

**Local Council Attard**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2021**

Unaudited

**For the Year Ended 31 December 2021**

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Unaudited

## **Independent Local Government Auditors' Report to the Auditor General**

### **Report on the Audit of the Financial Statements**

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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 23 February 2022 and signed on its behalf by:

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Mr. Stefan Cordina  
Mayor

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Ms. Marica Mifsud  
Executive Secretary

Unaudited

## Statement of Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 €	2020 €
<b>Revenue</b>			
Funds received from Central Government	3.	973,196	957,941
Income raised under Local Council Bye-Laws	4.	-	2,431
Income raised under Local Enforcement System	6.	2,523	2,741
General Income	5.	44,611	39,740
		<u>1,020,330</u>	<u>1,002,853</u>
<b>Expenditure</b>			
Personal Emoluments	9.	(196,668)	(175,457)
Operations and maintenance		(574,262)	(622,411)
Administration and other expenditure		(216,030)	(178,269)
		<u>(986,960)</u>	<u>(976,137)</u>
<b>Profit from operations</b>		<u>33,370</u>	<u>26,716</u>
Finance Income		-	8
Finance costs	6.	(515)	(515)
Loss on disposal of assets		-	(93)
<b>Profit before tax</b>		<u>32,855</u>	<u>26,116</u>
<b>Profit for the year - total comprehensive income</b>	7.	<u>32,855</u>	<u>26,116</u>

The notes on pages 7 to 26 form an integral part of these financial statements.

## Statement of Financial Position

31 December 2021

	Note	2021 €	2020 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10.	298,016	210,036
Intangible assets	11.	85	337
<b>Total non-current assets</b>		<b>298,101</b>	<b>210,373</b>
<b>Current assets</b>			
Inventories	12.	-	2,144
Trade and other receivables	13.	69,141	214,571
Cash and cash equivalents	15.	294,605	172,250
<b>Total current assets</b>		<b>363,746</b>	<b>388,965</b>
<b>TOTAL ASSETS</b>		<b>661,847</b>	<b>599,338</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings		340,155	307,300
<b>Total equity</b>		<b>340,155</b>	<b>307,300</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	16.	-	4,390
Deferred income		172,960	152,887
<b>Total non-current liabilities</b>		<b>172,960</b>	<b>157,277</b>
<b>Current liabilities</b>			
Lease liabilities		4,535	10,430
Deferred income		66,664	14,931
Trade and other payables	14.	76,178	105,709
Bank overdraft	15.	1,355	3,691
<b>Total current liabilities</b>		<b>148,732</b>	<b>134,761</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>661,847</b>	<b>599,338</b>

The notes on pages 7 to 26 form an integral part of these financial statements.

These financial statements on pages 3 to 26 were approved by the Local Council on 23 February 2022 and were signed on its behalf by:

\_\_\_\_\_  
Mr. Stefan Cordina  
Mayor

\_\_\_\_\_  
Ms. Marica Mifsud  
Executive Secretary

## Statement of Changes in Equity

For the Year Ended 31 December 2021

	Retained Funds	Total Equity
	€	€
Balance as at Friday, 1 January 2021	307,300	307,300
<b>Comprehensive income</b>		
Profit for the year - total comprehensive income	32,855	32,855
<b>Transactions with the owners</b>		
<b>Balance as at 31 December 2021</b>	<b>340,155</b>	<b>340,155</b>

	Retained Funds	Total Equity
	€	€
Balance as at Wednesday, 1 January 2020	281,184	281,184
<b>Comprehensive income</b>		
Profit for the year - total comprehensive income	26,116	26,116
<b>Transactions with owners</b>		
<b>Balance at 31 December 2020</b>	<b>307,300</b>	<b>307,300</b>

The notes on pages 7 to 26 form an integral part of these financial statements.

## Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	2021 €	2020 €
<b>Cash from operating activities:</b>			
Profit/(loss) from operations		21,160	26,116
Depreciation of property, plant and equipment and right-of-use assets		49,959	59,389
Amortisation of intangible assets		1,661	252
Loss on disposal of assets		-	93
Movement in provision for doubtful debts		-	(547)
Interest receivable		-	(8)
Lease interest payable		-	515
<b>Operating profit before working capital changes</b>		<b>72,780</b>	85,810
Decrease in inventories		2,142	2
Decrease (increase) in trade and other receivables		145,430	(82,332)
Increase (decrease) in trade and other payables		42,275	(15,610)
Government grants released			(2,214)
<b>Net cash flows from/(used in) operating activities</b>		<b>262,628</b>	(14,344)
<b>Cash from investing activities:</b>			
Interest received		-	8
Purchase of intangible fixed assets		-	(5,635)
Purchase of property, plant & equipment		(169,044)	(102,607)
Receipt of grant		31,107	76,985
<b>Net cash flows used in investing activities</b>		<b>(137,937)</b>	(31,249)
<b>Cash from financing activities:</b>			
Interest paid		-	(515)
Payment of principal portion of lease liabilities		-	(5,785)
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	(6,300)
<b>Net movement in cash and cash equivalents</b>		<b>124,691</b>	(51,893)
Cash and cash equivalents at beginning of year		168,559	220,452
<b>Cash and cash equivalents at end of year</b>	15.	<b>293,250</b>	168,559

The notes on pages 7 to 26 form an integral part of these financial statements.



## Notes to the Financial Statements

### For the Year Ended 31 December 2021

#### 1. Basis of preparation

The financial statements have been prepared and presented 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).

The COVID-19 pandemic has impacted the Council's operations and functions. In line with the recommendations issued by the Maltese Public Health Authorities, the Council implemented a number of measures to offer its services in a safe environment to the residents, general public, councillors and employees.

##### a. Basis of measurement

The financial statements have been prepared on the historical cost basis, as modified to include fair values where it is stated in the accounting policies below.

##### b. Functional and presentation currency

The financial statements are presented in euro (€), which is the Company's functional currency.

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

##### c. Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### 2. Significant Accounting Policies

##### a. Entity information

###### i. Entity information

The Local Council Attard 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 13/15, Triq Sant' Anna, H'Attard.

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

#### b. Going concern

The Statement of Financial Position on page 3 and the notes thereto, with special reference to capital commitments, suggest that the going concern assumption used in the preparation of these financial statements is dependent on further sources of funds other than the annual financial allocation by Central Government, on the collection of debts due to the Council and on the continued support of the Council's creditors. Any adverse change in either of these assumptions above, would not let the Council able to meet its financial obligations as they fall due without curtailing its future commitments.

#### c. Property, plant and equipment

##### i. Value Method

Items of property, plant and equipment are initially and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

##### ii. Depreciation

Depreciation, which is charged to the statement of comprehensive income, 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:

Urban Improvements and Construction	10%
Buildings	1%
Plant, machinery and Equipment	20%
Furniture and fixtures	7.5%
Motor vehicles	20%
Office equipment	20%
IT equipment	25%
Plants	100%
Road signs	Replacement basis
Trees	0%
New Street Lights	100%
Street Mirrors	Replacement Basis
Traffic signs	Replacement Basis
Playground Furniture	100%
Little Bins	Replacement Basis
Special Projects	10%
Construction works	10%

## Notes to the Financial Statements (continued)

### For the Year Ended 31 December 2021

#### 2. Significant Accounting Policies (continued)

##### c. Property, plant and equipment (continued)

##### ii. Depreciation (continued)

Gains and losses on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount at the date of disposal. The gains or losses are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

##### d. Intangible assets

##### i. Acquired intangible assets

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Section 24 of GAPSE or the date that the asset is derecognised.

Amortisation is based on a useful life of 4 years and is charged to profit or loss.

##### e. Inventories

Inventories are stated at the lower of cost and net realisable value. Stocks are determined by the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

##### f. Trade and other 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 of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due to the original terms of the receivables.

##### g. Leases

##### i. The Council is the lessee

The Council leases an office building, used as its offices. The rental lease contract is for a fixed period of one year but may be extended for a further year. Lease terms contain a wide range of different terms and conditions. The lease agreement does not impose any covenants. Leased asset may not be used as security for borrowing purposes.

At inception of a contract, the Council shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Council.

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

#### g. Leases (continued)

##### i. The Council is the lessee (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a. fixed payments (include in-substance fixed payments), less any lease incentives receivable.
- b. variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Council:

- a. where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- b. uses a build up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Council, where there is no third-party financing; and
- c. makes adjustments specific to the lease.

The Council is not exposed to potential future increases in variable lease payments. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are presented as a separate line in the statement of financial position.

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

#### g. Leases (continued)

##### i. The Council is the lessee (continued)

The right-of-use assets are also subject to impairment. Refer to accounting policy.

##### *Extension option*

An extension option is included in the property leased by the Council. The option is to maximise operational flexibility in terms of managing the assets used in the Council's operations. The extension option held is exercisable only by the Council and not by the lessor.

In determining the lease term, the Council considers all facts and circumstances that create an economic and operational incentive to exercise an extension option. Extension option is only included in the lease term if the lease is reasonably certain to be extended.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Council becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The Council has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### h. Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

#### i. Borrowings

##### i. Borrowings

Borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the statement of comprehensive income over the entire period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

#### j. Trade payables

Trade and other payables are stated at cost, which approximates fair value due to the short-term nature of these liabilities.

#### k. Revenue recognition

##### i. Revenue from Central Government

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs.

## Notes to the Financial Statements (continued)

### For the Year Ended 31 December 2021

#### 2. Significant Accounting Policies (continued)

##### k. Revenue recognition (continued)

###### i. Revenue from Central Government (continued)

Income from central government is not recognised until there is reasonable assurance that the Council will comply with any conditions attached to it, and that the income will be received. The received income is to be recorded gross and any deductions made for non-compliance are to be disclosed separately with expenses.

###### ii. Interest Income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

##### l. Impairment

###### i. Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk circumstances.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

###### ii. Non-financial Assets

The carrying amount of the Company's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## Notes to the Financial Statements (continued)

### For the Year Ended 31 December 2021

#### 2. Significant Accounting Policies (continued)

##### i. Impairment (continued)

##### ii. Non-financial Assets (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### m. Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### n. Financial instruments

##### i. Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, which are measured only at fair value.

Financial assets are classified in the following categories after initial recognition:

- loans and receivables; and

The classification determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

##### ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest method. This method uses a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, and through the amortisation process.

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

#### n. Financial instruments (continued)

##### iii. Non-derivative Financial Instrument

Non-derivative financial instruments comprise in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial liabilities are initially measured at fair value plus transaction costs. The Council's financial liabilities include other payables. These are subsequently stated at their nominal amount which is a reasonable approximation of fair value.

#### o. Government grants

##### i. Capital and operating 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.

#### p. 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.

##### *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.



## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

#### p. Financial Risk management (continued)

##### i. Market Risk

###### Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Council is not exposed to foreign exchange risk since it does not trade in any foreign currencies.

##### ii. 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 receivable balances of the Council are mainly composed of balances with government-related entities. Given the low risk associated with such entities, the default risk is considered to be insignificant. Given the fact that this will not result in material misstatement, the Council did not calculate and account for this 'expected credit loss'.

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:

	2021	2020
	€	€
<b>Classes of financial assets – carrying amounts</b>		
Trade and other receivables	69,141	206,209
Cash and cash equivalents	293,250	168,559
	<b>362,391</b>	<b>374,768</b>

The Council does not hold any collateral or other credit enhancements to cover this credit risk.

##### iii. 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 €293,250 (2020: €168,259).

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

#### p. Financial Risk management (continued)

The Council also maintains a positive net asset position of €327,498 (2020: €307,300) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2021, the council's financial liabilities have contractual maturities which are summarised below:

	Current		Non-Current	
	Within 1 year	1 to 5 years	Later than 5 years	
	€	€	€	
Payables	17,839	-	-	
Accruals	57,192	-	-	
Lease liabilities	4,535	-	-	

31 December 2020

	Current		Non-Current	
	Within 1 year	1 to 5 years	Later than 5 years	
	€	€	€	
Payables	57,644	-	-	
Accruals	42,757	-	-	
Lease liabilities	10,430	4,390	-	

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 2. Significant Accounting Policies (continued)

p. Financial Risk management (continued)

iii. Liquidity Risk (continued)

iv. Cash flow and fair value 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 minimising uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense. As the Council has no significant interest-bearing assets, the Council is not exposed to any variable interest rate liabilities.

### 3. Funds received from central government

	2021	2020
	€	€
In terms of section 55 of the Local Council Act	798,915	780,019
Other Government Income	174,281	146,420
Supplementary Government Income	-	31,502
<b>Total</b>	<b>973,196</b>	<b>957,941</b>

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 4. Income raised from Bye-Laws

a.

	2021	2020
	€	€
Bye-Law - Advertising on Street Furniture	-	2,431
<b>Total</b>	<b>-</b>	<b>2,431</b>

### 5. General Income

	2021	2020
	€	€
Sale of books and other merchandise	20	20
Insurance claims	-	511
Income from Permits	40,971	39,209
Donations	1,210	-
Media charges and LES Pre-regional committees	2,410	-
<b>Total</b>	<b>44,611</b>	<b>39,740</b>

### 6. Local Enforcement System

	2021	2020
	€	€
Admin. charges to Regional Committees & LESA	2,523	2,741

### 7. Net financing costs

	2021	2020
	€	€
<b>Financing cost:</b>		
Interest on lease liability	-	515

### 8. Profit for the year

Operating profit is stated after charging the following:

	2021	2020
	€	€
Depreciation of tangible assets	49,959	59,389
Staff salaries	196,668	175,457
Amortisation of intangible assets	251	252
Loss on disposal of property, plant and equipment	-	93
<b>Total</b>	<b>246,878</b>	<b>235,191</b>

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 9. Staff salaries

#### a. Wages and Salaries

Payroll costs for the year comprise of the following:

	2021	2020
	€	€
Mayor's Remuneration	17,287	15,027
Councillors' Allowances	20,583	22,600
Executive Secretary Salary and Allowances	35,746	36,279
Employees' Salaries	110,940	91,111
Social Security Contributions	12,112	10,440
<b>Total</b>	<b>196,668</b>	<b>175,457</b>

#### b. Average number of employees

The average number of persons employed by the company during the year was as follows:

	2021	2020
Employees	6	6
Mayor & Councillors	9	9
<b>Total</b>	<b>15</b>	<b>15</b>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

10. Property, plant and equipment

31 December 2021

	Assets under construction	Urban Improvements and Construction	Rights of use of assets (IFRS 16)	Plant, machinery and Equipment	Furniture and fixtures	Motor vehicles	Trees	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
Opening balance	24,629	2,955,784	20,605	38,651	34,135	20,574	11,529	3,105,907
Additions	98,049	60,347	-	4,150	234	6,425	-	169,205
Disposals	-	(1,326,543)	-	(1,608)	(2,892)	(15,275)	-	(1,346,318)
<b>Balance at Friday, 31 December 2021</b>	<b>122,678</b>	<b>1,689,588</b>	<b>20,605</b>	<b>41,193</b>	<b>31,477</b>	<b>11,724</b>	<b>11,529</b>	<b>1,928,794</b>
<b>Depreciation and impairment losses</b>								
Opening balance	-	(1,532,514)	(10,303)	(30,152)	(24,790)	(5,299)	-	(1,603,058)
Depreciation	-	(10,928)	(10,302)	(3,935)	(1,395)	(1,160)	-	(27,720)
<b>Balance at Friday, 31 December 2021</b>	<b>-</b>	<b>(1,543,442)</b>	<b>(20,605)</b>	<b>(34,087)</b>	<b>(26,185)</b>	<b>(6,459)</b>	<b>-</b>	<b>(1,630,778)</b>
<b>At Friday, 1 January 2021</b>	<b>€ 24,629</b>	<b>€ 1,423,270</b>	<b>€ 10,302</b>	<b>€ 8,499</b>	<b>€ 9,345</b>	<b>€ 15,275</b>	<b>€ 11,529</b>	<b>€ 1,502,849</b>
<b>At Friday, 31 December 2021</b>	<b>122,678</b>	<b>146,146</b>	<b>-</b>	<b>7,106</b>	<b>5,292</b>	<b>5,265</b>	<b>11,529</b>	<b>298,016</b>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

10. Property, plant and equipment (continued)

31 December 2020

	Assets under construction	Urban Improvements and Construction	Rights of use of assets (IFRS 16)	Plant, machinery and Equipment	Furniture and fixtures	Motor vehicles	Trees	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
Opening balance	24,790	2,955,784	20,605	38,651	34,135	20,574	11,529	3,106,068
Disposals	-	(1,295,436)	-	(1,608)	(2,892)	(15,275)	-	(1,315,211)
<b>Balance at 31 December 2020</b>	<b>24,790</b>	<b>1,660,348</b>	<b>20,605</b>	<b>37,043</b>	<b>31,243</b>	<b>5,299</b>	<b>11,529</b>	<b>1,790,857</b>
<b>Depreciation and impairment losses</b>								
Opening balance	-	(1,510,277)	(10,303)	(30,152)	(23,243)	(5,299)	-	(1,579,274)
Depreciation	-	-	-	-	(1,547)	-	-	(1,547)
<b>Balance at Thursday, 31 December 2020</b>	<b>-</b>	<b>(1,510,277)</b>	<b>(10,303)</b>	<b>(30,152)</b>	<b>(24,790)</b>	<b>(5,299)</b>	<b>-</b>	<b>(1,580,821)</b>
<b>At 1 January 2020</b>	<b>24,790</b>	<b>1,445,507</b>	<b>10,302</b>	<b>8,499</b>	<b>10,892</b>	<b>15,275</b>	<b>11,529</b>	<b>1,526,794</b>
<b>At 31 December 2020</b>	<b>24,790</b>	<b>150,071</b>	<b>10,302</b>	<b>6,891</b>	<b>6,453</b>	<b>-</b>	<b>11,529</b>	<b>210,036</b>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

11. Intangible assets

a. Intangible assets

	Computer software, other €	Total €
<b>Cost</b>		
Opening balance	6,643	6,643
<b>Balance at Friday, 31 December 2021</b>	<b>6,643</b>	<b>6,643</b>
<b>Opening balance</b>		
Opening balance	(672)	(6,72)
Amortisation	(251)	(251)
<b>Balance at Friday, 31 December 2021</b>	<b>(923)</b>	<b>(923)</b>
<b>Grants</b>		
Opening balance	5,635	5,635
<b>At 31 December 2021</b>	<b>5,635</b>	<b>5,635</b>
<b>At Friday, 1 January 2021</b>	<b>336</b>	<b>336</b>
<b>At Friday, 31 December 2021</b>	<b>85</b>	<b>85</b>

12. Inventories

a. Inventories

	2021 €	2020 €
Books held for resale	9,324	9,324
Write down for slow moving stock	(9,324)	(7,180)
<b>Total</b>	<b>-</b>	<b>2,144</b>

13. Trade and other receivables

	2021 €	2020 €
Receivables	52,847	138,675
Other debtors	6,278	5,932
Accrued Income & prepayments	10,016	69,964
<b>Total</b>	<b>69,141</b>	<b>214,571</b>



## Notes to the Financial Statements (continued)

### For the Year Ended 31 December 2021

#### 13. Trade and other receivables – continued

General receivables are analysed as followed:

	2021	2020
	€	€
Within credit period	46,893	39,772
Exceeded credit period	5,095	96,911
<b>Total</b>	<b>51,988</b>	<b>136,683</b>

Included in the receivables are debtors with a carrying amount of €XXX (2020: €96,911) 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:

#### a. Trade and other receivables ageing analysis

	2021	2020
	€	€
Not more than 3 months	-	10,527
More than 3 months but not more than 6 months	5,095	52,616
More than 6 months	-	33,768
<b>Total</b>	<b>5,095</b>	<b>96,911</b>

#### b. Receivables impairment reconciliation

Movement in the provision for impairment of receivables is as follows:

	2021	2020
	€	€
Balance at 1 January	121,602	122,149
(Decrease) in provision for LES debtors	(3,564)	(547)
<b>Provision for impairment, December 31, 2020</b>	<b>118,038</b>	<b>121,602</b>
<b>Provision for impairment, December 31, 2021</b>	<b>118,038</b>	<b>121,602</b>

Local Enforcement System (LES) debtors are stated after a specific provision for doubtful debts amounting to €118,038 (2020: €121,602).

**Notes to the Financial Statements (continued)**

**For the Year Ended 31 December 2021**

**14. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	€	€
Trade payables	17,839	57,644
Accruals	57,192	42,756
Other deferred income	2,109	5,309
<b>Total</b>	<b>77,140</b>	<b>105,709</b>

**15. Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	<b>2021</b>	<b>2020</b>
	€	€
Cash on hand	391	410
Bank balances	294,214	171,840
Bank overdraft	(1,355)	(3,691)
<b>Total cash and cash equivalents in the statement of cash flows</b>	<b>293,250</b>	<b>168,559</b>

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 16. Leases

#### a. Finance lease liabilities

This note provides information for leases where the Council is a lessee. There are no leases in place where the Council is the lessor. The Council has 1 contract for the lease of land and buildings which are used for its operations. The lease term is one year with the option to be renewed for a further year. The Council's obligations under its lease are secured by the lessor's title to the leased assets. No purchase option is included in the lease contract.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2021	2020
	€	€
Balance brought forward	10,302	-
Additions	-	20,605
Depreciation expense	(10,302)	(10,303)
<b>As at 31 December</b>	<b>-</b>	<b>10,302</b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021	2020
	€	€
Balance brought forward	14,820	-
Additions		20,605
Accretion of interest	515	515
Payments	(10,800)	(6,300)
<b>Total</b>	<b>4,535</b>	<b>14,820</b>

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
	€	€
Depreciation expense of right-of-use assets	10,302	10,303
Interest expense on lease liabilities	515	515
<b>Total</b>	<b>10,817</b>	<b>10,818</b>

The Council has total cash outflows for leases of €10,800 (2020: €6,300).

The lease contract includes an extension option. The option is negotiated by Council to provide flexibility in managing the leased-asset and align with the Council's business needs. The Council exercises significant judgement in determining whether the extension and termination option is reasonably certain to be exercised. The lease contract does not include variable payment element.

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 17. Related party transactions

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

<b>Name of Entity</b>	<b>Nature of relationship</b>
Department of Local Councils	Significant control
Regional Committee (Local Enforcement)	Joint control
Gozo Regional Committee	No control
North Regional Committee	No control
South Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Local Enforcement System Agency	No control
Local Councils' Association	No control
Planning Authority	No control
Malta Information Technology Agency	No control
Tech.mt	No control
Transport Malta Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Infrastructure Malta Agency	No control
Department of Inland Revenue	No control
Bank of Valletta pls	No control
Wasteserv Malta Limited	No control
GreenPak	No control
ARMS Ltd	No control
ERA Monitoring Unit	No control

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

### 18. Deferred income Government grants

#### a. Deferred revenue government grants

	2021	2020
	€	€
At 1 January	167,818	278,097
Increase in year	71,805	78,680
Reversal of deferred income	-	(2,214)
Capitalised during the year	-	(186,745)
<b>At 31 December</b>	<b>239,623</b>	<b>167,818</b>

### 19. Commitments

#### a. Capital commitments

Details of capital commitments at the accounting date are as follows:

##### (i) Approved but not yet contracted for:

	2021	2020
	€	€
Construction of New Local Council's premises	287,675	388,396
Info Centre	333,318	271,522
Triq il-Katlan	-	79,887
	<b>2021</b>	<b>2020</b>
	€	€
<i>General provisions:</i>	-	-
Office Furniture & Fittings	-	2,500
Plant & machinery	-	1,500
Urban Improvements & construction	-	12,000
Office Equipment	-	2,500

### 20. Contingent liabilities

#### a. Contingencies

The Council as at 31 December 2021 had the following pending Court case:

- two claims opened by third parties claiming damages for motor-cycle accident in Mdina Road, Attard. One of the claims is in front of the First Hall while the other claim is at Court of Appeal stage. The Council is restricting such claims as this road falls under the responsibility of the Central Government.

- case opened by the Council against the owner of a quarry situated in the locality of Attard. The Council is requesting the owner of the quarry to regulate the alleged irregularities in the quarry site. The outcome of such case is still unpredictable.

- case opened by a third party in front of the First Hall, claiming damages caused by a tree that fall onto the road. The Council is contesting the case on the basis that the particular road falls outside its responsibility.

## Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

Guarantee:

- The Council has a bank guarantee of €5,000 in favour of Building & Construction Agency (BCA) previously known as Building Regulations Office (BRO), on a third party liability damages in connection with the restoration of the former railway embankment.

### 21. Fair value estimation

#### a. Fair value estimation

The nominal value 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.

Unaudited

For the Year Ended 31 December 2021

Schedules

Operations and Maintenance

	2021	2020
	€	€
<b>Repairs and Upkeep</b>		
Public property	17,537	22,503
Road/street pavements	11,353	10,019
Signs	10,057	8,977
Road Markings	-	2,153
Office furniture and equipment	2,434	6,048
Plant & equipment	370	90
Council property	189	170
Other repair and upkeep	2,280	-
<b>Contractual Services:</b>	-	-
Waste disposal	65,291	101,193
Refuse collection	212,341	231,635
Bulky refuse collection	25,244	26,348
Hiring of skips - Bins on wheels	4,531	5,310
Cleaning services	920	940
Road & Street Cleaning	93,970	104,045
Cleaning & Maint. Non-Urban	5,396	13,265
Cleaning -Public conveniences	11,558	11,263
Other contractual services	944	378
Clean. & Maint. Parks & Gardens	40,297	44,365
Clean.& Maint. Soft Areas	43,497	20,791
Street lighting	17,910	10,434
Experts	6,890	1,439
Local enforcement expenses	1,253	1,045
<b>Total Operations and Maintenance Costs</b>	<b>574,262</b>	<b>622,411</b>

**For the Year Ended 31 December 2021**

**Schedules (continued)**

**Schedule of Administrative Expenses**

	2021	2020
	€	€
<b>Administrative expenses</b>		
Utilities	16,036	10,204
Other repairs and upkeep	7,043	11,126
Rent	799	150
National and International Memberships	55	2,341
Office services	17,760	15,795
Transport	4,942	3,656
Information services	17,191	7,695
Bank charges	1,371	435
Lease of equipment	2,050	3,555
Insurance coverage	5,149	3,942
Professional services	56,554	39,079
Entertainment	637	478
Social events	2,608	6,129
Cultural events	2,678	4,036
Community services	30,947	10,484
Donations	-	70
(Decrease) provision for doubtful debts	-	(547)
Depreciation and amortisation	50,210	59,641
<b>Total</b>	<b>216,030</b>	<b>178,269</b>