

Non Segnis Quies Ruris

Had-Dingli Local Council

Annual Report

2021

Had-Dingli Local Council

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Had-Dingli Local Council

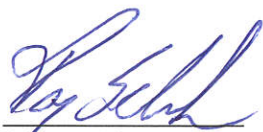
Statement of Local Council Members' and Executive Secretary's responsibilities

For the Year Ended 31 December 2021

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes the Local Council's statement of Profit or Loss and Other Comprehensive Income for the year and of the Council's retained funds at the end of 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 present report present fairly, in accordance with accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at year end, and that they comply with the Act, the Local Councils (Financial) regulations, and the Local Councils (Financial) Procedures issued in terms of the said Act.

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

This statement was approved by the Local Council on 22nd February 2022 and signed on its behalf by:



Raymond Schembri
Mayor



Shawn Tanti
Executive Secretary

Had-Dingli Local Council

Statement of Financial Position

As at 31 December 2021

	Note	2021 €	2020 €
ASSETS			
Property, plant and equipment	11	493,852	557,710
Total non-current assets		493,852	557,510
Trade and other receivables	12	93,311	78,874
Cash and cash equivalents	13	364,790	326,950
Total current assets		458,101	405,824
Total assets		951,953	963,534
Reserves			
Retained earnings		687,083	627,227
Total equity		687,083	627,227
LIABILITIES			
Trade and other payables	14	178,348	213,373
Advance payments and deferred income	15	86,522	122,934
Total current liabilities		264,870	336,307
Total equity and liabilities		951,953	963,534

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 3 to 27 were approved and authorised for issue by the Local Council on 22 February 2022 and signed on its behalf by:


Raymond Schembri
Mayor


Shawn Tanti
Executive Secretary

Had-Dingli Local Council

Statement of Comprehensive Income

For the Year Ended 31 December 2021

		2021	2020
	Note	€	€
Income			
Funds received from Central Government	4	484,711	445,051
Income raised under Local Council Bye-Laws	5	4,245	1,827
Income raised under Local Enforcement System	6	2,505	1,442
General Income	7	12,289	13,122
		-----	-----
Total Income		503,750	461,442
Personal emoluments	8	(107,543)	(103,319)
Operations and maintenance expenses	9	(200,388)	(193,482)
Administrative and other expenses	10	(135,226)	(143,065)
		-----	-----
Total expenditure		(443,157)	(439,866)
Results from operations		60,593	21,576
Bank interest receivable		188	286
Bank interest payable		(925)	(603)
		-----	-----
Total comprehensive income for the year		59,856	21,259
		=====	=====

The accompanying notes are an integral part of these financial statements.

Had-Dingli Local Council

Statement of Changes in Equity

For the Year Ended 31 December 2021

	Retained Funds
	€
Balance at 1 January 2020	605,968
Total comprehensive income for the period	
Total comprehensive income for the year	21,259

Balance at 31 December 2020	627,227
	=====
Balance at 1 January 2021	627,227
Total comprehensive income for the period	
Total comprehensive income for the year	59,856

Balance at 31 December 2021	687,083
	=====

The accompanying notes are an integral part of these financial statements.

Had-Dingli Local Council

Statement of Cash Flows

For the Year Ended 31 December 2021

		2021	2020
	Note	€	€
Cash flows from operating activities			
Total comprehensive income for the year		59,856	21,259
Adjustment for:			
Depreciation		73,433	70,403
Reversal of provision for bad debts		-	(563)
Bad debts write off		-	1,030
Unclaimed liabilities written off		(8,366)	(23,000)
Interest receivable		(188)	(286)
Interest payable		925	603
		-----	-----
		125,660	69,446
Change in trade and other receivables		(14,436)	144,815
Change in trade and other payables		(63,072)	5,269
Interest paid		(925)	(603)
Interest received		188	286
		-----	-----
Net cash generated from operating activities		47,415	219,213
		-----	-----
Cashflows from investing activities			
Acquisition of property, plant and equipment (net of grants)		(9,575)	(35,048)
		-----	-----
Net cash used in from investing activities		(9,575)	(35,048)
		-----	-----
Net increase in cash and cash equivalents		37,840	184,165
Cash and cash equivalents and the beginning of the period		326,950	142,785
		-----	-----
Cash and cash equivalents at 31 December	13	364,790	326,950
		=====	=====

The accompanying notes are an integral part of these financial statements.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Reporting entity

The Had-Dingli Local Council is a local Authority of Malta set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Centre of the Community, Dahla tas-Sienja, Had-Dingli. These financial statements were approved for issue by the Council Members on 6th September 2021.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up 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.

2.2 Basis of measurement

Assets and liabilities are measured at historical cost.

2.4 Functional and presentation currency

These financial statements are presented in EURO (€), which is the Local Council's functional currency.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the Council to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In the opinion of the Council, 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 significant and critical in terms of the requirements of IAS 1, *Presentation of Financial Statements*.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.5 Use of estimates and judgements (continued)

A number of the Local Council's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Local Council has established a control framework with respect to the measurement of fair values. The Local Council regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as architect's valuations are used to measure fair value, the Local Council assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Local Council uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Local Council recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Significant accounting policies

The accounting policies set out below have been consistently applied throughout the periods presented in these financial statements.

3.1 Financial instruments

Financial assets are recognised initially on the trade date at which the Local Council becomes a party to the contractual provisions of the instrument. The Local Council derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Local Council is recognised as a separate asset or liability.

Financial liabilities are recognised initially on the trade date at which the Local Council becomes a party to the contractual provisions of the instrument. The Local Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Local Council's financial liabilities comprise of trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Local Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Local Council's non-derivative financial assets mainly comprise trade and other receivables and cash and cash equivalents.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

3.2 Impairment

3.2.1 *Financial assets*

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Local Council considers evidence of impairment for receivables at a specific asset level. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. All impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.2.2 *Non-financial assets*

At each reporting date, the Local Council reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

3.3 Related parties

Related parties are defined as persons or entities that are related to the Local Council as defined in IAS 24.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

3.4 Revenue

Revenue is recognized when there are no significant uncertainties concerning the derivation of consideration or associated costs and it can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues.

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

3.5 Local enforcement system

Local enforcement income represents income as it accrues from contraventions as controlled by the Local Enforcement System ("LES"). A contract is in place whereby a 10% administration fee is payable to the Local Council for contraventions collected by the Local Council and remitted by the LES.

3.6 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 purchases of plant and equipment are accounted for using the capital approach, and thus deducted from the carrying amount of the relative non-current asset.

Up to 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 2020, government grants were recognised under the capital approach, in line with Directive No.1/2017 issued by the Department for Local Government.

3.7 Amounts receivable

Amounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all of the amount due to it. The amount of provision for impairment constitutes the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The provision for impairment is recognised in the statement of comprehensive income.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Local Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Property, plant and equipment

3.8.1 Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. After initial recognition, plant and equipment are carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

3.9 Property, plant and equipment (continued)

3.9.2 Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is calculated on a monthly basis using the straight line method and is recognised in the statement of comprehensive income.

The rates of depreciation used for other items of plant and equipment are the following:

	%
Land	0
Trees	0
Buildings	1
Office furniture and fittings	7.5
Construction works, Urban improvements and special projects	10
Office equipment, Motor Vehicles and Plant and Machinery	20
Computer equipment	25
Plants, playground furniture and street lights	100
Litter bins, Traffic signs, Road Signs and street mirrors	Replacement basis

3.9.3 Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

3.9.4 Derecognition of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the statement of comprehensive income in the period of derecognition.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

3.10 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

3.11 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 of cash in hand and balances held with banks.

3.12 Capital management

The Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

- the Council's ability to continue to operate as a going concern remains valid and
- the Council maintains a positive working capital ratio.

To achieve the above objectives, the Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). The Council also uses budgets and business plans to ensure that it is optimising the use of available funds and is implementing its commitments to the locality.

4 Funds received from Central Government

	2021	2020
	€	€
In terms of Section 55 of the Local Councils Act	393,438	382,453
Supplementary Government Income	19,270	13,474
Other Government Income	72,003	49,124
	-----	-----
	484,711	445,051
	=====	=====

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

5	Income raised under Local Council Bye-Laws	2021	2020
		€	€
	Skip permits	208	134
	Community services	4,037	1,693
		<u>4,245</u>	<u>7,726</u>
6	Income raised under Local Enforcement system	2021	2020
		€	€
	Administrative charges to Regional Committees	2,505	1,442
		<u>2,505</u>	<u>1,442</u>
7	General Income	2021	2020
		€	€
	Income from permits	8,468	6,932
	Other income	3,821	6,190
		<u>12,289</u>	<u>13,122</u>

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

8 Comprehensive income for the year

8.1 Comprehensive income for the year is stated after charging the following:

	2021	2020
	€	€
Depreciation	73,433	70,404
Employee benefits expense	107,543	103,319
	=====	=====

8.2 Staff costs incurred during the year are analysed as follows:

	2021	2020
	€	€
Mayor's Remuneration	10,570	10,238
Councillors' Allowance	13,000	13,000
Executive Secretary Salary and Allowances	33,040	32,202
Employee Salaries	44,353	41,466
Social Security Contributions	6,580	6,413
	-----	-----
	107,543	103,319
	=====	=====

8.3 The average number of persons employed by the Local Council during the year was 7 (2020: 7 employees).

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

9	Operations and maintenance expenses	2021	2020
		€	€
	<i>Repairs and upkeep:</i>		
	Road/street pavements	6,957	349
	Signs	6,938	4,370
	Road markings	-	780
	Office furniture and equipment	-	1,202
	Plant and equipment repairs	1,450	412
	Motor vehicle repairs	934	858
	Other repairs and upkeep	4,987	839
		-----	-----
		21,266	8,810
		=====	=====
	<i>Contractual services:</i>		
	Waste disposal	20,934	37,326
	Refuse collection	70,961	77,951
	Bulky refuse collection	11,180	10,722
	Road and street cleaning	26,880	22,705
	Street lighting	21,066	16,593
	Local enforcement expenses	88	30
	Contract and project management	3,530	1,510
	Other contractual services	24,483	17,835
		-----	-----
		179,122	184,672
		=====	=====
	Total operations and maintenance costs	200,388	184,048
		=====	=====

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Administrative and other expenses

	2021	2020
	€	€
Utilities	9,358	10,420
Materials and supplies	5,115	14,134
Rent	1,405	770
National and international memberships	-	358
Postage and couriers	42	68
Office services	7,220	9,499
Transport	6,718	10,178
Information services	1,070	90
Insurance	3,967	3,607
Bank charges	290	110
Professional services	15,723	12,650
Penalties	500	-
Training	-	89
Social and cultural events	13,332	7,586
Community services	5,419	6,635
Reversal of provision for bad debts	-	(563)
Bad debts written off	-	1,030
Unclaimed liabilities written off	(8,366)	(4,000)
Depreciation and amortisation	73,433	70,404
	<u>135,226</u>	<u>143,065</u>
	=====	=====

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Property, plant and equipment

	Council premises	Construction & special programmes	Street signs	Urban improvements	Plant & machinery	Office furniture & fittings	Computer equipment & software	Motor vehicles	Trees	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
As at 1 January 2020	161,169	1,136,557	36,230	234,281	59,999	81,601	58,964	13,000	2,997	1,784,798
Additions	-	-	-	34,528	520	-	-	-	-	35,048
As at 31 December 2020	161,169	1,136,557	36,230	268,809	60,519	81,601	58,964	13,000	2,997	1,819,846
As at 1 January 2021	161,169	1,136,557	36,230	268,809	60,519	81,601	58,964	13,000	2,997	1,819,846
Additions	-	-	-	8,301	-	-	1,274	-	-	9,575
As at 31 December 2021	161,169	1,136,557	36,230	277,110	60,519	81,601	60,238	13,000	2,997	1,829,421
Depreciation										
As at 1 January 2020	22,023	877,932	36,230	132,459	17,228	49,572	53,038	3,250	-	1,191,732
Depreciation charge	1,420	31,114	-	19,368	10,567	2,775	2,560	2,600	-	70,404
As at 31 December 2020	23,443	909,046	36,230	151,827	27,795	52,347	55,598	5,850	-	1,262,136
As at 1 January 2021	23,443	909,046	36,230	151,827	27,795	52,347	55,598	5,850	-	1,262,136
Depreciation charge	1,420	36,847	-	16,664	10,567	2,775	2,560	2,600	-	73,433
As at 31 December 2021	24,863	945,893	36,230	168,491	38,362	55,122	58,158	8,450	-	1,335,569
Carrying amounts										
As at 31 December 2020	137,726	227,511	-	116,982	42,724	29,254	3,366	7,150	2,997	557,710
As at 31 December 2021	136,306	1,136,557	36,230	116,982	42,724	29,254	3,366	7,150	2,997	1,465,569

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

As at 31 December 2021	136,306	190,664	-	108,619	22,157	26,479	2,080	4,550	2,997	493,852
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Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

12	Trade and other receivables	2021	2020
		€	€
	Trade receivables	32,605	18,034
	Accrued income	57,737	57,991
	Other receivables	1,500	372
		-----	-----
	Financial assets	91,842	76,397
		-----	-----
	Prepayments	1,469	2,477
		-----	-----
	Trade and other receivables	93,311	78,874
		=====	=====

12.1 Trade receivables are analysed as follows:

	2021	2020
	€	€
Within credit period	30,229	16,056
Exceeded credit period but not impaired	2,376	1,978
Impaired and provided for	15,129	15,129
Provision for doubtful debts	(15,129)	(15,129)
	-----	-----
	32,605	18,034
	=====	=====

12.2 Trade receivables are shown net of provision for doubtful debts amounting to €15,129 (2020: €15,129), of which €15,129 (2020: €15,129) relate to amounts due from the Local Enforcement System ("LES").

12.3 Information amount the exposure to credit and market risk is disclosed in note 16 to the financial statements.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprises:

	2021	2020
	€	€
Cash in hand	55	160
Cash at bank	364,735	326,790
	<u>364,790</u>	<u>326,950</u>
	=====	=====

14 Trade and other payables

	2021	2020
	€	€
Trade payables	161,838	182,692
Capital creditors	-	11,234
Accruals	16,510	19,447
	<u>178,348</u>	<u>213,373</u>
	=====	=====

14.1 Information amount the exposure to liquidity and market risk is disclosed in note 16 to the financial statements.

15 Deferred income

	2021	2020
	€	€
Deferred income	6,378	7,406
Advance payments	80,144	115,528
	<u>86,522</u>	<u>122,934</u>
	=====	=====

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Risk Management

16.1 General objectives, policies and processes

The Local Council operates procedures designed to reduce or eliminate financial risk and ensure that funds are available for current and future needs. The policies are approved by the Local Council and the use of financial instruments is strictly controlled.

16.2 Principal financial instruments

A summary of the financial instruments held by category is provided below:

	2021	2020
	€	€
<u>Financial assets</u>		
Loans and receivables	91,842	76,397
Cash at bank	364,735	326,791
<u>Financial liabilities</u>		
Liabilities at amortised cost	236,683	309,455

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Risk Management (continued)

16.3 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. The Local Council is mainly exposed to credit risk from cash deposited at banks and from debtors. The Council's cash is placed with a high quality financial institution. Additionally, in respect of credit risk from debtors, the Council monitors the balances owed to it on a continuous basis. A provision is recognised whenever there is any doubt on the recoverability of any amount due from debtors. Credit risk is limited due to the fact that government-owned customers make up a high percentage of the Council's debtors.

The Local Council does not enter into derivatives to manage credit risk.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

2021:

	Carrying Value €	Maximum exposure €
Loans and receivables	91,842	91,842
Cash at bank	364,735	364,735
	-----	-----
	456,577	456,577
	=====	=====

2020:

	Carrying Value €	Maximum exposure €
Loans and receivables	76,397	76,397
Cash at bank	326,791	326,791
	-----	-----
	403,188	403,188
	=====	=====

LES receivables relate to balances due to the Local Council from contraventions issued. The credit risk exposure relating to LES receivables is considered to be high as the Council has no control on whether such balances are repaid. A full provision has been therefore recognised on the amount due.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Risk Management (continued)

16.3 Credit risk (continued)

Cash at bank relates to balances placed with local reputable financial institutions. The credit risk exposure is considered to be low.

16.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Local Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Local Council is not exposed to market risk from equity prices and exchange rates at period end. Additionally, the Local Council does not have any variable interest financial instruments.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Risk Management (continued)

16.5 Liquidity risk

Liquidity risk is the risk that the Local Council will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Local Council's approach to managing its liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Local Council's reputation. The Local Council meets its day to day working capital requirements with the assistance of financing from related companies and its ultimate beneficiary owner.

Council is responsible to ensure that the Local Council has sufficient liquidity to cover obligations which become due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount €	Contractual cash flows €	1 year or less €	1-2 years €	2 to 5 year €	Beyond 5 years €
31 December 2021						
Trade and other Payables	258,492	258,492	258,492	-	-	-
Deferred income	6,378	6,378	6,378	-	-	-
	264,870	264,870	264,870	-	-	-

	Carrying amount €	Contractual cash flows €	1 year or less €	1-2 years €	2 to 5 year €	Beyond 5 years €
31 December 2020						
Trade and other Payables	328,902	328,902	328,902	-	-	-
Deferred income	7,406	7,406	7,406	-	-	-
	336,308	336,308	336,308	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Risk Management (continued)

16.6 Capital disclosures

The Local Council manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Local Council consists of a mixture of debt and equity.

- 16.7 The fair values of financial assets and liabilities are not significantly different than their carrying amounts as at reporting date.

17 Related parties

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

Name of Entity	Nature of relationship
Department of Local Government	Significant control
North Joint Committee (Local Enforcement)	Joint control
North Regional Committee	Joint control
Central Regional Committee	No control
Gozo Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Local Enforcement System Agency	No control
Malta Environmental and Planning Authority	No control
Malta Information Technology Agency	No control
Water Services Corporation	No control
Enemalta Corporation	No control
ARMS Limited	No control
Director General – Works Division	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Malta Tourism Authority	No control
Office of the Prime Minister	No control
Officer of the Commissioner for Data Protection	No control
Local Council's Association	No control
Department of Information	No control
Koperattiva Tabelli u Sinjali	No control
Ministry of Finance	No control
Maltapost plc	No control
Wasteserv Malta Limited	No control

Had-Dingli Local Council

Notes to the Financial Statements

For the Year Ended 31 December 2021

17 Related parties (continued)

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

	2021	2020
	€	€
Income generated from Central Government	484,711	445,051
Income generated from regions	2,505	1,442
	=====	=====

18 Capital commitments

	2021	2020
	€	€
Contracted for:		
Property, plant and equipment	-	-
	=====	=====

19 Comparative amounts

Certain comparative amounts have reclassified to adopt a fairer presentation.

