

QRENDI LOCAL COUNCIL

**Annual Report and Financial Statements
31 December 2018**

Prepared by: **Mr Christian Gravina**
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Statement of Local Council Members' and Executive Secretary's Responsibilities

The Local Council (Provincial Procedure 1993) requires the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's financial position at the end of the year and of the Local Council's comprehensive income for the 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 annual report fairly and accurately represent the financial position and the comprehensive income of the Council for the year ended 31 December 2018 and the

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Mr. David Michael Swartz



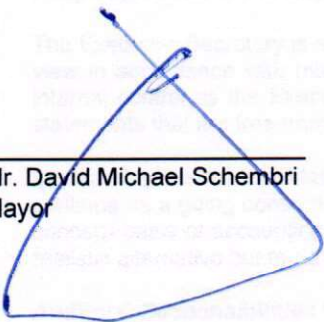
Mr. Christopher Fournier
Executive Secretary

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

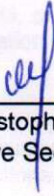
The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's financial position at the end of the year and of the Local Council's comprehensive income for the year. By virtue of the 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 financial position of the Local Council as at the year and its comprehensive income for the year, and that they comply with the Act, the Local Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996.

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 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.

This statement was approved by the Council on 24.01.2020 and signed on its behalf by:


Mr. David Michael Schembri
Mayor




Mr. Christopher Falzon
Executive Secretary

Independent Auditors' Report

To the Auditor General

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Qrendi Local Council, set out on pages 4 to 19, which comprise the Statement of Financial Position as at 31 December 2018, 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, except for the effects of the matters described in basis for qualified opinion paragraph below, the accompanying financial statements give a true and fair view of the statement of financial position of Qrendi Local Council as at 31 December 2018, 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 Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

The Statement of Changes in Equity includes a movement of 'Net effects of correction of error' amounting to €123,638, which we could not verify. No supporting documentation for such transaction was provided. In accordance with IAS 8, a correction of error should have been accounted for retrospectively, by restating comparative figures.

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 determines are 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an

audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Independent Auditors' Report

To the Auditor General

Report on the Audit of the Financial Statements (continued)

- 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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

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Malta

Date: 18th September 2020

Statement of financial position

		As at 31 December		
	Notes	2018 €	2017 Restated €	2017 €
ASSETS				
Non-current assets				
Property, plant and equipment	3	365,390	724,809	686,521
Total non-current assets		365,390	724,809	686,521
Current assets				
Trade and other receivables	4	13,451	8,979	8,979
Cash and cash equivalents	5	666,836	408,182	408,182
Total current assets		680,287	417,161	417,161
Total assets		1,045,677	1,141,970	1,103,682
RESERVED AND LIABILITIES				
Reserves				
Retained Funds		747,175	980,977	815,265
Total reserves		747,175	980,977	815,265
Non-current liabilities				
Amounts falling due after one year	6	232,942	75,000	189,618
Current liabilities				
Trade and other payables	7	65,560	85,993	98,799
Total liabilities		298,502	160,993	288,417
Total reserves and liabilities		1,045,677	1,141,970	1,103,682

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

The financial statements on pages 4 to 20 were approved by the Local Council on 24.01.2020 and were signed on its behalf by:

Mr. David Michael Schembri
Mayor



Mr. Christopher Falzon
Executive Secretary

Statement of comprehensive income

		Year ended 31 December		
		2018	2017	2017
		€	Restated €	€
Income				
Funds received from Central Government	8	375,262	418,921	366,497
Income raised under Local Enforcement System	9	1,977	1,552	1,552
Investment income	10	426	404	404
General income	11	19,381	20,254	20,254
		397,046	441,131	388,707
Expenditure				
Staff salaries	13	86,142	76,863	76,863
Operations and maintenance	14	106,752	106,849	106,849
Administrative and other expenditure	15	561,592	190,524	188,384
		754,486	374,236	372,096
(Loss)/Profit for the year		(357,440)	66,895	16,611
Total comprehensive income		(357,440)	66,895	16,611

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

Statement of changes in equity

	Retained Funds €	Total €
Balance at 1 st January 2017	798,654	798,654
Restated profit for the year	66,895	66,895
Net effects of changing in accounting policy and correction of error	115,428	115,428
Balance at 31st December 2017	980,977	980,977
Balance at 1 st January 2018	980,977	980,977
Loss for the year	(357,440)	(357,440)
Net effects of correction of error	123,638	123,638
Balance at 31st December 2018	747,175	747,175

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

Statement of cash flows

	Notes	Year ended 31 December	
		2018 €	2017 €
Cash flows from operating activities			
Cash generated from operations	16	50,818	26,085
Net cash generated from operating activities		50,818	26,085
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(79,457)	(5,184)
Grants received	3,6,7	286,867	2,656
Interest received	10	426	404
Net cash generated from/(used in) investing activities		207,837	(2,124)
Net movement in cash and cash equivalents		258,654	23,961
Cash and cash equivalents at beginning of year		408,182	384,221
Cash and cash equivalents at end of year	5	666,836	408,182

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

Accordingly, the Local Council has adjusted the opening balance of each affected component of equity for the period year presented in these financial statements and other comparative amounts disclosed for the comparative year presented as if the revised accounting policy had always been applied. Consequently, and in line with the requirements of IAS 1 (Revised), Presentation of Financial Statements, these statements of financial position being as at 31 December 2017, Restated as at 31 December 2017 and 31 December 2018, are being presented.

Furthermore, the Local Council changed its accounting estimates with respect to subsequent depreciation of property, plant and equipment whose gross assets shall be subsequently depreciated as the straight-line method at the end of each reporting year. Prior to the change in accounting estimate, depreciation on property, plant and equipment was subsequently calculated on a monthly basis using the reducing balance method. This change in accounting policy has been applied prospectively in accordance with the requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The Local Council concluded errors with respect to cost and subsequent depreciation of property, plant and equipment. The cumulative effect has been applied retrospectively in accordance with the requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The Local Council has adjusted the opening balance of each affected component of equity for the period year presented in these financial statements and other comparative amounts disclosed for the comparative year presented as if the error had never been corrected. Consequently, and in line with the requirements of IAS 1 (Revised), Presentation of Financial Statements, these statements of financial position being as at 31 December 2017, Restated as at 31 December 2017 and 31 December 2018, are being presented.

Notes to the financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

The 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 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 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 (IFRSs) and comply with the Local Councils Act Cap 363, the Financial Regulations issued by the terms of the Act and the Local Councils (Financial) Procedures 1996.

Changes in accounting policies, estimates and correction of errors

During the financial year ended 31st December 2018, the Local Council changed its accounting policy with respect IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Up to the year ended 31st December 2017, government grants were accounted for using the income approach according to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. On 1st January 2018, the capital approach, according to IAS 20, has been adopted, in line with the Directive No. 1/2017 issued by the Department for Local Government. This is a change in accounting policy, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for retrospectively.

Accordingly, the Local Council has adjusted the opening balance of each affected component of equity for the earliest year presented in these financial statements and other comparative amounts disclosed for the comparative year presented as if the revised accounting policy had always been applied. Consequently, and in line with the requirements of IAS 1 (Revised), 'Presentation of financial statements', three statements of financial position, being as at 31 December 2017, Restated as at 31 December 2017 and 31 December 2018, are being presented.

Furthermore, the Local Council, changed its accounting estimates with respect to subsequent depreciation of property, plant and equipment whereby these assets shall be subsequently depreciated at the straight-line method at the end of each reporting year. Prior to the change in accounting estimate, depreciation on property, plant and equipment was subsequently calculated on a monthly basis using the reducing balance method This change in accounting policy has been applied prospectively in accordance with the requirements of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.

The Local Council corrected errors with respect to cost and accumulated depreciation of property, plant and equipment. This correction of error has been applied retrospectively in accordance with the requirements of IAS 8, 'Accounting policies, changes in accounting estimates and errors'. The Local Council has adjusted the opening balance of each affected component of equity for the earliest year presented in these financial statements and other comparative amounts disclosed for the comparative year presented as if the error had always been corrected. Consequently, and in line with the requirements of IAS 1 (Revised), 'Presentation of financial statements', three statements of financial position, being as at 31 December 2017, Restated as at 31 December 2017 and 31 December 2018, are being presented.

1. Summary of significant accounting policies – continued

1.1 Basis of preparation - continued

Changes in accounting policies, estimates and correction of errors - continued

The financial impacts of this changes in correction of error comprise the retrospective recognition of a net book value of property plant and equipment of €724,809 (Note 3) and of the net resultant effect of €115,428 within retained funds as at 2017. In accordance with the requirements of IAS 1 (Revised), the notes for property, plant and equipment, amounts falling due after one year and payables include information as at 31 December 2017, Restated 31 December 2017 and 31 December 2018. Other notes have not been impacted by the restatement, and accordingly only include information as at 31 December 2017 and 31 December 2018.

For the change in accounting estimate with respect to subsequent depreciation of property, plant and equipment, the Local Council corrected within the retained funds as at 2018, errors of €123,638.

New and amended IFRS Standards that are effective for the current year

In the current year, the Local Council has applied new and amended IFRS Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in EU for an accounting period that begins on or after 1 January 2018. The adoption of new and amended standards did not have a material impact on the Local Council's financial statements.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for financial years beginning on or after 1 January 2018)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for financial years beginning on or after 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for financial years beginning on or after 1 January 2018)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018)
- IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Local Council

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Local Council.

- IFRS 16 – Leases (effective for financial years beginning on or after 1 January 2019)
- Amendment to IFRS 9: Prepayment features with negative compensation (effective for financial years beginning on or after 1 January 2019)
- IFRIC 23—Uncertainty over income tax treatment (effective for financial years beginning on or after 1 January 2019)
- Amendments to IAS 28: Long-term interests in associates and joint ventures (effective for financial years beginning on or after 1 January 2019)
- Annual improvements to IFRS standards 2015 – 2017 Cycle (effective for financial years beginning on or after 1 January 2019)

1. Summary of significant accounting policies – continued

1.1 Basis of preparation - continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Local Council - continued

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective for financial years beginning on or after 1 January 2019)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective for financial years beginning on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective for financial years beginning on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for financial years beginning on or after 1 January 2020)
- Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after 1 January 2020)

Management anticipates that all the relevant pronouncements will be adopted in the Local Council's accounting policies for the first period beginning after the effective date of the pronouncement. Certain new standards and interpretations have been issued and expected to have a material impact on the Local Council's financial statements.

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

- IFRS 17 Insurance contracts; including Amendments to IFRS 17 (effective for financial years beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (effective for financial years beginning on or after 1 January 2023)
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipments, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual improvements 2018 - 2020 (effective for financial years beginning on or after 1 January 2022)
- Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions (effective for financial years beginning on or after 1 June 2020)
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective for financial years beginning on or after 1 January 2021)

1.2 Foreign currency translation

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 Local Council's functional and present currency. Transactions denominated in foreign currencies are translated into Euro at rates of exchange in operation on the dates of transactions. Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange at the date of Statement of Financial Position.

1. Summary of significant accounting policies – continued

1.3 Property, plant and equipment

Property, plant and equipment, is stated at cost less accumulated depreciation and impairment loss to date. Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

	%
Land	0
Trees	0
Buildings	1
Office furniture and fittings	7.5
Construction works	10
Urban Improvements (Street Furniture)	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Playground Furniture	100
Street Lights	100
New Street Lights	Replacement Basis
Litter Bins	Replacement Basis
Street Mirrors	Replacement Basis

1.4 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 assets exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the assets less the costs to sell value in use. Impairment losses are immediately as an expense in the Statement of Comprehensive Income.

1.5 Amounts receivable

Amounts receivable are recognised initially at fair value and subsequently measures at amortised cost using the effective rate interest, 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 provision is the difference between the carrying amounts of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the Statement of Comprehensive Income.

1.6 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.

1. Summary of significant accounting policies – continued

1.7 Payables

Payables comprise obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.8 Profits and losses

Only profits that were realised at the date of the Financial Position are recognised in the 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.

1.9 Revenue recognition

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. All revenue – funds received from Central Government, Local enforcement system income, investment income and general income is accounted for in the Statement of Comprehensive Income as it accrues.

1.10 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.

2. Financial instruments

The Local Council has an exposure to credit risk and liquidity risk from the use of financial instruments within its activities.

This note presents information about the Local Council's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Local Council's management of capital. Further quantitative disclosures are included in these financial statements.

The responsibility for the management of risk is vested in the Executive Secretary. Accordingly, it is the Executive Secretary, who has the overall responsibility for establishing an appropriate risk management framework.

2. Financial instruments - continued

2.1 Credit risk

Credit risk is the risk of financial loss to the Local Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Local Council's receivables and bank balances. The Local Council's receivables and bank balances. The Local Council's cash is placed with prime financial institutions.

Receivables are presented net of impairment charges for bad and doubtful debts. However, in the opinion of the Executive Secretary, credit risk with respect to receivables is limited in view of the reputable nature of the Local Council's debtor base for which there is no history of default.

2.2 Liquidity risk

Liquidity risk is the risk that the Local Council will not be able to meet its financial obligations as they fall due.

The Local Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Generally, the Local Council ensures that it has sufficient cash on demand to meet expected operational expenditure, including the servicing of financial obligations.

At 31 December 2018 and 31 December 2017, the contractual maturities on the financial liabilities of the company were as summarised below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Comprehensive Income.

	2018	2017
	€	€
Tender Obligations:		
Less than 6 months	50,108	37,519
6 to 12 months	50,108	37,519
1 to 5 years	501,078	375,188
	601,294	450,226

2.3 Capital management

It is the policy of the Executive Secretary to maintain an adequate capital base in order to sustain the future development of the Local Council and safeguard the ability of the Local Council to continue as a going concern. In this respect, the Executive Secretary monitors the operations and results of the Local Council.

2.4 Fair value estimation

At 31 December 2018 and 2017 the carrying amounts of cash at bank, receivables, payables and amounts falling due after one year reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments and relatively short period of time between the origination of the instruments and their expected realisation.

3. Property, plant and equipment (restated)

	Office furniture & fittings €	Office equipment €	Urban improvements €	Construction works €	Street Signs €	Total €
COST						
At 1 January 2017	21,945	39,010	251,775	1,371,180	5,280	1,689,190
Additions	-	3,864	-	1,320	-	5,184
Effects of changing in accounting policy	-	(2,656)	-	(125,970)	-	(128,626)
Correction of error	-	-	-	322,503	-	322,503
At 31 December 2017	21,945	40,218	251,775	1,569,033	5,280	1,888,251
ACCUMULATED DEPRECIATION						
At 1 January 2017	15,169	35,285	113,196	794,521	5,280	963,451
Charge for the year	741	984	10,220	64,638	-	76,583
Effects of changing in accounting policy	-	-	-	(53,626)	-	(53,626)
Correction of error	(3,452)	(1,520)	31,613	150,393	-	177,034
At 31 December 2017	12,458	34,749	155,029	955,926	5,280	1,163,442
RESTATED NET BOOK VALUE						
At 31 December 2017	9,487	5,469	96,746	613,107	-	724,809

3. Property, plant and equipment - continued

	Office furniture & fittings €	Office equipment €	Urban improvements €	Construction works €	Street Signs €	Total €
COST						
Restated balance as at 1 January 2018	21,945	40,218	251,775	1,569,033	5,280	1,888,251
Additions	-	566	-	78,891	-	79,457
Grant received for the year	-	(566)	-	(78,892)	-	(79,457)
At 31 December 2018	21,945	40,218	251,775	1,569,033	5,280	1,888,251
ACCUMULATED DEPRECIATION						
Restated balance as at 1 January 2018	12,458	34,749	155,029	955,926	5,280	1,163,442
Charge for the year	8,774	1,811	33,274	389,730	-	433,589
Correction of error	(5,282)	2,735	3,400	(75,023)	-	(74,170)
At 31 December 2018	15,950	39,295	191,703	1,270,633	5,280	1,522,861
NET BOOK VALUE						
At 31 December 2018	5,995	923	60,072	298,400	-	365,390

4. **Receivables**

	2018	2017
	€	€
Current		
Local enforcement system & trade debtors	86,413	88,493
Provision for doubtful debts	(80,602)	(80,602)
Accrued income	6,835	-
Other receivables	-	117
Prepayments	805	971
	13,451	8,979

5. **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2018	2017
	€	€
Cash in hand	170	150
Bank balances:		
Current accounts	621,886	373,230
Savings accounts	28,937	18,967
Fixed accounts	15,843	15,835
	666,836	408,182

6. **Amounts falling due after one year (restated)**

	2018	2017
	€	€
Deferred income:		
Repayable between one and two years	232,942	75,000
Repayable between two and five years	-	-
More than five years	-	-
	232,942	75,000

7. **Payables (restated)**

	2018	2017
	€	€
Current		
Trade creditors	55,175	66,215
Social Security & N.I.	-	2,259
Accruals	10,385	17,519
	66,560	85,993

8. Funds received from central government (restated)

	2018	2017
	€	€
In terms of Section 55 of the Local Council Act	370,643	355,823
Other Government Income	4,619	63,098
	375,262	418,921

9. Local enforcement system

	2018	2017
	€	€
Contraventions	1,977	1,552

10. Investment income

	2018	2017
	€	€
Bank interest receivable	426	404

11. General income

	2018	2017
	€	€
Other income net of contraventions and library services	19,381	8,663
Release of deferred income	-	11,591
	19,381	20,254

12. Profit for the year (restated)

	2018	2017
	€	€
Profit for the year stating after charging:		
Staff salaries (Note 13)	86,142	76,863
Depreciation on tangible assets (Note 3)	433,589	76,584
	519,731	153,447

13. Staff salaries

	2018	2017
	€	€
Personal emoluments include, inter alia:		
Mayor's allowance	7,648	8,945
Vice Mayor's allowance	900	-
Councillors' allowances	2,880	4,800
Executive Secretary's salary and allowances	22,935	29,416
Employees' salaries	25,695	29,372
Social security contributions	26,084	4,329
	86,142	76,862

14. Operations and maintenance

	2018	2017
	€	€
Repair and upkeep:		
Road and street pavements (patching works)	-	20,033
Road markings	-	1,082
Street signs	-	1,471
Bins	17,036	-
Other repairs and upkeep	50	127
	17,086	22,713

Contractual Services:

Refuse collection	37,747	23,849
Bulky refuse collection	3,905	-
Road and street cleaning	-	10,450
Cleaning and maintenance of public conveniences	17,833	15,654
Cleaning and maintenance of parks and gardens	16,690	22,772
Cleaning and maintenance – non-urban	8,417	8,350
Cleaning and maintenance – council premises	214	168
Street lighting	4,860	2,893
	89,666	84,136

	106,752	106,849
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15. Administrative and other expenses (restated)

	2018	2017
	€	€
Utilities	5,750	26,355
Material and supplies	3,829	2,935
Office services	6,066	4,714
Rent	4,840	4,824
Advertising	5,178	1,169
National and international memberships	143	45
Transport	1,118	840
Information services	2,796	1,988
Other contractual services	19,625	-
Professional services	8,973	30,747
Community services & events	27,404	11,780
Depreciation on tangible assets (Note 3)	433,589	76,584
General expenses	42,281	28,543
	561,592	190,524

16. Cash generated from operations (restated)

Reconciliation of (loss)/profit for the year to cash generated from operations:

	2018	2017
	€	€
(Loss)/Profit for the year	(357,440)	66,895
Adjustments for:		
Depreciation of property, plant and equipment (Note 3)	433,589	76,584
Reclassifications of property, plant and equipment due to Change in accounting policy (Note 3)	-	(96,713)
Interest received	(426)	(404)
Changes in working capital:		
Receivables	(466)	12,493
Payables	(24,439)	(32,770)
Cash generated from operations	50,818	26,085

17. Related party transactions

During the year the Local Council effected transactions with related parties mainly in connection with income and expenditure transactions as disclosed in Notes 3, 8, 9, 11, 14 and 15 to these financial statements. The following material transactions were carried out with related parties:

	2018	2017
	€	€
Funds received from central government	375,262	418,921

18. Events after 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. Statutory information

Qrendi Local Council is the local authority of Qrendi set up with the Local Councils Act. The office of the Local Council situated at 7, Triq il-Knisja, Qrendi QRD 1103, Malta.

20. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

Prepared by

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