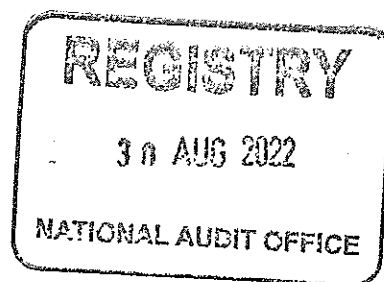


Regjun Nofsinhar
Report and Financial Statements

For the year ended 31 December 2021



Regjun Nofsinhar

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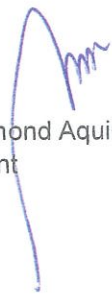
Statement of Regional Council Members' and Executive Secretary's Responsibilities

For the year ended 31 December 2021

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Regional Council's comprehensive income for the period and of the Regional Council's retained funds at the end of the year. By virtue of the same regulations it is the duty of the Regional 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 related funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, 1993 and the Local Council (Financial) Procedures, 1996.

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 Regional Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Regional Council on the 4th of August 2022 and signed on its behalf by:



Mr Jesmond Aquilina
President



Mr Philip Carabott
Executive Secretary

Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Regjun Nofsinhar (the “Regional Council”) set out on pages 5 to 23 which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Regional Council as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for qualified opinion

The accounting records of Regjun Nofsinhar are primarily prepared from reports generated by the Local Enforcement System (LES) IT system which is operated by an external service provider. LES expenses of €3,356, previously accrued for during 2016 financial year, and receivables of €5,970, which are net of a provision of €1,673,344, reported in these financial statements are therefore also based on these reports. Through our audit procedures we have verified that these financial statements reflect expenses and amounts receivable and payable relating to contraventions issued and paid as reported by the LES IT system. We were not provided with satisfactory evidence that the IT system is operating properly and as intended and that the reports generated by it are free from material misstatements and there were no practicable alternative audit procedures that we could perform to obtain reasonable assurance on the completeness and existence of the information reported by the IT system.

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

Responsibilities of those charged with governance for the financial statements

As described on page 1 the Executive Secretary and the members of the Regional Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Legislation, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Executive Secretary and the members of the committee are responsible for overseeing the Regional Council's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the committee'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 committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

A handwritten signature in blue ink, appearing to be "M. Bugeja", written over a faint horizontal line.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

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

4 August 2022

Regjun Nofsinhar
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

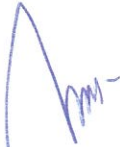
	Notes	2021	2020
		€	€
Income			
Funds received from Central Government	3	650,000	650,000
Income raised under Local Enforcement System	4	975	786
LESA reimbursement	5	165,863	168,290
General Income	6	57,464	1,870
		<u>874,302</u>	<u>820,946</u>
Expenditure			
Personal emoluments	7	(221,373)	(152,330)
Operations and maintenance	8	(5,758)	(6,444)
Administrative and other expenditure	9	(107,720)	(96,494)
		<u>(334,851)</u>	<u>(255,268)</u>
Operating surplus for the year		539,451	565,678
Financial assistance to the local councils within the Regional Council	10	(408,896)	171,363
Profit for the year		<u><u>130,555</u></u>	<u><u>737,041</u></u>

The notes on pages 9 - 23 form an integral part of these financial statements

Regjun Nofsinhar
Statement of Financial Position
As at 31 December 2021

	Notes	2021 €	2020 €
ASSETS			
Non Current Assets			
Property, plant and equipment	11	<u>107,849</u>	<u>10,981</u>
Current Assets			
Trade and other receivables	12	104,450	30,635
Cash and cash equivalents	13	<u>1,966,693</u>	<u>1,901,396</u>
		<u>2,071,143</u>	<u>1,932,031</u>
Total Assets		<u><u>2,178,992</u></u>	<u><u>1,943,012</u></u>
EQUITY AND LIABILITIES			
Reserves			
Retained earnings		<u>1,367,817</u>	<u>1,237,262</u>
Total equity		<u><u>1,367,817</u></u>	<u><u>1,237,262</u></u>
Current Liabilities			
Trade and other payables	14	<u>811,175</u>	<u>705,750</u>
Total Liabilities		<u><u>811,175</u></u>	<u><u>705,750</u></u>
Total equity and liabilities		<u><u>2,178,992</u></u>	<u><u>1,943,012</u></u>

These financial statements were approved by the Southern Regional Council on the 4th of August 2022 signed on its behalf by:-


 Mr Jesmond Aquilina
 President


 Mr Philip Carabott
 Executive Secretary

The notes on pages 9 - 23 form an integral part of these financial statements

Regjun Nofsinhar
Statement of Changes in Equity
For the year ended 31 December 2021

	Retained Earnings	Total Equity
	€	€
At 1 January 2020	500,221	500,221
Profit for the year	<u>737,041</u>	<u>737,041</u>
At 31 December 2020	<u>1,237,262</u>	<u>1,237,262</u>
Profit for the year	<u>130,555</u>	<u>130,555</u>
At 31 December 2021	<u><u>1,367,817</u></u>	<u><u>1,367,817</u></u>

Regjun Nofsinhar
Statements of Cash Flows
For the year ended 31 December 2021

	Notes	2021	2020
		€	€
Cash flows from operating activities			
Surplus for the year		130,555	737,041
Adjustments for:			
Depreciation		18,563	3,716
Provision for bad debts		(10,702)	13,625
		<u>138,416</u>	<u>754,382</u>
Working Capital Changes :			
Movement in inventory		-	454
Movement in trade and other receivables	12	(63,113)	21,288
Movement in trade and other payables	14	105,425	266,209
		<u>180,728</u>	<u>1,042,333</u>
Net Cash generated in operating activities			
Cash used in investing activities			
Purchase of property, plant and equipment		(115,431)	(1,745)
		<u>(115,431)</u>	<u>(1,745)</u>
Net Cash used in investing activities			
Movement in cash flows and cash equivalents		65,297	1,040,588
Cash and cash equivalents at the beginning of the year		1,901,396	860,808
Cash and cash equivalents at end of year	13	<u>1,966,693</u>	<u>1,901,396</u>

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

1 General Information

Regjun Nofsinhar is the local authority of Malta set up in accordance with the Local Councils Act (1993). The office of Regjun Nofsinhar is situated at 395, Triq Il-Vitorja Qormi. These financial statements were approved for issue by the Regional Council Members on the 4th of August 2022. The Regional Council's financial statements are presented in euro which is the functional currency of the Regional Council.

2 Accounting Policies and Reporting Procedures

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

a *Basis of preparation*

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

b *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the applications of accounting policies and the reported 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 recognized in the period in which the estimates are revised and in any future periods affected.

However, in the opinion of the Regional Council Members, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

2 Accounting Policies and Reporting Procedures - continued

c *New standards adopted as at 1 January 2021*

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Regional Council's financial results or position.

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

At the date of 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 Regional Council.

The Regional Council management anticipates that all of the relevant pronouncements will be adopted in the Regional Council's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Regional Council's financial statements.

e *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Regjun Nofsinhar and the revenue can be reliably measured, regardless of when the payment is received.

Interest income is recognised in the income statement as it accrued under finance income.

f *Functional and presentation currency*

Items included in the Regional Council's financial statements are measured using the currency of the primary economic environment in which the entity operates. The Regional Council's financial statements are presented in Euro, which is the Regional Council's functional currency.

g *Local Enforcement System*

Income from the Local Enforcement System is recognized in the Statement of Profit or Loss and Other Comprehensive Income as it accrues.

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

2 Accounting Policies and Reporting Procedures - continued

h *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Depreciation is calculated on a monthly basis using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

Computer Equipment	25%
Office Equipment	20%
Furniture & Fittings	7.5%
Motor Vehicles	20%
Construction Works - Completed	10%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

i *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks net of bank balance overdrawn.

j *Profits and losses*

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

k *Provisions*

Provisions are recognised when the Regional Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

2 Accounting Policies and Reporting Procedures - continued

l Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the periods of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Regional Council has an unconditional right to defer settlement of the liability for at least 12 months from the end of the reporting period.

m Capital Management

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

- that the Regional Council's ability to continue as a going concern is still valid and
- that the Regional Council's maintains a positive working capital ratio.

To achieve the above, the Regional Council carries out a quarterly review of the working capital ratio ("Financial Situation Indicator"). The Regional 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.

n Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Regional Council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price with the IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The Regional Council does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

Notes to the Financial Statements

2 Accounting Policies and Reporting Procedures - continued

n *Financial instruments - continued*

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Regional Council's cash and cash equivalents, and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirement use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the council first identifying a credit loss event. Instead, the council considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

2 Accounting Policies and Reporting Procedures - continued

n *Financial instruments - continued*

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Regional Council's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the council designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

	2021	2020
	€	€
3 Funds received from Central Government		
Government allocation received during the year	<u>650,000</u>	<u>650,000</u>
	2021	2020
	€	€
4 Income raised under Local Enforcement System		
Administrative fee	<u>975</u>	<u>786</u>
	2021	2020
	€	€
5 LESA reimbursement		
Reimbursement Salaries	76,768	59,028
Reimbursement Expenses	<u>89,095</u>	<u>109,262</u>
	<u>165,863</u>	<u>168,290</u>
	2021	2020
	€	€
6 General Income		
Grant re Cultural Activities	57,364	1,200
Income received from drug possession	-	670
Miscellaneous Income	<u>100</u>	<u>-</u>
	<u>57,464</u>	<u>1,870</u>

egjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

	2021	2020
	€	€
7 Profit for the year		
Profit for the year is stated after charging:		
Personal Emoluments	221,373	152,330
Depreciation	18,583	3,716
	2021	2020
Personal Emoluments	€	€
<i>Key Management Personnel</i>		
President's Honoraria	21,143	20,807
Executive Secretary Salary and Allowances	42,604	30,623
	<u>63,747</u>	<u>51,430</u>
<i>Operational Personnel</i>		
Employee's Salaries, Overtime and Allowances	142,645	90,384
Social Security Contribution	14,981	10,516
	<u>157,626</u>	<u>100,900</u>
	<u>221,373</u>	<u>152,330</u>
Average number of people employed		
Executive Secretary	1	1
Employees	7	4
President and Council Members	15	15
	2021	2020
	€	€
8 Operations and maintenance		
Tribunal Cost	<u>5,758</u>	<u>6,444</u>

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

	2021	2020
	€	€
9 Administrative and other expenditure		
Annual Plenary Session	7,827	6,498
Bank Charges and Interest	606	217
Cleaning and Supplies Cost	6,127	7,127
Computer Maintenance Agreement	5,551	2,644
Depreciation	18,563	3,716
Funeral Wreath & Flowers	100	211
General Expenses	141	350
Health Insurance	1,070	450
Handyman Works	5,146	5,040
Insurance including Money Insurance	898	895
Legal Fees	2,478	2,478
Data Protection Officer	3,737	4,976
Other Hospitality Costs including consultation meeting	4,642	3,223
Motor Vehicles Expenses including fuel, insurance and parking fees	4,447	3,859
Postage, Photocopies, Printing and Stationery	4,672	8,769
Provision for bad debts	(10,702)	13,625
PR Material	3,290	-
Professional Fee	19,074	18,417
Repairs and Maintenance	11,940	5,475
Subscription, Licences and Membership including website	2,369	1,248
Staff Uniform	379	89
Staff Training & Team Building Events	8,664	1,341
Telephone and Communication Costs	2,995	1,732
Transportation	-	1,180
Overseas Travelling / Project	1,284	1,157
Water/Electricity & Gas Consumed - Office	2,422	1,777
	<u>107,720</u>	<u>96,494</u>
	2021	2020
	€	€
10 Financial assistance to the Local Councils within the Regional Council		
Fire Symposium	48,020	15,163
Christmas Decoration Project / Concert & Competition	200	3,575
Reimbursement to Local Council re Community Officers Services during events	-	(9,855)
Reimbursement re Eco Community Officers	22,388	(37,810)
Activities Project	-	(12,716)
Schools Redecoration Project	-	(7,543)
Special Projects and other Projects from previous years	306,103	(94,160)
Library Project	7,000	-
Kwarta Tajba Project	40,810	-
Tarmac Project	(19,600)	-
Art Lessons and Exhibition Project	3,975	-
CCTV Project	-	(2,555)
Pavement Project	-	(21,268)
Special Need Projects	-	(6,180)
Distribution of Profit	-	(14)
Lifelong Learning Project	-	2,000
	<u>408,896</u>	<u>(171,363)</u>

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

	Computer Equipment €	Office Equipment €	Furniture & Fittings €	Motor Vehicles €	Construction Works - Completed €	Total €
11 Property, Plant & Equipment						
Cost						
As at 1 January 2020	8,522	8,131	8,536	5,000	3,183	33,372
Additions	-	-	1,745	-	-	1,745
Disposal	-	(329)	-	-	-	(329)
As at 31 December 2020	8,522	7,802	10,281	5,000	3,183	34,788
Depreciation						
As at 1 January 2020	8,522	6,291	3,072	1,000	1,535	20,420
Charge for the year	-	1,626	771	1,000	319	3,716
Disposal	-	(329)	-	-	-	(329)
As at 31 December 2020	8,522	7,588	3,843	2,000	1,854	23,807
Net Book Value						
As at 1 January 2020	-	1,840	5,464	4,000	1,648	12,952
As at 31 December 2020	-	214	6,438	3,000	1,329	10,981
Cost						
As at 1 January 2021	8,522	7,802	10,281	5,000	3,183	34,788
Additions	14,838	794	5,434	25,471	68,894	115,431
As at 31 December 2021	23,360	8,596	15,715	30,471	72,077	150,219
Depreciation						
As at 1 January 2021	8,522	7,588	3,843	2,000	1,854	23,807
Charge for the year	3,710	373	1,179	6,094	7,207	18,563
As at 31 December 2021	12,232	7,961	5,022	8,094	9,061	42,370
Net Book Value						
As at 1 January 2021	-	214	6,438	3,000	1,329	10,981
As at 31 December 2021	11,128	635	10,693	22,377	63,016	107,849

Regjun Nofsinhar

Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

	2021 €	2020 €
12 Trade and other receivables		
LES Debtors and Others	1,679,314	1,684,046
Other Debtors	-	24,212
Less provision for doubtful debts on LES Debtors	<u>(1,673,344)</u>	<u>(1,684,046)</u>
Trade receivables	5,970	24,212
Accrued income	95,104	5,597
Financial assets	101,074	29,809
Prepayments	<u>3,376</u>	<u>826</u>
	<u>104,450</u>	<u>30,635</u>

The total financial assets for the year amounted to Euro 101,074 (2020: Euro 29,809)

The carrying value for short-term receivables is considered a reasonable approximate of fair value.

	2021 €	2020 €
Age of receivables that are past due but not impaired		
60 - 90 days	5,970	24,212
91 - 120 days	-	-
Total	<u>5,970</u>	<u>24,212</u>

	2021 €	2020 €
Movement in the allowance for doubtful debts		
Balance at beginning of the year	1,684,046	1,670,421
Increase/ (Decrease) in provision for LES debtors	<u>(10,702)</u>	<u>13,625</u>
Total	<u>1,673,344</u>	<u>1,684,046</u>

In determining the recoverability of receivables, the Regional Council considers any change in the credit quality of each receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

	2021 €	2020 €
13 Cash and cash equivalents		
For purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank	1,966,360	1,901,063
Cash on hand	<u>333</u>	<u>333</u>
	<u>1,966,693</u>	<u>1,901,396</u>

The Regional Council did not have any restrictions on its cash balances at year end.

	2021 €	2020 €
14 Trade and other payables		
Trade payables	13,884	8,019
Other payables	-	19,600
CIR payable	15,723	3,427
Accruals	37,864	31,931
DLG Funds	<u>535,866</u>	<u>622,773</u>
Financial liabilities	603,337	685,750
Deferred Income	<u>207,838</u>	<u>20,000</u>
	<u>811,175</u>	<u>705,750</u>

Short-term financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

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Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

15 Capital Commitments

By the time these financial statements were approved, the Regional Council did not approve any major capital commitments.

16 Related party transactions

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

Name of Entity	Nature of relationship
Department of Local Government	Significant Control
Joint Committee (Local Enforcement)	Joint Control
Local Enforcement System Agency	Joint Control
ARMS Ltd	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Bank of Valletta Plc	No control
Local Council Association	No control
Department of Inland Revenue	No control
Malta Information Technology Agency (MITA)	No control
Commissioner of Police	No control
Datatrak	No control
Guard & Warden Services	No control

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

	2021 €	2020 €
Government allocation	650,000	650,000
LESA reimbursement	165,863	168,290
	<u>815,863</u>	<u>818,290</u>

17 Financial risk management

The Regional Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Regional Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Regional Council's financial performance.

Credit risk

Financial assets which potentially subject the Regional Council to concentrations of credit risk consist principally of cash at bank and debtors. The Regional Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Regional Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Regional Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible, and in this respect the Regional Council has no significant concentration of credit risk. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Regional Council's exposure to credit risk is limited to the carrying amount of financial assets recognised and the end of the reporting period and is summarised as follows:

	2021 €	2020 €
Classes of financial assets - carrying amounts		
Trade and other receivables	(Note 12) 101,074	29,809
Cash and cash equivalents	(Note 13) <u>1,966,693</u>	<u>1,901,396</u>
	<u>2,067,767</u>	<u>1,931,205</u>

Notes to the Financial Statements

17 Financial risk management - continued

Liquidity risk

The Regional Council's trade and other payables exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables (see note 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the region's obligations when they become due.

The Regional Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The Regional Council's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the region's committed borrowing facilities that it can access to meet liquidity needs.

At 31 December 2021, the Regional Council's financial liabilities have contractual maturities which are summarised below:

31 December 2021	Current within 1 year €	Over 1 year €	Total €
Trade payables	13,884	-	13,884
Accruals	37,864	-	37,864
DLG Funds	535,866	-	535,866

This compares to the maturity of the Regional Council's financial liabilities in the previous reporting period as follows:

31 December 2020	Current within 1 year €	Over 1 year €	Total €
Trade payables	8,019	-	8,019
Other payables	19,600	-	19,600
Accruals	31,931	-	31,931
DLG Funds	622,773	-	622,773

Notes to the Financial Statements**17 Financial risk management - continued****Summary of financial assets and financial liabilities by category**

The carrying amount of the Regional Councils financial assets and financial liabilities as recognised at the reporting dates under review are categorised as follows:

	2021	2020
	€	€
Current assets		
Financial assets measured at amortised cost:		
Trade and other receivables	101,074	29,809
Cash and cash equivalents	1,966,693	1,901,396
	<u>2,067,767</u>	<u>1,931,205</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	13,884	8,019
Other payables	-	19,600
Accruals	37,864	31,931
DLG Funds	535,866	622,773
	<u>587,614</u>	<u>682,323</u>

Interest rate risk

Interest rate risk mainly arises through interest bearing liabilities and assets. The objectives of interest rate risk management are to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

The Regional Council does not have interest-bearing assets and liabilities at year end.

Foreign currency risk

Foreign currency transactions arise when the Regional Council buys and sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency.

The Regional Council does not trade in any foreign currencies.

18 Fair values estimation

The nominal value less estimates credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

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Annual Financial Statements for the year 1 January 2021 till 31 December 2021

Notes to the Financial Statements

19 Capital Management

The Regional Council's capital consists of its net assets, including working capital, represented by its retained funds.

The Regional Council's management objectives are to ensure

* the Regional Council's ability to continue as a going concern

* and that the Regional Council maintains a positive working capital ratio and a liquidity ratio

To achieve the above the Regional Council carries out a quarterly review of the working capital ratio, also it uses budgets and business plan to set its strategy to optimise its use of available funds and implement its commitments to the Region.

The ratios as at the end of the reporting period were as follows:

Net working capital ratio and liquidity ratio

	2021	2020
	€	€
Current assets (a)	2,071,143	1,932,031
Current liabilities (b)	811,175	705,750
Net working capital (c=a-b)	<u>1,259,968</u>	<u>1,226,281</u>
Total Assets (d)	2,178,992	1,943,012
Net Working Capital Ratio (c/d)	0.58	0.63
Liquidity Ratio (a/b)	1.00 : 2.55	1.00 : 2.74

20 Events after the end of the reporting period

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the Regional Council.