were accounted for using the income approach according to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. On 1st January 2018, the capital approach, according to IAS 20, has been adopted, in line with the Directive No. 1/2017 issued by the Department for local Government. This is a change in accounting policy, and, according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

Profits and losses

Only profits that were realised at the date of the Statement of Financial Position are recognised in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

Cash and equivalents

Cash and Cash Equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the Financial Statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS1 (revised) - 'Presentation of Financial Statements'.

Capital Management

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

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

To achieve the above, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). This ratio was positive at the reporting date and has not changed significantly from the previous year. The Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Financial Instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

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

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

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

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

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

Financial liabilities

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

All interest-related charges are included within 'finance costs'.

3. Funds received from central government

	2018	2017
	€	<i>Restated</i> €
In terms of section 55 of the Local Councils Act	1,158,190	1,110,593
Supplementary Government Income	49,395	21,826
EU Funding	3,626	1,249
Other Government Income	-	2,775
	<u>1,211,211</u>	<u>1,136,443</u>

4. Income raised from Bye-Laws

	2018	2017
	€	€
Bye-Laws - Advertising on Street Furniture	<u>30,318</u>	<u>29,653</u>

5. Local Enforcement System

	2018	2017
	€	€
Administrative reimbursement on fines collected	11,311	14,175
LESA Surplus Distribution	-	26,465
	<u>11,311</u>	<u>40,640</u>

6. General Income

	2018	2017
	€	€
Community Services	570	860
Cultural Events	1,060	1,248
Sponsorships	-	500
Tender Documents/Info. Charges	763	946
Media Advertising	847	-
Refund of expenses	50,825	6,045
Discounts and Waiver of amounts payable	-	3,000
Insurance Claims	1,293	4,780
Income from Permits	218,545	191,124
	<u>273,903</u>	<u>208,503</u>

7. Profit for the year

	2018	2017
	€	<i>Restated</i> €
Profit/(Loss) for the year is stated after charging:		
Staff salaries	190,754	182,857
Depreciation of intangible assets	1,638	367
Depreciation of tangible assets	514,030	95,375
Losses on impairment of property, plant & equipment	-	12,084
	<u>190,754</u>	<u>182,857</u>

Staff salaries

	2018	2017
	€	€
Mayor's Remuneration	16,527	14,690
Councillors' Allowances	11,925	13,429
Executive Secretary Salary and Allowances	34,913	34,132
Employees' Salaries	114,995	109,084
Social Security Contributions	12,394	11,522
	<u>190,754</u>	<u>182,857</u>

Average number of people employed

Employees	7	6
Mayor & Councillors	<u>11</u>	<u>11</u>

8. Operations and Maintenance

	2018	2017
	€	€
<i>Repairs and Upkeep:</i>		
Road/Street Pavements	26,995	76,439
Signs	9,775	8,886
Road Markings	7,122	9,053
Office Furniture and Equipment	204	-
Other repairs and Upkeep	44,564	35,391
	<u>88,660</u>	<u>129,769</u>
 <i>Contractual Services:</i>		
Waste Disposal	159,796	134,735
Refuse Collection	238,455	173,358
Bulky Refuse Collection	34,313	32,664
Hiring of Bins on Wheels	17,502	25,206
Cleaning Services	2,950	8,019
Road & Street Cleaning	157,764	145,769
Cleaning - Public Conveniences	28,636	39,263
Cleaning - Council Premises	3,226	3,471
Clean. & Maint. Parks & Gardens	55,938	55,938
Street Lighting	29,052	24,605
Studies & Consultations	1,350	-
Local Enforcement Expenses	1,293	526
	<u>730,275</u>	<u>643,554</u>
 Total Operations and Maintenance Costs	 <u>818,935</u>	 <u>773,323</u>

9. Administration and other expenditure

	2018	2017
	€	<i>Restated</i> €
Utilities	54,352	33,534
Other repairs and upkeep	24,120	20,656
Rent	4,423	4,877
National and International Memberships	968	835
Office Services	17,414	10,868
Transport	3,565	2,758
Travel	2,441	3,133
Information Services	8,430	9,781
Lease of Equipment	-	979
Insurance Coverage	2,938	2,845
Bank Charges	366	88
Professional Services	84,872	75,231
Training	10,508	8,792
Other Hospitality Costs	794	856
Social Events	25,251	23,679
Cultural Events	355	1,714
Sundry Minor Expenses	2,776	771
Provision for Doubtful Debtors	(4,539)	69,282
Bad Debts Written Off	349	2,100
Third party liability damages	-	3,192
Depreciation and amortisation	515,668	95,742
	<u>755,051</u>	<u>371,713</u>

10. Finance Income

	2018	2017
	€	€
Bank interest receivable	<u>295</u>	<u>285</u>

11. Finance Costs

	2018	2017
	€	€
Interest on Late Payments	<u>-</u>	<u>254</u>

12. Intangible fixed assets

	Computer Software €
Cost	
At 1 January 2017	5,103
Additions	1,779
	<hr/>
Additions	1
	<hr/>
At 31 December 2018	6,883
	<hr/>
Provision for diminution in value	
At 1 January 2017	3,493
Charge for year	367
	<hr/>
At 1 January 2018	3,860
Charge for year	1,639
	<hr/>
At 31 December 2018	5,499
	<hr/>
Net book values	
At 31 December 2018	1,384
	<hr/> <hr/>
At 31 December 2017	3,022
	<hr/> <hr/>

Notes to the Financial Statements
for the year ended 31 December 2018

13. Property, plant and equipment

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2017	186,515	354,161	98,345	1,178,530	66,624	47,058	17,026	1,784,948	3,733,207
Additions	-	89,514	-	6,765	3,011	1,093	-	-	100,383
Assets Capitalised	9,645	(107,191)	-	90,666	2,312	4,568	-	-	-
Assets Impaired	(14,712)	-	-	-	-	(745)	-	-	(15,457)
At 31 December 2017	<u>181,448</u>	<u>336,484</u>	<u>98,345</u>	<u>1,275,961</u>	<u>71,947</u>	<u>51,974</u>	<u>17,026</u>	<u>1,784,948</u>	<u>3,818,133</u>
Depreciation									
At 1 January 2017	33,268	-	98,345	771,871	44,832	28,496	14,970	916,247	1,908,029
Adoption of capital approach	-	-	-	(5,177)	(7,559)	-	-	(128,373)	(141,109)
On impairment	(2,806)	-	-	-	-	(567)	-	-	(3,373)
Charge for the year	1,513	-	-	40,516	4,397	1,614	411	46,924	95,375
At 31 December 2017	<u>31,975</u>	<u>-</u>	<u>98,345</u>	<u>807,210</u>	<u>41,670</u>	<u>29,543</u>	<u>15,381</u>	<u>834,798</u>	<u>1,858,922</u>

1.3. Property, plant and equipment

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
Grants									
At 1 January 2017	-	-	-	-	-	-	-	155,133	155,133
Adoption of capital approach	9,645	-	-	93,453	12,354	2,301	-	372,699	490,452
Impaired	-	-	-	-	(25)	-	-	-	(25)
At 31 December 2017	<u>9,645</u>	<u>-</u>	<u>-</u>	<u>93,453</u>	<u>12,329</u>	<u>2,301</u>	<u>-</u>	<u>527,832</u>	<u>645,560</u>
Net book values									
As restated	<u>139,828</u>	<u>336,484</u>	<u>-</u>	<u>375,298</u>	<u>17,948</u>	<u>20,130</u>	<u>1,645</u>	<u>422,318</u>	<u>1,313,651</u>

Notes to the Financial Statements
for the year ended 31 December 2018

13. Property, plant and equipment

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2018	181,448	336,484	98,345	1,275,961	71,947	51,974	17,026	1,784,948	3,818,133
Additions	-	402,983	-	62,732	9,757	1,226	-	75,542	552,240
Assets Capitalised	-	(257,604)	-	-	-	-	-	257,604	-
At 31 December 2018	181,448	481,863	98,345	1,338,693	81,704	53,200	17,026	2,118,094	4,370,373
Depreciation									
At 1 January 2018	31,975	-	98,345	807,210	41,670	29,543	15,381	834,798	1,858,922
Charge for the year	1,761	-	-	204,178	10,008	9,296	1,645	287,144	514,032
At 31 December 2018	33,736	-	98,345	1,011,388	51,678	38,839	17,026	1,121,942	2,372,954
Grants									
At 1 January 2018	9,645	-	-	93,453	12,329	2,301	-	527,832	645,560
Grants allocated for year	-	-	-	39,141	-	-	-	217,847	256,988
At 31 December 2018	9,645	-	-	132,594	12,329	2,301	-	745,679	902,548
Net book values									
At 31 December 2018	138,067	481,863	-	194,711	17,697	12,060	-	250,473	1,094,871

14. Receivables

		2018	2017
		€	€
Receivables	<i>Note</i>	13,875	23,478
LES Debtors	<i>Note</i>	2,618	-
Other receivables		6,443	6,243
Accrued income		443,896	110,495
Financial assets		<u>466,832</u>	<u>140,216</u>
Prepayments		11,004	4,795
		<u>477,836</u>	<u>145,011</u>

Receivables

General receivables are analysed as follows:

		2018	2017
		€	€
Within credit period		8,071	2,627
Exceeded credit period but not impaired		5,804	20,851
Impaired and provided for		142,219	140,925
Provision for doubtful debts		<u>(142,219)</u>	<u>(140,925)</u>
		<u>13,875</u>	<u>23,478</u>

14. Receivables (cont.)

Included in the receivables are debtors with a carrying amount of € 5,804 (2017: € 20,851) which are past due at the reporting date for which the council has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable. The age of financial assets past due but not impaired is as follows:

	2018 €	2017 €
Not more than 3 months	2,253	12,646
More than 3 months but not more than 6 months	45	43
More than 6 months	3,506	8,162
	<u>5,804</u>	<u>20,851</u>

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

	2018 €	2017 €
Balance at 1 January	140,925	69,824
Increase in provision for general receivables	1,294	71,101
	<u>142,219</u>	<u>140,925</u>

Local Enforcement System (LES) Debtors

LES Debtors are stated after a specific provision for doubtful debts amounting to €660,852 (2017 - €666,685).

15. Notes to the Statement of Cash Flows

Cash and cash equivalents included in the Statement of Cash Flows comprise the following amounts in the Statement of Financial Position:

	2018 €	2017 €
Bank Balances	676,914	904,644
Cash in Hand	441	681
	<u>677,355</u>	<u>905,325</u>

16. Payables	2018	2017 (Restated)
	€	€
Payables	455,861	334,042
Other taxes and social security costs	336	4,810
Other creditors	1,468	1,475
Accruals	87,836	77,308
Financial liabilities	545,501	417,635
Other Deferred Income	1,627	10,105
	<u>547,128</u>	<u>427,740</u>
17. Deferred Income	2018	2017 Restated
	€	€
Government grants		
At 1 January 2018	313,244	588,228
Increase in year	259,739	77,109
	<u>572,983</u>	<u>665,337</u>
Released and allocated during the year	(256,988)	-
Released excess against revenue expenditure	-	(2,775)
Adoption of capital approach	-	(349,318)
At 31 December 2018	<u>315,995</u>	<u>313,244</u>
Non-Current Deferred Income	315,995	313,244
Deferred Government Grants		
Deferred between two and five years	<u>313,682</u>	<u>313,244</u>

18. Capital commitments

	2018 €	2017 €
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	<u>702,060</u>	<u>1,233,700</u>
(i) Approved but not yet contracted for:		
Urban Improvements	40,000	30,000
Office Furniture & Fittings	10,000	20,000
Tritons' Pillar Monument	12,000	-
Office Equipment	8,000	16,000
Road Resurfacing	320,060	1,015,000
Car Park Project	15,000	15,000
Embellishment Dingli Street	70,000	17,700
Embellishment of Public Convenience - Ferro Bay	100,000	-
Tony Nicholl Monument	7,000	-
Construction of Public Convenience - The Strand	120,000	120,000
	<u>702,060</u>	<u>1,233,700</u>
(ii) Contracted for but not provided in the Financial Statements:		
	<u>-</u>	<u>-</u>

The projects outlined above will be mainly financed through funds received from the Regional Committee out of the administration of the Local Enforcement System, the Urban Development Fund and other ordinary funds earmarked specifically out of the annual allocation granted to the Council by Central Government.

19. Contingent liabilities

The Council signed a Joint Cooperation Agreement with Pembroke, San Giljan, San Gwann and Swieqi Councils on the 3rd November 1999. This was further amended by an agreement signed on 14th August 2002 where the Council entered into a Pooling agreement. Clause 18.1 of the said agreement entails that the Council deposits €2,329 as a bank guarantee. This is to indemnify the Joint Committee against any breach of the agreement by Local Council Sliema.

A contractor company has instituted a court case against the Council whereby the company is claiming that the amount payable to the Council of €89,767 for various permits, is not due and on the contrary, the Council should pay an additional amount of €17,594 over and above the amount €67,230 which is already recognised in the financial statements on account of various construction and resurfacing works carried out in the locality.

The Water Services Corporation has launched a claim against the Council with respect to unbilled water consumption at Bonello Du Puis Gardens, Qui-Si-Sana Sea Front. This claim amounts to a total bill of €110,261 covering the period 24th September 2013 till 29th January 2018.

20. Related party transactions

During the year under review, the Council carried out transactions with the following related parties:

<i>Name of Entity</i>	<i>Nature of relationship</i>
Ministry for Tourism	Significant control
Department of Local Councils	Significant control
Lvant Joint Committee (Local Enforcement)	Joint Control
Northern Harbour District Joint Committee	Joint Control
Central Regional Committee	Joint Control
Gozo Regional Committee	No control
South Regional Committee	No control
North Regional Committee	No control
South Eastern Regional Committee	No control
Local Enforcement System Authority	No control
Transport Malta	No control
Department of Information	No control
Director General - DEF	No control
Manufacturing and Servicing Department	No control
Ministry for Resources and Rural Affairs (Dissolved at 31 December 2013)	No control
Ministry of Education - Permanent Secretary	No control
Malta Communications Authority	No control
College Principal - St. Claire College	No control
Local Councils Association Malta	No control
Department of Lands	No control
CVA Technology Limited	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
ARMS Limited	No control
Commissioner of Police	No control
Ministry for Interior and National Security - Permanent Secretary	No control
Wasteserv Malla Limited	No control

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

	2018	2017
	€	€
Annual Financial Allocation	<u>1,158,190</u>	<u>1,110,593</u>

Key management compensation

Transactions with key management personnel are disclosed in note 7. The key management personnel of the Council is composed of the Mayor, Councillors and Executive Secretary. Amounts paid to Key Management Personnel for the year amounted to € 63,365 (2017: € 64,538)

21. Financial Risk Management

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

Credit risk

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

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

	2018	2017
	€	€
<i>Classes of financial assets - carrying amounts</i>		
Trade and other receivables	466,832	140,216
Cash and cash equivalents	677,355	905,325
	<u>1,144,187</u>	<u>1,045,541</u>

Liquidity risk

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short term commitments. The Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Council has as cash and cash equivalents the amount of € 677,355. This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position of € 1,388,323 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2018, the Council's financial liabilities have contractual maturities which are summarised below:

	Current	Non-Current	
	within 1 year	1 to 5 5 years	later than 5 years
	€	€	€
Payables	455,861	-	-
Other taxes and social security costs	336	-	-
Other creditors	1,468	-	-
Accruals	87,836	-	-
	<u> </u>	<u> </u>	<u> </u>

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

	Current	Non-Current	
	within 1 year	1 to 5 5 years	later than 5 years
	€	€	€
Payables	334,042	-	-
Other taxes and social security costs	4,810	-	-
Other creditors	1,475	-	-
Accruals	77,308	-	-
	<u> </u>	<u> </u>	<u> </u>

Foreign currency risk

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

Interest rate risk

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

22. Summary of financial assets and liabilities

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

	2018	2017
	€	€
Current assets		
Loans and receivables:		
Trade and other receivables	466,832	140,216
Cash and cash equivalents	677,355	905,325
	<u>1,144,187</u>	<u>1,045,541</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	455,861	334,042
Other taxes and social security costs	336	4,810
Other creditors	1,468	1,475
Accruals	87,836	77,308
	<u>545,501</u>	<u>417,635</u>

23. Fair values estimation

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

