

San Gwann Local Council

San Gwann Local Council

Report and Financial Statements

For the year ended 31 December 2019

Prepared by:

PKF Malta Limited

Table of Contents

Statement of Local Council Members' and Executive Secretary's Responsibilities.....	3
Statement of Comprehensive Income For the year ended 31 December 2019.....	4
Statement of Financial Position as at 31 December 2019	5
Statement of Changes in Equity For the year ended 31 December 2019	6
Statement of Cash Flows For the year ended 31 December 2019	7
Notes to the Financial Statements for the year ended 31 December 2019.....	8-27

San Gwann Local Council


Financial Statements For the year ended 31 December 2019

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

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of comprehensive income of the Local Council's 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 24th March 2020 and signed on its behalf by:



Mr. Trevor Fenech
Mayor



Mr. Kurt Guillaumier
Executive Secretary

San Gwann Local Council

Statement of Comprehensive Income For the year ended 31 December 2019

	Note	2019 Euro	2018 Euro
Income			
Funds received from central government	4	965,905	848,797
Income raised under Local Council Bye-Laws	5	53,971	44,047
Income raised under Local Enforcement System	6	43,686	15,853
Other Income	7	1443	-
		<u>1,065,005</u>	<u>908,697</u>
Expenditure			
Personal emoluments	8	(176,111)	(151,064)
Operations and maintenance	9	(575,733)	(453,174)
Administration and other expenditure	10	(279,489)	(275,809)
Finance Cost	11	(875)	(1,386)
		<u>(1,032,208)</u>	<u>(881,433)</u>
Surplus for the year		<u>32,797</u>	<u>27,264</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

San Gwann Local Council

Statement of Financial Position as at 31 December 2019

	Note	2019 Euro	2018 Euro
Assets			
<i>Non-current Assets</i>			
Property, plant and equipment	12	<u>327,428</u>	<u>374,483</u>
<i>Current Assets</i>			
Receivables	13	<u>102,882</u>	<u>50,407</u>
Cash and cash equivalents	14	<u>783,900</u>	<u>717,688</u>
Total Current Assets		<u>886,782</u>	<u>768,095</u>
Total Assets		<u>1,214,210</u>	<u>1,142,578</u>
Reserves and Liabilities			
<i>Capital and Reserves</i>			
Retained Earnings		<u>844,216</u>	<u>816,952</u>
Surplus/ (Deficit) for the year		<u>32,797</u>	<u>27,264</u>
		<u>877,013</u>	<u>844,216</u>
<i>Non-current liabilities</i>			
Long term borrowings	15	<u>-</u>	<u>10,947</u>
Deferred Income	18	<u>158,591</u>	<u>158,591</u>
Total Non-Current Liabilities		<u>158,591</u>	<u>169,538</u>
<i>Current Liabilities</i>			
Trade and other payables	16	<u>112,089</u>	<u>106,891</u>
Lease Liability	17	<u>532</u>	<u>-</u>
Deferred Income	18	<u>26,788</u>	<u>4,220</u>
Short-term borrowings	15	<u>39,197</u>	<u>17,713</u>
Total Current Liabilities		<u>178,606</u>	<u>128,824</u>
Total Liabilities		<u>337,197</u>	<u>298,362</u>
Total Equity and Liabilities		<u>1,214,210</u>	<u>1,142,578</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements were presented to and approved by the Council on the 24th March 2020 and were signed on its behalf by:



 Mr. Trevor Fenech
 Mayor



 Mr. Kurt Guillaumier
 Executive Secretary

San Gwann Local Council

Statement of Changes in Equity For the year ended 31 December 2019

	Retained Earnings
	Euro
Changes in equity	
Balance as at 1 January 2018	816,952
Surplus for the year	<u>27,264</u>
Balance at 31 December 2018	<u>844,216</u>
Balance as at 1 January 2019	844,216
Surplus for the year	<u>32,797</u>
Balance at 31 December 2019	<u>877,013</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

San Gwann Local Council

Statement of Cash Flows For the year ended 31 December 2019

	2019 Euro	2018 Euro
	Note	
Cash flow from operating activities		
Surplus for the year	32,797	27,264
Adjustments for:		
Depreciation	93,792	111,087
Interest payable	875	1,386
Release of deferred income	-	(943)
	<u>127,464</u>	<u>138,794</u>
Movement in payables	5,730	13,103
Movement in receivables	<u>(52,475)</u>	<u>418</u>
<i>Net cash generated from operating activities</i>	<u>80,719</u>	<u>152,315</u>
Cash flows in investing activities		
Purchase of property, plant and equipment	(46,737)	(84,781)
<i>Grants received</i>	<u>22,568</u>	<u>19,521</u>
<i>Net cash used in investing activities</i>	<u>(24,169)</u>	<u>(65,260)</u>
Cash flows from financing activities		
Payment of long-term borrowings	(14,203)	(14,732)
Interest paid	<u>(875)</u>	<u>(1,386)</u>
<i>Net cash generated from financing activities</i>	<u>(15,078)</u>	<u>(16,118)</u>
Movement in cash and cash equivalents	41,472	70,937
Cash and cash equivalents at beginning of year	<u>714,209</u>	<u>643,272</u>
Cash and cash equivalents at end of year	14 <u>755,681</u>	<u>714,209</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 December 2019

1. General Information

San Gwann Local Council is a local government set up by the Local Councils Act, 1993. The office of the council is situated at 55, R.Caruana Dingli Street, San Gwann. The local council's presentation as well as the functional Currency are denominated in Euro. The financial statements were authorised for issue by the council on the 24th March 2020. San Gwann Local Council prepares the financial statements on a yearly basis from 1st January to 31st December.

2. 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 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).

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 as adopted by the EU.

Standards, interpretations and amendments to published standards as endorsed by the EU effective in the current year.

A number of new and revised standard are effective for annual years beginning on or after 1st January 2019. Information on these new standards is presented below.

IFRS 16 – Leases (effective for annual reporting periods beginning on or after 1 January 2019). This standard introduces a comprehensive model for the identification of lease arrangement and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 superseded the lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019

The Council has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4, as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the Council recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.15%.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

- IFRIC 23 – Uncertainty over Income Tax Treatments (effective for annual reporting periods beginning on or after 1 January 2019)
- IFRS 9 (Amendments) – Prepayment Features with Negative Compensation (effective for annual reporting periods beginning on or after 1 January 2019)
- IAS 28 (Amendments) – Long-term interests in associates and joint ventures (effective for annual reporting periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual reporting periods beginning on or after 1 January 2019)
- IAS 19 (Amendments) – Plan Amendment, Curtailment or Settlement (effective for annual reporting periods beginning on or after 1 January 2019)

Standards, amendments and interpretations to published standards as endorsed by the EU that are not yet effective.

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Council has not early adopted, but plans to adopt upon their effective date. The Council is still assessing the effect of these changes on the financial statements. The new and amended standards are as follows:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual reporting periods beginning on or after 1 January 2020)
- IAS 1 and IAS 8 (Amendments) - Definition of Material (effective for annual reporting periods beginning on or after 1 January 2020)

Standards, interpretations and amendments to published standards that are not yet endorsed by the EU.

- IFRS 17 - Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2021)
- IFRS 3 (Amendments) - Definition of a Business (effective for annual reporting periods beginning on or after 1 January 2020)
- IFRS 9, IAS 39 and IFRS 7 (Amendments) - Interest Rate Benchmark Reform (effective for annual reporting periods beginning on or after 1 January 2020)

The Council is of the opinion that the adoption of these standards and interpretations did not have a material impact on the financial statements.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

3. Accounting Policies

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.

As from 1st September 2011, the Central Government re-allocated the full management of the LES system from the Joint Committee to the Regional Offices. From 1st September 2011, San Gwann Local Council will be compensated for the handling of the payments made at its council on a pro rata basis. However as from 1st October, the Administrative fee will no longer be sent to the Regional committees but to Local Enforcement System Agency (LESA). This change is not expected to impact the operations of the Local Council.

Right of Use Asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Council expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Council has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Council's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

Property, plant and equipment

Freehold land is not depreciated. Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives. In line with directive 1/2017 the council has adopted the straight-line method of depreciation as from 1 January 2018 instead of the previously used reducing balance method. The estimated useful lives, residual values and depreciation method are renewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Tangible fixed assets are stated at cost less accumulated depreciation and grants received for specific projects. Depreciation is calculated on a monthly basis using the reducing balance method at rates estimated to write down the cost of all tangible fixed assets, other than land and trees over their expected useful lives as follows:

	Rates in %
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
Playground furniture	100

Certain depreciation rates such as those of plants, playground equipment and street lighting had their depreciation rate changed from 10% to 100% in October 2002 by virtue of Legal Notice 323 of 2002. Litter bins and street signs are treated on replacement basis as per memo 121/2011.

Further to the change in the depreciation method as instructed under directive 1 of 2017 the council was also instructed to adopt the capital approach of grants rather than the previously used income approach of grants as from 1 January 2018, where such change is classified as a change in accounting policy.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

Impairment of Property, plant and equipment

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

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts receivable.

Payables and borrowings

Payable and borrowing costs are recognised as an expense in the period in which they are incurred. Amounts payable comprise creditor payments, that is, the amounts payable for the procurement of supplies and services. When an invoice or request for payment is received from a supplier, this is checked to the purchase order previously issued or the service contract, before payment is released in favour of any vendor. All cheque payments are signed by the Mayor and Executive Secretary and then reconciled with the bank statements on a monthly basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and that the grants will be received.

As described in the property, plant and equipment note above, the council was instructed to adopt the capital approach of government grants as from 1 January 2018, as opposed to the previously used income approach as per IAS 20.

Under the capital approach, grants received are deducted from the respective asset's carrying account it was received for. This is shown as a separate line item in the property, plant and equipment note below.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

3. Accounting Policies (Continued)

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 Euro which is the Council's functional and presentation currency.

Surplus and deficits

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these Financial Statements. All foreseeable liabilities and potential deficits 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.

Related Parties

Related parties are those persons or bodies of persons having relationships with the council as defined in IAS 24. During the year under review, the Local Council's related party that exercises a significant control was the Department for Local Government.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. In the opinion of the council members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

3. Accounting Policies (Continued)

Capital Management Policies

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 by means of a Financial Situation Indicator. This ratio was positive as at 31/12/2019 and has not had significant changes from the previous reporting year. The council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments towards the locality.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Corporation 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 substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

In the periods presented the Council does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

-they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Council's cash and cash equivalents and receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Council's first identifying a credit loss event. Instead the Council considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Council's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Council's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Council designated a financial liability at FVTPL.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in statement of income and expenditure are included within finance costs or finance income.

San Gwann Local Council

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

	2019	2018
	Euro	Euro
4. Funds received from central government		
In terms of section 55 of the Local Councils Act (Cap 363)	846,754	803,844
Supplementary Government Income	30,231	29,563
Other Income	88,920	15,390
	<u>965,905</u>	<u>848,797</u>
	2019	2018
	Euro	Euro
5. Income raised from Bye-Laws		
Income raised under Local Council Bye-Laws	<u>53,971</u>	<u>44,047</u>
	2019	2018
	Euro	Euro
6. Local Enforcement Income		
Share of Profit from Joint Committee/ Fines and Penalties:		
Income from Joint Committee	-	-
Regional Committees/Admin Fees/LESA	16,341	15,853
LESA surplus distribution	27,345	-
	<u>43,686</u>	<u>15,853</u>

San Gwann Local Council

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

	2019	2018
	Euro	Euro
7. Other Income		
Income from other activities	300	-
Income from tender documents	973	-
Contributions and donations	170	-
	<u>1,443</u>	<u>-</u>
	2019	2018
	Euro	Euro
8. Personal Emoluments		
Mayor's honoraria	12,202	11,195
Executive Secretary salary and allowances	35,567	35,468
Employees' salaries	104,426	83,349
Councillors Allowances	12,440	10,999
Social Security Contributions	11,476	10,053
	<u>176,111</u>	<u>151,064</u>
	2019	2018
	Euro	Euro
9. Operations and Maintenance		
Repairs and upkeep:		
Road and street pavements (Patching works)	5,450	-
Street signs	2,338	4,030
Road markings	2,901	5,061
	<u>10,689</u>	<u>9,091</u>
Contractual Services:		
Refuse collection (including bins on wheels)	280,903	223,339
Bulky refuse collection (including open skips)	52,330	20,696
Road and Street Cleaning (mechanical and manual)	80,200	88,201
Cleaning and Maintenance of Public Convenience	34,175	24,605
Cleaning and Maintenance of Parks and Gardens	91,470	67,984
Street Lighting	24,991	17,717
Local Enforcement Expenses	975	1,541
	<u>565,044</u>	<u>444,083</u>
	<u>575,733</u>	<u>453,174</u>

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

	2019	2018
	Euro	Euro
10. Administration and other expenditure		
Training	207	-
Utilities	8,184	8,861
Rent	8,736	4,831
Other repairs and upkeep	74,518	69,631
National and International Memberships and Participation expenses	960	75
Office Services	8,771	6,594
Transport	6,763	4,011
Information Services	3,459	4,838
Other contractual services	11,274	9,933
Professional services	16,978	18,924
Community and hospitality	8,231	8,702
Social events	24,097	21,498
Cultural events	13,519	6,824
Depreciation	93,792	111,087
	<u>279,489</u>	<u>275,809</u>
	2019	2018
	Euro	Euro
11. Finance Costs		
Interest on Bank Loan	<u>875</u>	<u>1,386</u>

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

12. Property, Plant and Equipment

	Right of Use Property	Property	Construction	Office furniture & fittings	New Street Signs	Office Equipment	Motor Vehicles	Computer Equipment	Urban Improvements	Trees & Plants	Asset Under Construction	Total
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Cost												
As at 1 January 2019	-	246,865	1,102,607	41,739	33,389	64,082	7,200	44,971	263,249	18,281	17,155	1839,538
Additions	981	-	-	185	-	3,019	-	978	44,507	-	(2,933)	46,737
As at 31 December 2019	981	246,865	1,102,607	41,924	33,389	67,101	7,200	45,949	307,756	18,281	14,222	1,886,275
Grants and Other Reimbursements												
As at 1 Jan 2019	-	-	(371,819)	-	-	(1,357)	-	-	(115,843)	(18,281)	-	(507,300)
Additions	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2019	-	-	(371,819)	-	-	(1,357)	-	-	(115,843)	(18,281)	-	(507,300)
Depreciation												
As at 1 January 2019	-	(43,451)	(646,350)	(31,358)	(33,389)	(58,358)	(7,200)	(41,290)	(96,359)	-	-	(957,755)
Charge for the year	(327)	(2,468)	(72,995)	(3,150)	(4,584)	(4,584)	-	(1,302)	(8,966)	-	-	(93,792)
As at 31 December 2019	(327)	(45,919)	(719,345)	(34,508)	(33,389)	(62,942)	(7,200)	(42,592)	(105,325)	-	-	(1,051,547)
Net Book Value												
As at 31 December 2019	654	200,946	11,443	7,416	-	2,802	-	3,357	86,588	-	14,222	327,428

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

12. Property, Plant and Equipment (Continued)

Cost	Property Euro	Construction Euro	Office furniture & fittings Euro	New Street Signs Euro	Office Equipment Euro	Motor Vehicles Euro	Computer Equipment Euro	Urban Improvements Euro	Trees & Plants	Assets under Construction Euro	Total Euro
As at 1 January 2018	246,865	1,102,607	41,739	33,389	63,743	7,200	40,661	194,845	17,070	6,638	1,754,757
Additions	-	-	339	-	-	-	4,310	68,404	1,211	10,517	84,781
As at 31 December 2018	246,865	1,102,607	41,739	33,389	64,082	7,200	44,971	263,249	18,281	17,155	1,839,538
Grants and other reimbursements											
As at 1 January 2018	-	(371,819)	-	-	(1,357)	-	-	(101,570)	(17,070)	-	(491,816)
Additions	-	(371,819)	-	-	(1,357)	-	-	(14,273)	(1,211)	-	(15,484)
As at 31 December 2018	-	(371,819)	-	-	(1,357)	-	-	(115,843)	(18,281)	-	(507,300)
Accumulated Depreciation											
As at 1 January 2018	(40,983)	(572,632)	(28,244)	(33,389)	(46,003)	(7,187)	(34,863)	(83,367)	-	-	(846,668)
Charge for the year	(2,468)	(73,718)	(3,114)	-	(12,355)	(13)	(6,427)	(12,992)	-	-	(111,087)
As at 31 December 2018	(43,451)	(646,350)	(31,358)	(33,389)	(58,358)	(7,200)	(41,290)	(96,359)	-	-	(957,755)
Net Book Value	203,414	84,438	10,381	-	4,367	-	3,681	51,047	-	17,155	374,483

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

13. Receivables	2019	2018
	Euro	Euro
Trade Receivables	56,084	2,478
Accrued Income	45,336	43,906
Other Receivables	1,221	2,499
Financial Assets	102,641	48,883
Prepayments	241	1,524
	<u>102,882</u>	<u>50,407</u>

Trade receivables are unsecured and interest free and stated net of provision for doubtful debts, €15,630 (2018: €15,630). Accrued income is stated net of provision amounting to €11,300 (2018: €11,300).

Within credit period	53,488	1,892
Exceeded credit period but not impaired	18,226	16,216
Provision for Doubtful Debts	(15,630)	(15,630)
	<u>56,084</u>	<u>2,478</u>

14. Cash and Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the Local Council Statement of Financial Position:

	2019	2018
	Euro	Euro
Bank balances: Ordinary funds	783,424	717,538
Cash in Hand	476	150
	<u>783,900</u>	<u>717,688</u>
Overdrawn Bank Balance	(28,219)	(3,479)
	<u>755,681</u>	<u>714,209</u>

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

15. Borrowings

	2019	2018
	Euro	Euro
Long term Borrowings		
Bank Loan	<u>-</u>	<u>10,947</u>
Short Term Borrowings		
Bank Loan	10,978	14,234
Bank Balance Overdrawn	28,219	3,479
	<u>39,197</u>	<u>17,713</u>

Borrowings consist of a loan facility with monthly instalments of €1,251 (2018: €1,251). Interest is being charged at 4.15% (2018: 4.15%) per annum. The loan is secured by a hypothec over the council's assets and a pledge over the insurance policies covering the assets of the council.

	2019	2018
	Euro	Euro
Amounts falling due within one year	<u>10,978</u>	<u>14,234</u>
Amounts falling due between 1 and 2 years	-	10,947
Amounts falling due between 2 and 5 years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>10,947</u>
Total Borrowings	<u>10,978</u>	<u>25,181</u>

16. Payables

	2019	2018
	Euro	Euro
Payables	62,113	60,662
Accruals	49,137	45,390
Other payables	839	839
	<u>112,089</u>	<u>106,891</u>

17. Lease Liability

	2019	2018
	Euro	Euro
Payables	532	-

Lease Liability refers to the lease of the Flour Mill and Cart Ruts that have been given to the San Gwann Local Council.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

18. Deferred Income	2019	2018
	Euro	Euro
Balance at the beginning of the year	162,811	159,717
Funds allocated to the Council	22,568	19,521
Released to Income	-	(943)
Capitalised	-	(15,484)
Additions - Adoption of the Capital Approach as per IAS20	-	-
Balance at the end of the year	185,379	162,811
Short - Term Deferred Income	26,788	4,220
Long - Term Deferred Income	158,591	158,591

19. Post Balance Sheet events

There were no particular important events affecting the operation of the council since the end of the accounting year.

20. Financial Risk Management

Financial assets include equity, other receivables and cash held at bank and in hand. Financial liabilities include other payables and long-term borrowings.

Financial risk management

The Council is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance. The Council adopts an overall risk management to maintain and control its exposures.

Market risk

i) Cash flow and fair value interest rate risk

As the Council has no interest-bearing assets, the Council's income and operating cash flows are independent of changes in market interest rates. Although the Council has borrowings issued at fixed rates, the exposure to fair value interest rate risk is limited and ultimately endorsed by Central Government.

ii) Credit Risk

Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances and the presentation of debtors net of allowances for doubtful debts, where applicable. Cash is placed with reputable banks.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

Credit risk arises ever increasing variances between the main council's income, that provided by Central Government, and the cost of its outsourced services which are mostly exposed to commodity risks. Furthermore the huge reduction of other revenue from LES and Permits could well expose the Council even more to credit issues unless this shortfall is recovered from other sources.

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements.

	2019 Euro	2018 Euro
Classes of Financial Assets – Carrying amounts		
Trade and Other Receivables	102,641	48,883
Cash and Cash Equivalents	<u>755,681</u>	<u>714,209</u>
	<u>858,322</u>	<u>763,092</u>

iii) Fair Values

As at 31 December 2019, the carrying amounts of financial assets and liabilities were not materially different from the fair value.

iv) Liquidity risk

The council monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year and ensures that no additional financing facilities are expected to be required over the coming year.

At 31 December, the council's financial liabilities have contractual maturities summarised below:

31 December 2019

	Current	Non-Current	
	Within 1 Year Euro	1 to 5 years Euro	Later than 5 Years Euro
Creditors	62,113	-	-
Other Payables	839	-	-
Lease Liability	532	-	-
Accruals	49,137	-	-
Borrowings	10,978	-	-
	<u>123,599</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

This compares to the maturity of the councils financial liabilities in the previous reporting year as follows:

31 December 2018

	Current	Non-Current	
	Within 1 Year	1 to 5 years	Later than 5 Years
	Euro	Euro	Euro
Creditors	60,662	-	-
Other Payables	839	-	-
Lease Liability	-	-	-
Accruals	45,390	-	-
Borrowings	14,234	10,947	-
	<u>121,125</u>	<u>10,947</u>	<u>-</u>

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:

	2019	2018
	Euro	Euro
Current Assets		
Receivables		
Trade and Other Receivables	102,641	48,883
Cash and Cash Equivalents	755,681	714,209
	<u>858,322</u>	<u>763,092</u>
	Euro	Euro
Current Liabilities		
Financial Liabilities measured at historic cost		
Payables	62,113	60,662
Lease Liability	532	-
Other Payables	839	839
Accruals	49,137	45,390
Short Term Borrowings	10,978	14,234
	<u>123,599</u>	<u>121,125</u>

As at year end the Council has as cash and cash equivalents the amount of €755,681 (2018: € 714,209). The council also maintains a positive Working Capital of €708,176 (2018: €639,271 ensuring that adequate funds are available to cover present liabilities as well as short term obligations and commitments arising.

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

20. Capital commitments

There are no capital commitments for tenders adjudicated in 2019 which have not been provided for in the financial statements.

21. Related Party Transactions

All the Authorities set up by Central Government and all the entities which are owned by Central Government are considered to be related parties to the San Gwann Local Council.

The San Gwann Local Council has the following related Parties Exercising:

- I. Significant Control – as per Local Councils Act 1993, Department for Local Government is the major and ultimate controlling related party.
- II. Joint control – North Joint Committee for Local enforcement, North Regional Committee
- III. No Control– Water Services corporation, Automated Revenue Management Services, Waste Management Service

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

Transactions with Related Parties

	2019	2018
	Euro	Euro
Annual Financial Allocation	846,754	803,844
<i>LES</i>	16,341	15,853
<i>LESA</i>	27,345	-
Key Management Personnel Remuneration		
Executive Secretary	35,567	35,468
Mayor Honoraria and Allowance	12,202	11,195
Councillor's Allowance	12,440	10,999

(Form PA1/16)

To: _____

**NOTICE UNDER SECTION 71(4) OF THE
DEVELOPMENT PLANNING ACT, 2016**

I hereby give notice to you as an/the owner of the land at
.....
that I intend to submit an application for development permission in relation to
that land, to the Planning Authority. The application is for the following
development:
.....
.....
.....

Name of Applicant _____
Address _____
Signature  _____
Date _____
I.D. No _____

Notes:

(i) Insert the name and address of the owner on whom notice is being served; the location of the land; the proposed development; your name, address etc., in the appropriate spaces on this form, and sign the notice.

(ii) Send this letter by registered post to all those persons who are owners of the land in respect of which the application is being made and submit a copy of this letter, together with proof of registered mail, with your application for development permission as required by the relevant section of the application form.