



ST. VENERA LOCAL COUNCIL

Audited Financial Statements

For the year ending 31 December 2020

Prepared by:

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ST. VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2020

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

The Local Councils (Financial) Regulations, 1993, require the Executive Secretary to prepare a detailed Annual Administrative Report, which includes a statement of the Local Council's income and expenditure for the year and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, 1993, and the Local Council (Financial) Procedures, 1996 issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, CAP 363, the Local Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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Stephen Sultana

Mayor



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Michael Mifsud  
Deputy Executive  
Secretary

7<sup>th</sup> September 2021

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**Statement of Comprehensive Income**

	Notes	2020	2019
		€	€
<b>INCOME</b>			
Funds received from Central Government	3	620,995	528,791
Income from Local Enforcement System	4	5,655	6,949
Income raised under Local Council Bye Laws		1,200	1,800
General Income	5	28,971	22,911
		<u>656,821</u>	<u>560,451</u>
<b>EXPENDITURE</b>			
Personal emoluments	6	97,731	92,399
Operations and maintenance	7	258,929	243,732
Administration and other expenditure	8	240,281	220,858
		<u>596,941</u>	<u>556,989</u>
<b>OPERATING SURPLUS FOR THE YEAR</b>		<b>59,880</b>	<b>3,462</b>
Finance Income	9	63	162
Finance Costs	10	(187)	(728)
<b>SURPLUS FOR THE YEAR</b>		<b>59,756</b>	<b>2,896</b>

The notes on page 8 to 30 form an integral part of these financial statements.

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**Statement of Financial Position**

	Notes	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	11	708,890	712,227
Right-of-use -property	17	-	8,782
		<u>708,890</u>	<u>721,009</u>
<b>Current Assets</b>			
Receivables	12	114,769	32,757
Cash and cash equivalents	13	773,600	651,743
		<u>888,369</u>	<u>648,500</u>
<b>TOTAL ASSETS</b>		<u><u>1,597,259</u></u>	<u><u>1,405,509</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Retained Funds		<u>1,037,865</u>	<u>978,109</u>
<b>Current Liabilities</b>			
Trade & Other Payables	14	<u>559,394</u>	<u>427,400</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><u>1,597,259</u></u>	<u><u>1,405,509</u></u>

These financial statements were approved by the Local Council on 7<sup>th</sup> September 2021 and signed on its behalf by:



Stephen Sultana  
Mayor



Michael Mifsud  
Deputy Executive Secretary

The notes on page 8 to 30 form an integral part of these financial statements.

## Notes to the Financial Statements

### 1. General Information

St. Venera Local Council is the local authority of St. Venera set up in accordance with the Local Councils Act 1993. The office of the Local Council is situated at Umberto Calosso complex, St. Joseph High Street, St. Venera.

The financial statements were authorized for issue by the Council on the 7<sup>th</sup> September 2021. The Local Council's presentation as well as functional currency are denominated in Euro. Its ultimate controlling party is the Department for Local Government within the Ministry for Justice, Culture and Local Government.

### 2.1 Accounting Policies and Reporting Procedures

These financial statements have been drawn up in accordance with the accounting policies and the reporting procedures prescribed for Local Council is the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363). The financial statements are prepared under the historical cost convention as modified to include fair values stated in the accounting policies below. These financial statements are prepared in accordance to the requirements of International Financial Reporting Standards and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial period.

#### Standards, amendments and interpretations that are effective from 1 January 2020:

Certain new standards, amendments and interpretations to existing standards have been published and effective for the current period, however these changes are not expected to have a material effect on the Local Council's financial statements. These include:

- IFRS 4 "Insurance Contracts" applies, with limited exceptions, to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. In light of the IASB's comprehensive project on insurance contracts, the standard provides a temporary exemption from the requirements of some other IFRSs, including the requirement to consider IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" when selecting accounting policies for insurance contracts.
- IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.

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- The final version of IFRS 9 "Financial Instruments" issued in July 2014 is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.
- IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.
- IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

### **Standards, amendments and interpretations that are not yet effective:**

The following standards and amendments to existing standards have been published and are mandatory (as applicable) for the Local Council's accounting periods beginning on or after 1 January 2021 or later periods and the Local Council has not yet early adopted them:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards - effective on or after 1 January 2022
- IAS 17 - Property, Plant and Equipment - effective on or after 1 January 2022
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - effective on or after 1 January 2022
- IFRS 17 - Insurance Contracts - effective on or after 1 January 2023
- IAS 1 "Presentation of Financial Statements" - effective on or after 1 January 2023

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Local Council.

### ***Leases***

#### *The Local Council as lessee*

The Local Council assesses whether a contract is or contains a lease, at inception of the contract. The Local Council recognises a right-of-use asset and a corresponding lease liability with respect to all lease

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arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Local Council uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Local Council remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the statement of financial position. The Local Council applies IAS 36 to determine whether a right-of-use asset is impaired.



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The Council presents right-of-use assets in “property, plant and equipment” and lease liabilities in borrowings in the statement of financial position.

The Council has elected not to recognise right-of-use assets and lease liabilities for short term lease that have a lease term of 12 months or less and lease of low-value items. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 2.3 Summary of Significant Accounting Policies

The Principal accounting policies and reporting procedures used by the Local Councils are as follows:

#### *Revenue Recognition*

Revenue is recognized when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognized in the income statement as it accrues.

#### *Local Enforcement System*

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

#### *Financial assets and liabilities*

In accordance with IFRS 9, all financial assets and liabilities must be recognised in the statement of financial position and measured in accordance with their assigned category.

#### *Financial assets*

The Council classifies financial assets to IFRS 9 category loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

**2.3 Summary of Significant Accounting Policies - (continued)**

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest rate (EIR) method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the EIR method. This category generally applies to trade and other receivables.

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired or has been transferred and the Council has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

*Financial liabilities*

Financial liabilities are initially recognised at fair value net of transaction costs incurred, and subsequently carried at amortised cost using the EIR method. The Council's financial liabilities comprise mainly deposits of non-bank customers, deposits and balances of banks and other financial institutions, and amounts due to related companies.

*Recognition and derecognition*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of comprehensive income.

*Determination of fair value*

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

The fair value of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Local Council for similar financial liabilities.

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Notes to the Financial Statements - (continued)

2.3 Summary of Significant Accounting Policies (continued)

*Offsetting financial instruments*

Financial assets and liabilities are offsetted and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

*Property, Plant and Equipment*

Property, plant and equipment are stated at cost less accumulated depreciation, impairment and grants received for specific projects (which grants were treated through the balance sheet approach). Depreciation is calculated on a monthly basis using the straight-line method of depreciation at rates estimated to write down the cost of all assets over their expected useful life, other than land and trees, as follows:

**Property, Plant and Equipment (continued)**

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Utile dominium of property	16.67
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	On a Replacement Basis
Playground Furniture	100
Traffic Signs	On a Replacement Basis
Road Signs	On a Replacement Basis
Street Mirrors	100
Streetlights	100

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating surplus. The residual values and useful

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Notes to the Financial Statements - (continued)

**2.3 Summary of Significant Accounting Policies (continued)**

lives of the assets are reviewed and adjusted as appropriate, at each year end. 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 Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

**Impairment of property, plant and equipment**

At the end of each reporting year, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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Notes to the Financial Statements - (continued)

**2.3 Summary of Significant Accounting Policies (Continued)**

**Impairment of financial assets**

The Council considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Council used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Council considered that there were no realistic prospects of the recovery of the asset, the relevant amount was written off. In the amount of impairment loss subsequently decreased and the decrease related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit and loss.

*Receivables*

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

Foreign Currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial Statements are presented in €, which is the Council's functional and present currency.

Transactions denominated in foreign currencies are translated in € at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated in € at the rates of exchange prevailing at the date of the Statement of Affairs.

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Financial Statements for the year ended 31 December 2020

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

**2.3 Summary of Significant Accounting Policies (Continued)**

Profit and Losses

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

Cash and Equivalents

Cash and Cash Equivalents are carried in the Statement of Affairs at face value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash in hand and balances held banks.

Related Parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in IAS 24 - 'Related Party Disclosure.'

Interest Income

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants relating to operating expenditure are recognised in the Statement of Comprehensive income in the same period that the related expenditure is incurred.

Government grants relating to the purchase of property, plant and equipment are accounted for using the capital approach; and are thus deducted from the carrying amount of the relative non-current asset.

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

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

**2.3 Summary of Significant Accounting Policies (Continued)**

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a Central Government loan at a below-market rate of interest is treated as a government grant, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

**Financial instruments**

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

Financial assets are de-recognised 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.

Financial liabilities are de-recognised when they are extinguished, discharged, cancelled or expired. Financial assets and financial liabilities are measured initially at fair value plus transaction costs. Financial assets and financial liabilities are measured subsequently as described below:

**Financial assets**

For the purpose of subsequent measurement, financial assets are classified into loans and receivables upon initial recognition. The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss. Loans and receivables are subject to review for impairment at least at each reporting date.

**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 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 entity's trade receivables and cash and cash equivalents 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 counter party default rates for each identified group. Impairment of 'trade receivables' is presented within 'other expenses'.

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## Notes to the Financial Statements (continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

#### Financial liabilities

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

#### Local Enforcement System

St. Venera Local Council forms part of the Birkirkara Joint Committee. The amount disclosed in the financial statements under Local Enforcement Income represents the share of profit derived from the Joint Committee after deducting the related expenses and 10% commission income from LES administration fees.

#### Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and based on historic experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgments made in the preparation of the financial statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS 1 (revised) - 'Presentation of Financial Statements'.

	2020	2019
	€	€
<b>3. Funds Received from central government</b>		
Central Government income	520,250	492,055
Supplementary Government income	-	36,736
Other Government income	100,745	-
In terms of article 55 of the Local Councils Act (Cap 363)	<u>620,995</u>	<u>528,791</u>
	2020	2019
	€	€
<b>4. Local Enforcement Income</b>		
Income including fines and penalties	(200)	1,046
LES administration fees	5,855	5,903
	<u>5,655</u>	<u>6,949</u>
<b>5. General Income</b>		
Income from permits	27,261	21,329
Income from Kiosks	23	961
Other income	1,687	621
	<u>28,971</u>	<u>22,911</u>



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Notes to the Financial Statements (continued)

	2020	2019
	€	€
<b>6. Personal Emoluments</b>		
Mayor's and Councilors' Allowance	17,800	13,300
Mayor's Honoraria	15,027	13,770
Executive Secretary salary and allowances	19,982	20,865
Employee's salaries	41,517	41,078
Social Security contributions	3,405	3,386
	<u>97,731</u>	<u>92,399</u>
	2020	2019
Average number of councillors during the year	7	7
Average number of administrative staff during the year	2.64	2.64
	2020	2019
	€	€
<b>7. Operations and maintenance</b>		
Road signs, pavements & markings	18,087	12,374
Other repairs and upkeep	9,310	7,499
	<u>27,397</u>	<u>19,823</u>
<b>Contractual Services:</b>		
Refuse collection	76,900	80,329
Bulky refuse collection	14,595	6,176
Waste Disposal	64,811	57,021
Road and Street Cleaning	37,138	38,187
Cleaning and maintenance of Public Conveniences	3,689	5,595
Other cleaning and maintenance services	13,834	14,952
Materials & Support	6,421	1,153
Street Lighting maintenance	10,365	9,852
Local warden services	3,779	10,644
Total Contractual Expenses	<u>231,532</u>	<u>223,909</u>
Total Operations & Maintenance	<u>258,929</u>	<u>243,732</u>

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Notes to the Financial Statements (continued)

	Notes	2020 €	2019 €
<b>8. Administration and other expenditure</b>			
Utilities		8,702	7,654
Other repairs and upkeep		-	962
Rent		1,923	750
National & international memberships		86	259
Office services		4,129	2,948
Advertising		240	91
Transport		6,763	8,488
Information Services		190	3,419
Insurance		2,169	2,103
Professional services		39,942	16,634
Community & hospitality		39,449	45,138
Bank charges		198	57
Depreciation	11	129,143	123,532
Depreciation on right-of-use assets	17	8,783	8,783
Sundry minor expenses		-	90
Provision for Bad Debts		(1,023)	(50)
Write off of right of use liability		(413)	-
		<u>240,281</u>	<u>220,858</u>
		2020 €	2019 €
<b>9. Interest Income</b>			
Bank Interests		63	162
		2020 €	2019 €
<b>10. Finance Costs</b>			
Interest on right-of-use assets	17	187	728

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Notes to the Financial Statements (continued)

11a. Property, Plant and Equipment

Asset	Office Furniture & Fittings	Office Equipment	Motor Vehicle	Computer Equipment	New Street Signs	Urban Improvements	Construction	Special Programmes	Trees	Plant & Machinery	Assets not Capitalised	Total
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>												
As at 1 January 2020	31,932	27,437	5,000	27,433	37,216	307,226	1,261,972	666,592	25,870	5,976	35,472	2,432,126
Additions	-	3,032	-	518	-	11,478	95,311	-	-	275	66,850	177,464
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2020	31,932	30,469	5,000	27,951	37,216	318,703	1,357,282	666,592	25,870	6,251	151,068	2,609,590
<b>Grants</b>												
As at 1 January 2020	-	-2,078	-	-	-	-8,604	-338,795	-359,701	-21,396	-	-	-730,574
Allocation for the year	-	-	-	-	-	-2,911	-	-	-	-	-48,743	-51,654
As at 31 December 2020	-	-2,078	-	-	-	-11,515	-338,795	-359,701	-21,396	-	-	-782,228
<b>Depreciation</b>												
As at 1 January 2020	-27,592	-19,961	-1,250	-25,192	-37,216	-187,522	-377,821	-306,891	-	-5,880	-	-989,325
Charge for the year	-2,370	-1,384	-1,000	-869	-	-30,504	-92,944	-	-	-76	-	-129,147
Release on disposal	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2020	-29,962	-21,345	-2,250	-26,061	-37,216	-218,026	-470,765	-306,891	-	-5,956	-	-1,118,468
<b>Net Book Value</b>												
As at 31 December 2020	1,970	7,046	2,750	1,890	-	89,163	547,723	-	4,474	295	53,579	708,895

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements (continued)

11b. Property, Plant and Equipment

Asset	Office Furniture & Fittings	Office Equipment	Motor Vehicle	Computer Equipment	New Street Signs	Urban Improvements	Construction	Special Programmes	Trees	Plant & Machinery	Assets not Capitalised	Total
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>												
At 1 January 2019	31,932	21,770	5,000	26,316	37,216	284,301	1,137,489	666,592	25,870	5,976	19,769	2,262,231
Additions	-	5,667	-	1,117	-	22,925	5,664	-	-	-	134,522	169,895
Transfers	-	-	-	-	-	-	118,819	-	-	-	(118,819)	-
At 31 December 2019	31,932	27,437	5,000	27,433	37,216	307,226	1,261,972	666,592	25,870	5,976	35,472	2,432,126
<b>Grant</b>												
At 1 January 2019	-	- 2,078	-	-	-	- 8,604	- 338,795	- 359,701	- 21,396	-	-	- 730,574
Allocation for the year	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2019	-	- 2,078	-	-	-	- 8,604	- 338,795	- 359,701	- 21,396	-	-	- 730,574
<b>Depreciation</b>												
At 1 January 2019	-25,223	-19,586	-250	-24,542	-37,216	-158,991	-297,554	-296,782	-	-5,651	-	-865,795
Charge for the year	-2,369	-375	-1,000	-650	-	-28,531	-80,267	-10,109	-	-229	-	-123,530
Release on disposal	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2019	-27,592	-19,961	-1,250	-25,192	-37,216	-187,522	-377,821	-306,891	-	-5,880	-	-989,325
<b>Carrying Amount</b>												
At 31 December 2019	4,340	5,398	3,750	2,241	-	111,100	545,356	-	4,474	96	35,472	712,227

SANTA VENERA LOCAL COUNCIL  
Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements (continued)

	2020 €	2019 €
<b>12. Receivables</b>		
Due within one year		
Other receivables	1,371	666
Trade receivables	71,238	29,227
Prepayments	2,099	2,264
Accrued income	40,061	600
	<u>114,769</u>	<u>32,757</u>

(i) Details of trade receivables are as follows:

Due within the credit period	8,225	10,586
Exceeding credit period but not provided for	63,013	18,641
	<u>71,238</u>	<u>29,227</u>

(i) LES debtors amount to €199,450 (2019: €200,180). As these are all older than 2 years, the full amount has been provided for. Trade receivables are net of a provision for doubtful debts amounting to €511 (2019: €804).

**13. Cash and Equivalents**

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

	2020 €	2019 €
Cash at bank	773,694	826,389
Cash in Hand	(9)	40
Overdrawn balances	(85)	(174,686)
	<u>773,600</u>	<u>651,743</u>

**14. Payables**

	2020 €	2019 €
<b>14. Payables</b>		
Trade Payables	124,852	67,391
Capital creditors (note 13A)	121,572	19,769
Other payables	8,610	94
Accruals	18,907	28,063
Other deferred income (note 14)	285,453	307,107
Lease liabilities (note 16)	-	4,976
	<u>559,394</u>	<u>427,400</u>

# Report of the Local Government Auditor

To the Auditor General

## Report on the audit of the financial statements

### Qualified opinion

We have audited the financial statements of Santa Venera Local Council set out on pages 4 to 30 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2020, and of its financial performance and its cash flows for the year the ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act, the Local Councils (Financial) Procedures 1996 (the “Legislation”).

### Basis for qualified opinion

Included in note 14 to the financial statements is an amount of €163,180 representing deferred income received by the council in previous years. We were not provided with satisfactory workings and supporting documentation for this amount.

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

## Responsibilities of those charged with governance for the financial statements

As described on page 3 the Executive Secretary and the members of the Local Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Legislation, and for such internal control as they 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 members of the Local Council are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is the intention to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

The Executive Secretary and the members of the Local Council are responsible for overseeing the 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 auditor's 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 the ISAs, we exercise professional judgement and maintain professional scepticism 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 auditor's 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 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 those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Partner) for and on behalf of

**GRANT THORNTON**  
Certified Public Accountants

Fort Business Centre  
Triq l-Intornjatur, Zone 1  
Central Business District  
Birkirkara CBD 1050  
Malta

7 September 2021



# Report of the Local Government Auditor

To the Auditor General

## Report on the audit of the financial statements

### Qualified opinion

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In preparing the financial statements, the Executive Secretary and the members of the Local Council are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is the intention to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

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The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

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7 September 2021