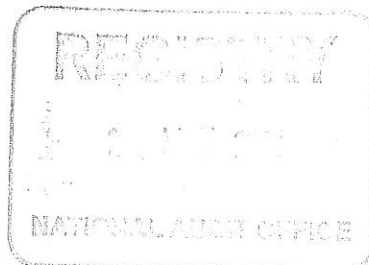


Ghasri Local Council

Financial Statements
For the year ended 31 December 2020

Prepared by:
Sharon Zammit B.Com Hons (Accountancy) CPA
& Registered Auditor



Ghasri Local Council

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 December 2020

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Ghasri Local Council

Financial Statements for the year ending 31 December 2020

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

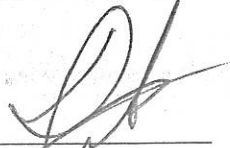
The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it 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 Councils (Financial) Regulations, and the Local Councils (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, the Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Council and signed on its behalf on

17 May

2021 by:



Dr Daniel Attard
Mayor



Rita Mifsud Attard
Executive Secretary

Ghasri Local Council

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

	Notes	2020 €	2019 €
INCOME			
Funds received from central government	9.	193,832	204,853
General Income	10.	13,593	4,478
Income raised under the Local Enforcement System	11.	218	229
		<u>207,643</u>	<u>209,560</u>
EXPENDITURE			
Personal emoluments	12.	(72,785)	(66,867)
Operations and maintenance	13.	(45,494)	(58,732)
Administration and other expenditure	14.	(74,991)	(57,667)
		<u>(193,270)</u>	<u>(183,266)</u>
Operating surplus for the year		14,373	26,294
Investment income	15.	265	167
Total comprehensive surplus for the year		<u>14,638</u>	<u>26,461</u>

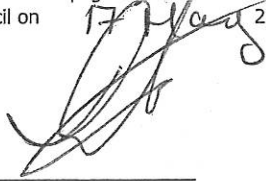
The notes on pages 8 to 20 are an integral part of the financial statements.

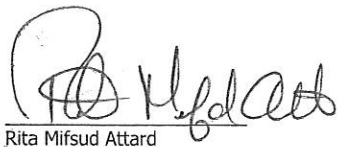
Ghasri Local Council

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 €	2019 €
ASSETS			
Non Current Assets			
Property, plant and equipment	3.	248,377	457,170
Total non-current assets		248,377	457,170
Current assets			
Inventories	4.	1,534	2,805
Receivables	5.	6,822	4,674
Cash and Cash Equivalents	6.	437,329	730,008
Total current assets		445,685	737,487
Total assets		€ 694,062	€ 1,194,657
RESERVES AND LIABILITIES			
Retained reserves		283,974	269,336
Non-Current Liabilities			
Deferred income - grants	7.	139,055	354,827
Current Liabilities			
Payables	8.	36,145	296,851
Current Deferred income	8.	234,888	273,643
TOTAL LIABILITIES AND RESERVES		€ 694,062	€ 1,194,657

The notes on pages 8 to 20 are an integral part of the financial statements. The said financial statements were approved by the Local Council on 17 May 2021.


Dr Daniel Attard
Mayor


Rita Mifsud Attard
Executive Secretary

Ghasri Local Council

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Retained funds
	Account €
Balance as at 1 January 2019	242,875
Total comprehensive surplus for the year	26,461
	<hr/>
Balance as at 31 December 2019	269,336
Total comprehensive surplus for the year	14,638
	<hr/>
Balance as at 31 December 2020	€ 283,974

The notes on pages 8 to 20 are an integral part of the financial statements.

Ghasri Local Council

STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Notes	2020 €	2019 €
Cash Flows from Operating Activities			
Total comprehensive surplus for the year		14,638	26,461
Adjustments for:			
Depreciation		50,163	20,548
Interest received		(265)	(167)
		<hr/>	<hr/>
Operating profit before Working Capital Changes		64,536	46,842
Movement in working capital:			
Movement in inventories		1,271	(1,264)
Movement in receivables		(2,148)	4,561
Movement in payables		(260,706)	97,542
		<hr/>	<hr/>
Net cash flow (used in)/from operating Activities		(261,583)	100,839
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(57,142)	(404,182)
Grants (refunded)/received		(38,755)	461,077
Interest received		265	167
		<hr/>	<hr/>
Cash flow (used in)/from investing activities		(95,632)	57,062
Net (decrease)/increase in Cash and Cash Equivalents		(292,679)	204,743
Cash and Cash Equivalents at the beginning of year		730,008	525,265
		<hr/>	<hr/>
Cash and Cash Equivalents at the end of year	6.	€ 437,329	€ 730,008

The notes on pages 8 to 20 are an integral part of the financial statements.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. General Information

Ghasri Local Council is the local authority of Ghasri setup in accordance with the Local Councils Act. The office of the Local Council is situated at Triq Dun Karm Caruana Ghasri. The financial statements were approved for issue by the Council on 17 May 2021. The Local Council's presentation as well as functional currency is 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.

(a) 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).

The 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 to the requirements of International Financial Reporting Standards as adopted by the EU and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

(b) Standards, amendments and interpretations to existing standards

New and amended standards adopted by the Local Council :

During the current year, the Local Council has adapted a number of new standards and interpretations, or amendments thereto, issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the European Union. The Council is of the opinion that the adoption of these standards, interpretations or amendments thereto, does not have any material impact on these financial statements. The most relevant changes were the below:

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. These amendments had no impact on the financial statements.

New Standards and amendments not yet effective:

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial period. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The Council anticipates that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application. The most relevant changes are the below:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

2. Accounting policies and Reporting Procedures (Continued)

IFRS 16 Leases - The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The Councillors and Executive Secretary 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 Council anticipates 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.

(c) Revenue recognition

Revenue is recognised when the amount of revenue and the associated costs can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues. 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 therefrom are to be disclosed separately with the expenses.

(d) Local Enforcement System

During 2020 the amount disclosed in the financial statements under Local Enforcement Income represents the administrative fee of 10% that is chargeable to the Regional Committees and LESA for contraventions paid at the Council.

(e) Tangible fixed assets

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. Depreciation is calculated on a yearly basis using the straight line method at rates calculated to write off the cost over its expected useful life as follows:

Land	0%
Trees	0%
Buildings	1%
Furniture, fixtures & 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%
Road and traffic Signs	replacement basis
Street Mirrors	replacement basis
Street Lights	100%

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 financial reporting 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.

(f) Government Grants

Government grants relating to operating expenditure are recognized 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

2. Accounting policies and Reporting Procedures (Continued)

(g) Impairment of Assets

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.

(h) 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 amounts of the asset in 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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. The parties that exercise no control were Water Services Corporation and Malta Environment and Planning Authority whereas there was joint control with the Gozo Joint Committee.

(m) Payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the council.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

2. Accounting policies and Reporting Procedures (Continued)

(n) 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.

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.

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 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'.

(o) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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).

(p) Inventories

Inventories are shown in the financial statements at the lower of cost and net realisable value. The inventories consist of stamps and vouchers with a face value which is the cost and selling price of these items. The stock valuation at the end of the period is equivalent to the actual cost of the inventory items.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

3. Tangible fixed assets

3a

	Cost 01-Jan-20	Written off	Reclassification	Additions	Cost 31-Dec-20
Cost	€			€	€
Property	129,040			-	129,040
Furniture, fixtures & fittings	21,017			150	21,167
Motor Vehicle	4,900			-	4,900
Plant and machinery	1,197			50	1,247
Computers and electronic equipment	5,554	(3,210)		-	2,344
Office Equipment	10,711	(2,457)		-	8,254
Urban Improvements	26,011			3,086	29,097
New Street Signs	2,115			90	2,205
Assets under construction	247,485		(247,485)	-	-
Construction	897,401		247,485	53,766	1,198,652
	1,345,431	(5,667)	-	57,142	1,396,906

Depreciation

	01-Jan-20	Written off	Depreciation for the year	31-Dec-20
Property	24,297		1,271	25,568
Furniture, fixtures & fittings	18,156		422	18,578
Motor Vehicle	980		980	1,960
Plant and machinery	723		152	875
Computers and electronic equipment	4,944	(3,210)	209	1,943
Office Equipment	7,667	(2,457)	261	5,471
Urban Improvements	24,707		549	25,256
New Street Signs	2,115		90	2,205
Construction	428,463		46,229	474,692
	512,052	(5,667)	50,163	556,548

Grants

Property	-	-	-
Furniture, fixtures & fittings	-	-	-
Motor Vehicle	-	-	-
Plant and machinery	-	-	-
Computers and electronic equipment	-	-	-
Office Equipment	2,242	-	2,242
Urban Improvements	-	-	-
New Street Signs	-	-	-
Construction	373,967	215,772	589,739
	376,209	215,772	591,981

	2020	2019
Net book value	€	€
Property	103,472	104,743
Furniture, fixtures & fittings	2,589	2,861
Motor Vehicle	2,940	3,920
Plant and machinery	372	474
Computers and electronic equipment	401	610
Office Equipment	541	802
Urban Improvements	3,841	1,304
New Street Signs	-	-
Assets under construction	-	247,485
Construction	134,221	94,971
Total fixed assets	€ 248,377	€ 457,170

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

3b Tangible fixed assets (Continued)

	Cost 01-Jan-19	Written off	Reclassification	Additions for the year	Cost 31-Dec-19
Cost	€			€	€
Property	129,040			-	129,040
Furniture, fixtures & fittings	18,694			2,323	21,017
Motor Vehicle	-			4,900	4,900
Plant and machinery	947			250	1,197
Computers and electronic equipment	4,784			770	5,554
Office Equipment	12,492	(2,542)		761	10,711
Urban Improvements	26,011			-	26,011
New Street Signs	2,115			-	2,115
Assets under construction	179,977		(179,977)	247,485	247,485
Construction	569,731		179,977	147,693	897,401
	943,791	(2,542)	-	404,182	1,345,431

Depreciation

	01-Jan-19	Written off	Depreciation for the year	31-Dec-19
Property	23,026		1,271	24,297
Furniture, fixtures & fittings	17,745		411	18,156
Motor Vehicle	-		980	980
Plant and machinery	580		143	723
Computers and electronic equipment	4,734		210	4,944
Office Equipment	9,949	(2,542)	260	7,667
Urban Improvements	24,467		240	24,707
New Street Signs	2,115		-	2,115
Construction	411,430		17,033	428,463
	494,046	(2,542)	20,548	512,052

Grants

	01-Jan-19	Grants for the year	31-Dec-19
Property	-	-	-
Furniture, fixtures & fittings	-	-	-
Motor Vehicle	-	-	-
Plant and machinery	-	-	-
Computers and electronic equipment	-	-	-
Office Equipment	2,242	-	2,242
Urban Improvements	-	-	-
New Street Signs	-	-	-
Construction	89,462	284,505	373,967
	91,704	284,505	376,209

Net book value	2019 €	2018 €
Property	104,743	106,014
Furniture, fixtures & fittings	2,861	949
Motor Vehicle	3,920	-
Plant and machinery	474	367
Computers and electronic equipment	610	50
Office Equipment	802	301
Urban Improvements	1,304	1,544
New Street Signs	-	-
Assets under construction	247,485	179,977
Construction	94,971	68,839
Total fixed assets	€ 457,170	€ 358,041

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

4. Inventories

	2020 €	2019 €
Ghasri Sub-post office: Inventories of stamps and cards	<u>€ 1,534</u>	<u>€ 2,805</u>

5. Receivables

	2020 €	2019 €
Prepayments and accrued income	1,466	1,375
Amounts receivable	5,356	3,299

<u>6,822</u>	<u>4,674</u>
--------------	--------------

Receivables

Within the credit period	4,049	3,914
Exceeded credit period but not yet impaired	2,773	760
	<u>6,822</u>	<u>4,674</u>

Amounts receivable are stated after making a provision of doubtful debts of €664.

6. Cash and Cash Equivalents

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

	2020 €	2019 €
Bank Balances		
Bank Current accounts	2,317	354
Savings Account	432,447	687,413
Central Bank of Malta	(15)	41,244
Current Account - Ghasri sub-post office	1,703	845
Cash in hand	877	152
Cash at bank and in hand	<u>€ 437,329</u>	<u>€ 730,008</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

7. Deferred income grants

	2020	2019
	€	€
Less than one year	234,888	273,643
Between 1 and 2 years	139,055	354,827
Between 2 and 5 years	-	-
Over 5 years	-	-
	<u>€ 373,943</u>	<u>€ 628,470</u>

	2020	2019
	€	€
Opening balance	628,470	451,898
Increase in grants - Deferred income - 2019 new wied sara long term	0	461,077
Refund of grants	(38,755)	-
Grant transfer to fixed assets	(215,772)	(284,505)
Closing balance	<u>373,943</u>	<u>628,470</u>
Less Current portion	(234,888)	(273,643)
Non Current portions	<u>139,055</u>	<u>354,827</u>
Triq Wied Sara Grant		

8. Payables

	2020	2019
	€	€
Accruals	4,011	283,430
Accounts payable	32,134	13,421
Current Deferred income	<u>234,888</u>	<u>273,643</u>
	<u>€ 271,033</u>	<u>€ 570,494</u>

9. Funds received from Central Government

	2020	2019
	€	€
In terms of section 55 of the Local Councils Act (CAP 363)	190,816	187,525
Other Government Income	<u>3,016</u>	<u>17,328</u>
	<u>€ 193,832</u>	<u>€ 204,853</u>

10. General Income

	2020	2019
	€	€
Income from tender documents	37	120
Income from Organic waste	10,169	-
Income from permits	1,503	1,836
Income from SPO Services	-	662
Contributions and donations	<u>1,884</u>	<u>1,860</u>
	<u>€ 13,593</u>	<u>€ 4,478</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

11. Income raised under Local Enforcement System

	2020	2019
	€	€
Administration income from contraventions	218	229
	<u>€ 218</u>	<u>€ 229</u>

12. Personal Emoluments

	2020	2019
	€	€
Personal Emoluments include, inter alia:		
Mayor's honoraria and allowances	12,804	11,354
Councillors' Allowance	10,600	5,900
Executive Secretary salary and allowances	31,782	30,966
Employees' salary	14,168	15,313
Social Security Contributions	3,431	3,334
	<u>€ 72,785</u>	<u>€ 66,867</u>

13. Operations and Maintenance

	2020	2019
	€	€
Operations and maintenance includes, inter alia:		
<i>Repairs and Upkeep:</i>		
Road and Street Pavements (patching works)	10,524	18,897
Sundry Repairs	154	26
Public Property	3,466	7,152
Signs and markings	687	729
Restoration works	-	-
	<u>€ 14,831</u>	<u>€ 26,804</u>

Contractual Services:

	2020	2019
	€	€
Refuse Collection	21,120	10,621
Bulky Refuse Collection	-	1,056
Road and Street Cleaning	283	1,121
Cleaning and Maintenance - Public Conveniences & Garden	2,948	2,790
Cleaning and Maintenance - Soft areas	3,942	4,523
Cleaning - Council premises	535	514
Street Lighting	1,005	6,505
Open Skips	-	235
Other	830	4,563
	<u>€ 30,663</u>	<u>€ 31,928</u>
Total Operations and Maintenance Expenses	<u>€ 45,494</u>	<u>€ 58,732</u>

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

14. Administration and other expenditure

	2020	2019
	€	€
Utilities	2,272	1,780
Materials and supplies	2,675	4,118
National and International Memberships	500	-
Office Services	367	2,358
Transport	2,174	3,003
Rent	66	427
Information services	153	529
Professional Services	10,980	9,998
Community services and events	3,460	14,655
Insurance Coverage	1,982	-
Depreciation	50,163	20,547
Bank Charges	199	252
	<u>€ 74,991</u>	<u>€ 57,667</u>

15. Investment Income

	2020	2019
	€	€
Bank Interest Receivable	265	167
	<u>€ 265</u>	<u>€ 167</u>

16. Capital Commitments

	2020	2019
	€	€
The Council's Capital commitments are as follows:		
Approved but not yet contracted for:		
Resurfacing/Special Programmes	954,408	760,600
	<u>€ 954,408</u>	<u>€ 760,600</u>
Contracted but not provided for:		
Improvements standards of living of farmers	-	-
Resurfacing of roads	72,580	72,580
Restoration of niche	-	-
	<u>€ 72,580</u>	<u>€ 72,580</u>

Note i

This capital commitment will be carried out in Wied Sara as per contract entered into during 2021.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

17. Related Parties Disclosures

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Regional Committees	No Control
Malta Environment and Planning	No Control

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

	2020	2019
Significant control:		
Revenue:	€	€
Annual Financial allocation	€ 190,816	€ 187,525

The ultimate controlling party of the Local Council is the Central Government since the Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

18. Risk management objectives and policies

The Council's activities expose it to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the council members and focuses on actively securing the council's short to medium term cash flow by minimising exposure to financial risks.

The most significant financial risks to which the council is exposed are described below.

18.1 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, as summarised below:

Class of financial assets - carrying amounts	2020	2019
Receivables	€	€
Cash and Cash Equivalents	6,822	4,674
	437,329	730,008
	€ 444,151	€ 734,682

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

18. Risk management objectives and policies (Continued)

18.1 Credit risk (Continued)

The council continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The council's policy is to deal with only creditworthy counterparties.

The council considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 5 for further information on financial assets that are past due.

None of the council's financial assets is secured by collateral or other credit enhancements

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The company exercises a prudent credit control policy and accordingly it is not subject to any significant exposure or concentration of credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

18.2 Liquidity risk

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funds to meet the council's obligations when they become due.

The council manage its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity is deemed to be sufficient in view of an excess of financial assets.

	2020	2019
	€	€
Payables	36,145	296,851
	<u>€ 36,145</u>	<u>€ 296,851</u>

18.3 Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (Note 6), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

Ghasri Local Council

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

18. Risk management objectives and policies (Continued)

18.4 Summary of the financial assets and liabilities by category

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

	2020	2019
	€	€
Current Assets		
Loans and receivables :		
Receivables	6,822	4,674
Cash and Cash Equivalents	437,329	730,008
	<u>444,151</u>	<u>734,682</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	271,033	570,494
	<u>271,033</u>	<u>570,494</u>

19. Capital risk management

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern so that it can continue to provide a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Council.

20. Fair Value estimation

At 31 December 2019 and 31 December 2020, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.



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GHASRI LOCAL COUNCIL

REPORT OF THE LOCAL GOVERNMENT AUDITOR TO THE AUDITOR GENERAL

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ghasri Local Council, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 4 - 20.

In our opinion, the financial statements give a true and fair view of the financial position of the Local Council as of 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Local Council in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Executive Secretary and the Local Council Members are responsible for the other information. The other information comprises the Statement of Local Council Members' and Executive Secretary's Responsibilities. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE LOCAL GOVERNMENT AUDITOR TO THE AUDITOR GENERAL - continued

Council Responsibilities for the Financial Statements

As described on page 3, the Executive Secretary and the Local Council Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Executive Secretary and the Local Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Secretary and the Local Council Members are responsible for assessing the Local Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to presume that the Local Council will continue as a going concern.

The Executive Secretary and the Local Council Members are responsible for overseeing the Local Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Local Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Secretary and the Local Council Members.

REPORT OF THE LOCAL GOVERNMENT AUDITOR TO THE AUDITOR GENERAL - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- Conclude on the appropriateness of the Executive Secretary's and the Local Council Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Local Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Local Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Secretary and the Local Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in accordance with the Local Councils Act (Cap. 363), the Financial Regulations issued in terms of the said Act and the Local Councils (Financial) Procedures.

A handwritten signature in black ink, appearing to be 'Conrad Borg', written over a faint, illegible stamp or background.

*This copy of the audit report has been signed by
Conrad Borg (Principal)
for and on behalf of*

RSM Malta
Certified Public Accountants

Date: 17th May 2021