

16th July 2020

The Auditor General
National Audit Office
Notre Dame Ravelin,
Floriana CMR02

Dear Sir/Madam,

The Council discussed the Management Letter for the financial year ended 31st December 2019, during a meeting held on the 8th June 2020.

Hereunder please find the Council's reply for your kind consideration.

Preliminary Note

The Council, Executive Secretary and staff of the Siggiewi Local Council would like to thank the Auditors for the smooth running of the statutory audit and for the contents of the management letter.

Reply to Auditors' Management letter for the financial year ending 31st December 2019.

1. Previous year's Management letter

The Council notes the general outcome of the Auditor's observations noting the Council's improvements.

2. Management letter points for the year

2.1 Pre-regional LES Debtors

The Council will follow the Auditor's recommendation to seek a detailed and timely Logus report to be able to reconcile its balances.

2.2 Trade Receivables

Water Service Corporation – the Council agrees with the observation that it deems the amounts receivable from this government entity as irrecoverable.

WasteServ Malta Ltd. – the Council will chase the debtor for more updated statements to be able to reconcile its books.

2.3 Trade Payables

The Council recognises the need for regular creditors balances. However this is generally difficult to conduct as rarely any creditor forwards updated statements other than when requested by the auditors as part of their testing.

The Council will seek to remedy to this matter by requesting at least periodic statements.

2.4 Property, plant and equipment

The Council notes the recommendation made by the auditors and will seek to avoid repetition of such situations. This includes the proper classification of assets.

2.5 Accrued Income

As per 2.2, the Council will chase WasteServ Malta Limited for updated statements to facilitate the accurate recording of amount due to the Council.

2.6 Wage Reconciliation

The Council notes the non material variance of €233 in the wages reconciliation and will seek to avoid having such variances whether material or non.

2.7 Other payables

The Council recognises the overstatement of the cost of the project and which was only identified following a rigorous reconciliation post financial year. The council will seek to avoid such occurrences, caused mostly by the delayed resolution of pending litigation with one of the project supplier.

2.8 Variances between budgets and actuals

The Council recognises the importance of the budget and its use as a dynamic tool for the Council to monitor its operations. The Council reiterates that the budget presented at the beginning of the year is subject to change through the year following necessary adjustment to projects and exponential costs. The Council aims at having a periodic review of its budget throughout the financial year.


2.9 Adoption of IFRS 9

The Council notes the observation of the auditors in that the financial losses relate mostly to government-related entities. Nevertheless the Council needs to note that although the risk is deemed to be low, the operations of the Council are mainly dependant on income arising from government-related entities as the councils have had their hands tied when it comes to implement revenue generating bye-laws.

2.10/2.11/2.12 – covered in the points above.

The Council would like to thank the Auditors for the efficient conduct of the audit.

Yours truly,



Dr. Kurstein Sant
Mayor



Ritiene Giorgino
Executive Secretary

Our Ref: NAO 107/2015/9
Your Ref:

16 June 2020

The Mayor and Executive Secretary
Siggiewi Local Council
Siggiewi

Dear Sir/Madam,

**AUDIT REPORT and FINANCIAL STATEMENTS
YEAR ENDING 31 DECEMBER 2019**

In terms of Section P2.06 (c.02) of the Local Councils (Audit) Procedures 2006, I am forwarding a copy of the Audit Report and Financial Statements, together with the Management Letter for the financial year ending 31 December 2019.

After seeking the Council's approval, you are kindly requested to submit your response to the Director (Local Government), the Local Government Auditor, and to this Office as stipulated in Section P2.06 (d) of the same Procedures, by not later than six weeks following receipt of this letter.

Yours faithfully,



Tanya Mercieca
Asst. Auditor General

Encls.

RECEIVED

19 JUN 2020

The Mayor
Siggiewi Local Council
18, Pjazza San Nikola
Siggiewi SGW 1073
Malta

8th June 2020

Dear Sir,

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

During our audit for the year ended 31 December 2019, we have reviewed the accounting systems and procedures operated by the Council. We set out in this report the more important points that arose as a result of our review.

1 Previous year's management letter

1.1 Pre-regional LES debtors

As in previous year, we noticed a difference between the LES debtors' balance as per Loqus report and that as per accounts prepared by the Council (see note 2.1).

1.2 Trade receivables

The overdue balance receivable from Water Services Corporation increased to €27,852 during the year, but it was agreed with the Executive Secretary that an amount of €27,705 forming part of the total balance should be written off (refer to note 2.2).

While the balance receivable from Water Services Corporation agreed with the accounts, the balance receivable from WasteServ Malta Ltd as per statement did not agree to that as per accounts and hence, an extrapolated error on trade receivables was again noted (refer to note 2.2).

Moreover, a credit balance was again noted in the debtors' list. The amount was reclassified accordingly (refer to note 2.2).

1.3 Trade payables

Suppliers' statements or recent reconciliations of the selected suppliers were again not provided (refer to note 2.3).

We were pleased to note that all suppliers' balances selected for testing were reconciled and no differences were noted.

Also contrary to previous year, there was no difference between the trade payables' list balance and the creditors control balance.

In addition, we have again noted a debit balance in the creditors' list which was reclassified accordingly throughout the audit (refer to note 2.3).

1.4 Other payables

We were pleased to note that other payables were correctly classified with short and long-term.

1.5 Accrued income

Although the shortages of tipping fees in relation to WasteServ Malta Limited were accounted for during the year, it was noted that the shortages as at 31 December 2018 were not reversed by the Council and also, an overstatement in shortages as at 31 December 2019 was noted (refer to note 2.5).

1.6 Accruals

We were pleased to note that accruals as at 31 December 2019 were correctly accounted for.

1.7 Financial Situation Indicator (FSI)

The Council's FSI for the year exceeded the minimum positive 10% benchmark.

1.8 Variances between budgets and actuals

As in previous year, we noted some material variances between budgeted expenses and actual costs incurred (refer to note 2.8).

1.9 Adoption of IFRS 9

As in previous year, the Council did not calculate and account for the expected credit loss as stipulated by IFRS 9. However, the effect on the accounts is not material (refer to point 2.9).

2 Management letter points for the year

2.1 Pre-regional LES debtors

When testing LES debtors as at year-end, we noted that the debtors' balance and the respective provision on such balance as per accounts were not showing the actual balance receivable as per LES report. The report generated by Loqus (Datatrak) as at 31 December 2019 indicated that the balance due to the Council from pre-regional LES amounted to €53,712. However, the Council has incorrectly recorded an amount of €54,737. Since the difference is not material, an audit adjustment of €1,025 was not proposed. Refer to list of unadjusted errors in note 2.10.

We recommend that the Council obtains the Loqus report and passes the necessary adjustments before the accounts are approved for the audit.

2.2 Trade receivables

As at year-end, the overdue balance receivable from Water Services Corporation (WSC) amounted to €27,852. No payment was received during 2019 relating to old balances. Discussed with the Executive Secretary and the old balance amounting to €27,705 was deemed as irrecoverable and hence the amount was written off through audit adjustment (refer to 2.11).

Also, the balance receivable from WasteServ Malta Ltd was overstated by €1,456, when compared to the debtor's statement. Given that the extrapolated error on trade receivables amounting to €1,542 was not material, no adjustment was proposed (refer to note 2.10).

Moreover, a credit balance of €237 payable to Regjun Nofsinhar was noted in the debtors' list. The amount was reclassified accordingly (refer to note 2.12).

2.3 Trade payables

During our testing on trade payables, we were not provided with a statement or recent reconciliation for six of the suppliers selected. Alternative testing was carried out.

While we acknowledge that a number of creditors do not prepare statements and duly make them available, we strongly suggest that a periodical exercise that confirms creditor balances is still performed.

Creditor reconciliations are an essential element of a good internal control system. They can assist in enhancing the internal control system of the Local Council while also ensuring that the supplier balances reflected in the accounts are accurate.

In addition, we have noted a debit balance in the creditors' list amounting to €3,422 in relation to advance payments to Bonnici Bros Limited, NVC Trading Ltd, Perspettiva and Melita Limited. The amount was reclassified accordingly (refer to note 2.12). It should be noted that there should not be debit balances in the creditors' list as no payment can be approved and affected before having the appropriate invoice in hand.

We recommend that the Council complies with applicable Legislation and performs payments only when the proper documentation is in hand and also that the correct balances are reflected in the accounts.

2.4 Property, plant and equipment

Equipment amounting to €24,349 acquired during the year for Lapsi park was incorrectly classified as 'Urban Improvements' by the Council instead of 'Assets under construction'. This amount was adjusted accordingly and the depreciation charge of €426 was reversed since no depreciation is charged on assets which are still being developed (refer to note 2.11).

We recommend that all assets are classified under the correct category of property, plant and equipment.

2.5 Accrued income

While testing the accrued income as at year-end, it was noted that there was a balance receivable as at 31 December 2018 amounting to €39,645 with respect to shortages of tipping fees in relation to WasteServ Malta Limited, which was not reversed. An audit adjustment was proposed, and this was approved and passed by the Local Council (refer to point 2.11).

In addition, the Local Council accounted for an amount of €14,679 with respect to shortages of tipping fees as at 31 December 2019. As per schedule provided by NAO, this should amount to €14,153. The difference of €526 is not material and an audit adjustment was not proposed. Refer to list of unadjusted errors in note 2.10.

We recommend to obtain the amount of accrued tipping fees from WasteServ Malta Limited and update the accrued income before the financial statements are approved.

2.6 Wages reconciliation

A difference of €233 arose between the salaries as per accounts and the amounts as per F55 forms, as shown in the wages reconciliation below:

	€
Gross Salaries as per F55s	111,007
1/2 the total social security as per F57/ F55s	7,000
Maternity fund contributions as per F57/ F55s	18
	<hr/>
Total wage for the year as per F57/ F55s	118,025
	<hr/>
Employees' salaries	62,421
Executive Secretary salaries	26,026
Mayor's allowance	12,199
Councillors' allowance	9,038
NI	7,253
	<hr/>
As per accounts	116,937
Add Opening accruals	4,257
Less Closing accruals	<u>(2,936)</u>
Total wages for the year as per accounts	118,258
	<hr/>
Difference	(233)

Since the difference is not material for audit purposes, no further testing was deemed necessary (refer to point 2.10).

2.7 Other payables

While performing our testing on the liability in relation to the Nalizpera Bandli project, we noted that the liability amounting to €42,655 had been created for a project which is no longer in place and for which payments to suppliers amounting to €23,632 had not been correctly accounted for. In addition, a journal entry in relation to this project amounting to €5,026 was reversed from the respective expense account since this was posted erroneously in previous years. This resulted in the actual cost of the project (included under Property, plant and equipment as Urban Improvements) being overstated by €71,313. Discussed with the Executive Secretary and a reconciliation was performed. An audit adjustment was proposed, approved and passed (refer to point 2.11).

We recommend that reconciliations are performed for each project ensuring that the correct liability is accounted for as at year-end.

2.8 Variances between budgets and actuals

While performing our analytical review on the expenses incurred during the year under review, we noted that the following expenses for the year exceeded the budgeted amounts:

Expenses	Amount exceeded
	€
Repairs and upkeep	58,765
Community services	21,418
Bulky refuse collection	21,696

We recommend that the Local Council revises the method used in calculating the budgets in order to be more accurate and reflect actual costs incurred. This will help the Local Council in being more efficient and also helps to plan future cash flows in a more effective manner.

2.9 Adoption of IFRS 9

The Council did not calculate and account for the expected credit loss as stipulated by IFRS 9. 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 and will not result into a material amount. Consequently, the audit report is not qualified in this respect.

2.10 List of unadjusted errors

During the audit, we noted the following misstatements of a non-material nature, both in aggregate and individually, with an aggregate net effect on income of €3,676. Refer to the details below:

Dr Contraventions	€1,025
Cr LES debtors	€1,025
<i>Being overstatement of LES debtors as per LES report – note 2.1</i>	
Dr Provision for LES debtors (B/S)	€1,025
Cr Decrease in provision of LES debtors (P/L)	€1,025
<i>Being decrease in LES debtors' provision – note 2.1</i>	
Dr P/L	€1,542
Cr Debtors control account	€1,542
<i>Being extrapolated error in debtors' testing – note 2.2</i>	
Dr Supplementary Government income	€526
Cr Accrued income	€526
<i>Being over-accrual of shortages of tipping fees – note 2.5</i>	
Dr BS	€233
Cr Wages	€233
<i>Being discrepancy in wages reconciliation – Refer to 2.6</i>	

2.11 Audit adjustments

Below is the audit adjustment proposed and passed during the audit:

Dr Supplementary Government income	€39,645
Cr Accrued income	€39,645
<i>Being shortages of tipping fees in relation to WasteServ Malta Limited as at 31 December 2018 not reversed – note 2.5</i>	
Dr Bad debts written off	€27,705
Cr Debtors control account	€27,705
<i>Being write-off of amount due from Water Services Corporation in relation to re-instatement of trenching works – note 2.2</i>	

Dr Assets under construction	€24,349
Cr Urban Improvements	€24,349
Dr Acc. Dep - Urban Improvements	€426
Cr Dep. Exp. - Urban Improvements	€426
<i>Being incorrect classification of playground equipment – note 2.4</i>	

Dr Creditors control account (Ganaja – Nicholas Farrugia)	€23,632
Dr Other payables	€42,655
Dr Engineering services	€5,026
Cr Urban Improvements	€71,313
<i>Being reconciliation of project Nalizpera bandli – note 2.7</i>	

2.12 Reclassifications

Below is a list of the reclassifications proposed and passed during the audit:

Dr Debtors control account	€237
Cr Credit balances in debtors' list	€237
<i>Being credit balance to Regjun Nofsinhar in trade receivables' list – note 2.2</i>	

Dr Advance payments from suppliers	€3,422
Cr Creditors control account	€3,422
<i>Being debit balance in trade payables' list – note 2.3</i>	

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of the Local Council. In consequence, our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcations or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would also like to take this opportunity to thank the Mayor, Executive Secretary and Local Council staff for their help during the course of our audit.



Mr Manuel Castagna CPA
For and on behalf of Nexia BT

Siggiewi Local Council

Report and Financial Statements

For the year ended 31 December 2019

Prepared by:

PKF Malta Limited



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Financial Statements for the year ended 31 December 2019

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

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of 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, 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 8 June 2020 and signed on its behalf by:



Dr Kurstein Nicholas Sant
Mayor



Ms. Ritiene Giorgino
Executive Secretary

**REPORT OF THE LOCAL GOVERNMENT AUDITORS ON THE SIGGIEWI LOCAL COUNCIL
TO THE AUDITOR GENERAL****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Siggiewi Local Council which comprise the Statement of Financial Position as at 31 December 2019, and the statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the statement of financial position of Siggiewi Local Council as at 31 December 2019, 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 EU.

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

Responsibilities of the Executive Secretary

The Executive Secretary is 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 EU, and for such internal control as the Executive Secretary 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 is responsible for assessing the entity'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 the entity is intended to be liquidated or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 ISAs, we exercise professional judgment 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.

REPORT OF THE LOCAL GOVERNMENT AUDITORS ON THE SIGGIEWI LOCAL COUNCIL TO THE AUDITOR GENERAL (continued)**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Secretary.
- Conclude on the appropriateness of the Executive Secretary'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 Entity'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 entity 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 regarding, among other matters, the planned scope and timing of the audit and significant audit figures, 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 comply fully with the Local Councils Act, the Financial Regulations issued in terms of this Act and the Local Council (Financial) Procedures.



Mr Manuel Castagna

For and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date: 8 June 2020

Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 Euro	2018 Euro
Income			
Funds received from central government	4	989,850	836,821
Income raised from Bye-Laws	5	29,509	24,214
Local Enforcement Income	6	3,988	7,908
Investment Income	7	211	-
General Income	8	19,017	13,703
		<u>1,042,575</u>	<u>882,646</u>
Expenditure			
Personal emoluments	9	(116,937)	(114,381)
Operations and maintenance	10	(469,913)	(349,989)
Administration and other expenditure	11	(361,204)	(260,832)
		<u>(948,054)</u>	<u>(725,202)</u>
Surplus for the year		<u>94,521</u>	<u>157,444</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>94,521</u>	<u>157,444</u>

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

Statement of Financial Position as at 31 December 2019

	Notes	2019 Euro	2018 Euro
Assets			
Non-current Assets			
Property, Plant and Equipment	12	<u>1,276,701</u>	<u>1,389,853</u>
Current Assets			
Receivables	13	<u>124,329</u>	<u>329,448</u>
Cash and Cash Equivalents	14	<u>746,289</u>	<u>490,544</u>
		<u>870,618</u>	<u>819,992</u>
Total assets		<u><u>2,147,319</u></u>	<u><u>2,209,845</u></u>
Reserves and Liabilities			
Reserves			
Retained Funds		<u>1,834,169</u>	<u>1,739,648</u>
Current Liabilities			
Bank balances overdrawn	14	<u>64,664</u>	<u>16,517</u>
Payables	15	<u>248,486</u>	<u>453,680</u>
		<u>313,150</u>	<u>470,197</u>
Total Liabilities		<u>313,150</u>	<u>470,197</u>
Total reserves and liabilities		<u><u>2,147,319</u></u>	<u><u>2,209,845</u></u>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements were approved by the Council on 8 June 2020 and were signed on its behalf by:


 Dr Kurstein Nicholas Sant
 Mayor


 Ms. Ritiene Giorgino
 Executive Secretary

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

	Retained Funds
	Euro
Balance at 1 January 2018	1,582,204
Surplus for the year	157,444
Other Comprehensive Income	-
Total Comprehensive income	<u>157,444</u>
Balance at 31 December 2018	<u>1,739,648</u>
Balance at 1 January 2019	1,739,648
Surplus for the year	94,521
Other Comprehensive Income	-
Total Comprehensive income	<u>94,521</u>
Balance at 31 December 2019	<u>1,834,169</u>

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

Statement of Cash Flows for the year ended 31 December 2019

	Notes	2019 Euro	2018 Euro
Cash flow from operating activities			
Surplus for the year		94,521	157,444
Adjustments for:			
Depreciation		108,092	102,297
Interest receivable		(211)	-
Deferred income		(900)	-
		<u>201,502</u>	<u>259,741</u>
Movement in payables		(201,038)	298,555
Movement in receivables		<u>205,119</u>	<u>(170,416)</u>
<i>Net cash from operating activities</i>		<u>205,583</u>	<u>387,880</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(75,239)	(68,703)
Interest received		<u>211</u>	<u>-</u>
<i>Net cash used in investing activities</i>		<u>(75,028)</u>	<u>(68,703)</u>
Cash flows from financing activities			
Movement in long-term payables		-	(3,291)
Deferred Income Received		<u>77,043</u>	<u>-</u>
Movement in cash and cash equivalents		<u>207,598</u>	<u>315,886</u>
Cash and cash equivalents at beginning of year		<u>474,027</u>	<u>158,141</u>
Cash and cash equivalents at end of year	14	<u>681,625</u>	<u>474,027</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 December 2019**1. General Information**

The Siggiewi Local Council is a local government set up by the Local Councils Act, 1993. The office of the Council is situated at Siggiewi Civic Centre - 18, Pjazza San Nikola, Siggiewi. The Local Council's presentation as well as the functional currency are denominated in € (euro). The financial statements were authorised for issue by the Council on 8 June 2020. Siggiewi Local Council prepares the financial statements on a yearly basis from 1st January to 31st December.

2. Reporting procedures

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

Accounting Convention

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

These financial statements are prepared under the historical cost Convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act (Cap 363), the Financial Regulations issued in terms of this act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the international financial reporting standards as adopted by the EU.

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

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

- IFRS 16 - Leases (effective for annual reporting periods beginning on or after 1 January 2019)
- IFRIC 23 - Uncertainty over Income Tax Treatments (effective for annual reporting periods beginning on or after 1 January 2019)
- IFRS 9 (Amendments) - Prepayment Features with Negative Compensation (effective for annual reporting periods beginning on or after 1 January 2019)
- IAS 28 (Amendments) - Long-term interests in associates and joint ventures (effective for annual reporting periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual reporting periods beginning on or after 1 January 2019)
- IAS 19 (Amendments) - Plan Amendment, Curtailment or Settlement (effective for annual reporting periods beginning on or after 1 January 2019)

Notes to the Financial Statements for the year ended 31 December 2019**2. Reporting Procedures (Continued)****Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the council.**

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

- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual reporting periods beginning on or after 1 January 2020)
- IAS 1 and IAS 8 (Amendments) - Definition of Material (effective for annual reporting periods beginning on or after 1 January 2020)
- IFRS 17 - Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2021)
- IFRS 3 (Amendments) - Definition of a Business (effective for annual reporting periods beginning on or after 1 January 2020)
- IFRS 9, IAS 39 and IFRS 7 (Amendments) - Interest Rate Benchmark Reform (effective for annual reporting periods beginning on or after 1 January 2020)
- The Institute is of the opinion that the adoption of these standards and interpretations did not have a material impact on the financial statements.

3. Accounting policies**Income recognition**

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organisation of courses, cultural, sporting and social activities is only recognised on a cash basis.

During 2019 the amount disclosed in the financial statements under Local Enforcement Income represented the share of profit derived from the administrative fee of 10% that is chargeable to the respective Regional Committees for contraventions paid at the Council.

Property, plant and equipment

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

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

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

Notes to the Financial Statements for the year ended 31 December 2019**3. Accounting policies (Continued)****Property, plant and equipment (Continued)**

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

	Rates in %
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Playground furniture	100

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

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

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.

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.

Receivables

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

Notes to the Financial Statements for the year ended 31 December 2019**3. Accounting policies (Continued)**

Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered as indicators that the amount to be received is impaired. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The amount of the provision is recognised in the Statement of Income and Expenditure.

Payables and borrowings

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

Borrowing costs

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

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

Government grants

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

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

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

Foreign currencies

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

Surplus and deficits

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

Notes to the Financial Statements for the year ended 31 December 2019**3. Accounting policies (Continued)****Cash and cash equivalents**

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

In the opinion of the council members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Capital management policies and procedures

The council's Capital consists of its net assets, including working capital, represented by its retained funds. The council's management objective are to ensure the councils ability to continue as a going concern is still valid and that the council maintains a positive working capital ratio. To achieve this, the council carries out a quarterly review of the working capital ratio (financial situation indicator). This ratio was positive at the reporting date. The council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

Financial Instruments

The council adopted IFRS 9 as from 1 January 2018. The standard introduced new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in Other Comprehensive Income (OCI). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

Notes to the Financial Statements for the year ended 31 December 2019**3. Accounting policies (Continued)****Financial Instruments (Continued)**

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment is measured using a 12-month ECL unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

During the year the Institute did not recognize any expected credit losses.

Financial assets

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

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

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

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of 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'.

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

	2019	2018
	Euro	Euro
4. Funds received from central government		
In terms of section 55 of the Local Councils Act (Cap 363)	832,175	789,689
Supplementary Government Income	<u>157,675</u>	<u>47,132</u>
	<u>989,850</u>	<u>836,821</u>
	2019	2018
	Euro	Euro
5. Income raised from Bye-Laws		
Income raised under Local Council Bye-Laws	<u>29,509</u>	<u>24,214</u>
	2019	2018
	Euro	Euro
6. Local Enforcement Income		
Income from Contraventions	-	561
Regional Committees	<u>3,988</u>	<u>7,347</u>
	<u>3,988</u>	<u>7,908</u>
	2019	2018
	Euro	Euro
7. Investment Income		
Bank interest	<u>211</u>	<u>-</u>
	2019	2018
	Euro	Euro
8. General Income		
Income from other activities	18,717	13,703
Sponsorships	<u>300</u>	<u>-</u>
	<u>19,017</u>	<u>13,703</u>

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

	2019	2018
	Euro	Euro
9. Personal Emoluments		
Mayor's allowance	12,199	9,593
Executive Secretary's salary	26,026	25,127
Employees' wages and salaries	62,421	65,924
Councillors' allowances	9,038	6,400
Social Security Contributions	7,253	7,337
	<u>116,937</u>	<u>114,381</u>

	2019	2018
	Euro	Euro
10. Operations and Maintenance		
Repairs and upkeep:		
Road and street pavements (Patching works)	124,761	56,345
Walkways	38,044	-
Street signs	9,824	7,799
Road Markings	2,136	-
	<u>174,765</u>	<u>64,144</u>
Contractual services:		
Refuse collection (including bins on wheels)	71,182	56,176
Bulky refuse collection (including open skips)	71,696	89,027
Road and Street Cleaning (mechanical and manual)	48,497	33,834
Cleaning and Maintenance of Non-Urban Roads	48,617	47,133
Cleaning and Maintenance of Public Conveniences	8,400	8,400
Cleaning and Maintenance of Parks and Gardens	28,679	31,745
Street Lighting	18,077	16,415
Local Enforcement Expenses	-	3,115
	<u>295,148</u>	<u>285,845</u>
	<u>469,913</u>	<u>349,989</u>

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

	2019	2018
	Euro	Euro
11. Administration and other expenditure		
Utilities	12,814	8,046
Other repairs and upkeep	50,339	33,013
Rent	5,320	3,247
National and International Memberships	956	(1,014)
Office Services	15,504	7,105
Transport	1,855	1,140
Information Services	13,915	12,456
Other contractual services	11,420	9,873
Professional services	36,119	34,704
Training	148	207
Social events	18,263	8,295
Cultural events	37,336	41,463
Donations	21,418	-
Bad debts written off	27,705	-
Depreciation	<u>108,092</u>	<u>102,297</u>
	<u>361,204</u>	<u>260,832</u>

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

12 Property, Plant and Equipment

	Council Premises		Office Furniture		New Street Signs		Office Equipment		Plant & Machinery		Urban Improvements		Special Prg. Re-surf		Asset Under Construction		Total	
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Cost																		
As at 1 January 2019	532,927	11,178	25,283	43,621	9,738	1,334,471	3,213,152	5,196	5,175,566									
Additions	-	3,978	-	2,263	-	39,561	29,437	-	75,239									
Write-offs	-	-	-	-	-	(71,313)	-	-	(71,313)									
As at 31 December 2019	532,927	15,156	25,283	45,884	9,738	1,302,719	3,242,589	5,196	5,179,492									
Grants and other reimbursements																		
As at 1 January 2019	-	-	-	-	-	(780,219)	(850,286)	-	(1,630,505)									
Additions	-	-	-	-	-	-	(8,986)	-	(8,986)									
As at 31 December 2019	-	-	-	-	-	(780,219)	(859,272)	-	(1,639,491)									
Depreciation																		
As at 1 January 2019	(25,800)	(2,698)	(25,283)	(26,400)	(9,738)	(309,744)	(1,755,545)	-	(2,155,208)									
Charge for the year	(5,122)	(777)	-	(4,522)	-	(27,882)	(69,789)	-	(108,092)									
As at 31 December 2019	(30,922)	(3,475)	(25,283)	(30,922)	(9,738)	(337,626)	(1,825,334)	-	(2,263,300)									
Net Book Value																		
As at 31 December 2019	502,005	11,681	-	14,962	-	256,187	557,983	5,196	1,276,701									

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

12 Property, Plant and Equipment (Continued)

	Council Premises		Office Furniture		New Street Signs		Office Equipment		Plant & Machinery		Urban Improvements		Special Prg. Re-surf		Asset Under Construction		Total	
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Cost																		
As at 1 January 2018	532,927	8,517	25,283	41,239	9,738	1,321,383	2,912,067	-	4,851,154									
Additions	-	2,661	-	2,382	-	13,088	301,085	5,196	324,412									
As at 31 December 2018	532,927	11,178	25,283	43,621	9,738	1,334,471	3,213,152	5,196	5,175,566									
Grants and Other Reimbursements																		
As at 1 January 2018	-	-	-	-	-	(780,219)	(594,577)	-	(1,374,796)									
Additions	-	-	-	-	-	-	(255,709)	-	(255,709)									
As at 31 December 2018	-	-	-	-	-	(780,219)	(850,286)	-	(1,630,505)									
Depreciation																		
As at 1 January 2018	(20,678)	(2,124)	(25,283)	(22,301)	(9,525)	(283,684)	(1,689,316)	-	(2,052,911)									
Charge for the year	(5,122)	(574)	-	(4,099)	(213)	(26,060)	(66,229)	-	(102,297)									
As at 31 December 2018	(25,800)	(2,698)	(25,283)	(26,400)	(9,738)	(309,744)	(1,755,545)	-	(2,155,208)									
Net Book Value																		
As at 31 December 2018	507,127	8,480	-	17,221	-	244,508	607,321	5,196	1,389,853									

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

	2019	2018
	Euro	Euro
13a. Receivables		
Trade receivables	75,286	30,093
Provision for doubtful debts	(458)	(458)
LES	54,737	54,737
LES Provision	(54,737)	(54,737)
Other Debtors	1,000	1,000
Accrued income	41,168	295,899
Financial Asset	116,996	326,534
Advance payments to suppliers	3,422	1,042
Prepayments	3,911	1,872
	<u>124,329</u>	<u>329,448</u>

13b. Receivables

Trade Receivables are analysed as follows:

	2019	2018
	Euro	Euro
Within Credit Period	37,630	724
Exceeded Credit Period	37,419	29,369
Provision for Doubtful Debts	(458)	(458)
	<u>74,591</u>	<u>29,635</u>

14. Cash and Cash Equivalents

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

	2019	2018
	Euro	Euro
Cash at bank	746,289	490,544
Bank balances overdrawn	(64,664)	(16,517)
Cash and cash equivalents at year-end	<u>681,625</u>	<u>474,027</u>

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

	2019 Euro	2018 Euro
15. Payables		
<i>Current Liabilities</i>		
Trade payables	152,137	377,021
Accruals	16,014	29,811
Other Payables	3,292	45,948
Deferred income	77,043	900
	<u>248,486</u>	<u>453,680</u>
<i>Deferred Income</i>	Euro	Euro
Balance at the beginning of the year	900	-
Additions during the year	77,043	900
Released of deferred income- grant	(900)	-
Balance at the end of the year	<u>77,043</u>	<u>900</u>
Short-Term Deferred Income	<u>77,043</u>	<u>900</u>
Long-Term Deferred Income	<u>-</u>	<u>-</u>

16. Capital Commitments

For the year ending 31 December 2019, the council approved the following Capital Commitments,

Authorised by the Local Council and contracted:

Description	Capital Commitments €	Grants Approved €
Majistral Action group- Measure4: Development of Green Infrastructure	65,016.97	50,000
Skema Finanzjarja- Lifelong Learning	2,353	800
Measure 4.4- Hitan tas-Sejjieh 2019 (SPI 11/19)	172,953	138,362
Fondi għall-attivitajiet u inizjattivi kulturali u soċjali (LESA)	15,029	-
Fond għaz-zamma u l-manutenzjoni ta' progetti infrastrutturali Magguri li gew imwettqa mill-Gvern	91,473	74,192
Construction of a niche	23,000	-

Notes to the Financial Statements for the year ended 31 December 2019**17. Contingent Liabilities**

No contingent liability exists as at year-end 31 December 2019. As at 31 December 2018, a contingent liability existed with regards to small claims from car owners amounting to €1,000.

18. Events after the Reporting Period

Subsequent to year end, the World Health Organisation declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. COVID-19 is having significant effects on global markets, supply chains, businesses, and communities. The Local Council Members' and Executive Secretary are monitoring the situation and taking action to safeguard the interests of the Local Council. To date the Local Council is operating as normal. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

19. Financial Risk Management

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

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

The Council adopts an overall risk management to maintain and control its exposures.

*Market risk**i) Cash flow and fair value interest rate risk*

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

ii) Credit Risk

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

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

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements. Assets recognised at the end of the reporting period and is summarised as follows:

Classes of Financial assets – Carrying Amounts	2019	2018
	Euro	Euro
Trade & Other Receivables (Note 13)	116,996	326,534
Cash and Cash Equivalents (Note 14)	681,625	474,027
	798,621	800,561

Notes to the Financial Statements for the year ended 31 December 2019**19. Financial Risk Management - Continued**

The Maximum Exposure to Credit Risk for Trade Receivables at the reporting Date, net of impairment losses, by type of customer is as follows:

Classes of Financial assets – Carrying Amounts	2019	2018
	Euro	Euro
Amount Invoiced Not yet Settled by Class:		
Government Owned Entities	<u>74,591</u>	<u>29,635</u>
	<u>74,591</u>	<u>29,635</u>

The council assesses the credit quality of its customers by taking into Account their Financial Standing and past experience. The council considers the credit quality of its financial Assets as being acceptable.

Included in the Council's trade receivables there are balances of €458 (2018: €458) which are past due and which have been provided for.

	2019	2018
	Euro	Euro
Current	37,630	381
30 Days	497	343
60 Days	-	444
90 Days	9,540	-
120+ Days	<u>27,619</u>	<u>28,925</u>
	<u>75,286</u>	<u>30,093</u>

iii) Liquidity risk

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

	2019			
	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
Trade Payables	152,137	-	-	-
Other Payables	-	3,292	-	-
Accruals	<u>16,014</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 December 2019**19. Financial Risk Management - Continued**

	2018			
	Less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
Trade Payables	377,021	-	-	-
Other Payables	-	45,948	-	-
Accruals	29,811	-	-	-

Fair Value Estimation

The Nominal Values less Estimated Credit Adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

Summary of Financial Assets and Liabilities

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

	2019 Euro	2018 Euro
Current Assets		
Receivables:		
Trade and Other Receivables	116,996	326,534
Cash and Cash Equivalents	<u>681,625</u>	<u>474,027</u>
	<u>798,621</u>	<u>800,561</u>
Current Liabilities		
Financial Liabilities measured at amortised Cost:		
Trade Payables	152,137	377,021
Other Payables	3,292	45,948
Accruals	<u>16,014</u>	<u>29,811</u>
	<u>171,443</u>	<u>452,780</u>

Notes to the Financial Statements for the year ended 31 December 2019**20. Related Party Transactions****Identity of Related Parties**

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

The Siggiewi Local Council has the following related parties exercising:

- I. Significant Control – as per Local Councils Act 1993, Department for Local Government is the major and ultimate controlling related party.
- II. Joint control – South Joint Committee for Local enforcement, South Regional Committee
- III. No Control– Malta Post, Courts of Justice, Waste Services Malta Ltd

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

	2019	2018
	Euro	Euro
Annual Financial Allocation	832,175	789,689
Key Management Emoluments		
<i>Executive Secretary</i>	26,026	25,127
<i>Mayor Honoraria</i>	12,199	9,593
<i>Councillors Allowance</i>	9,038	6,400