

PLANNING AUTHORITY - FINANCIAL STATEMENTS

***23690. L-ONOR. CLAUDIO GRECH** staqsa lill-Ministru għall-Ambjent, it-Tibdil fil-Klima u l-Ippjanar: Jista' l-Ministru jpoġġi fuq il-Mejda tal-Kamra l-aħħar sett ta' financial statements tal-Planning Authority?

07/12/2021

ONOR. AARON FARRUGIA: Ninforma lill-Onor. Interpellant li qed inpoġġi fuq il-Mejda tal-Kamra kopja tal-aħħar sett ta' statements finanzjarji tal-Awtorità tal-Ippjanar.

Seduta Numru 538

25/01/2022

Planning Authority

**Annual Report
and
Financial Statements**

31 December 2018

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

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PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

EXECUTIVE COUNCIL MEMBERS, OFFICERS AND OTHER INFORMATION

Members

Mr. Martin Saliba, BA (Hons), MA (Town and Country Planning, UK) - Executive Chairperson, Executive Council	(appointed on 2 December 2019)
Mr. Johann Buttigieg B. Plan - Executive Chairperson, Executive Council	(reappointed on 4 April 2019, resigned on 29 November 2019)
Perit Vincent Cassar B. Arch., FIHEEM, FICE, C.Eng., A.&C.E. - Chairman Planning Board	(reappointed on 4 April 2019)
Prof Saviour Formosa B.A. (Hons)(Melit.), M.Sc.(G.I.S.)(Hudd.) Dip.App.Soc.Stud.(Melit.),Ph.D.(Hudd.),F.R.G.S.	(appointed on 3 March 2020)
Perit Michelle Piccinino B.E.&A. (Hons)	(reappointed on 4 April 2019)
Perit Elizabeth Ellul B.E.&A. (Hons.), A&C.E. - Deputy Chairperson Planning Board	(reappointed on 4 April 2019 resigned on 2 March 2020)
Mr. Martin Camilleri B, Plan	(appointed on 3 March 2020)
Ms. Sharon Mifsud	(appointed on 3 March 2020)
Ms. Carmen Buttigieg MA, BA, Dip App Soc Stud, DipGestalt Psych	(appointed on 3 March 2020)
Mr. Jesmond Muscat BSc Hons, Environmental Planning, B'ham	(appointed on 4 April 2019 resigned on 2 March 2020)
Dr. Christian Zammit B.A. LL.D.	(appointed on 4 April 2019 resigned on 2 March 2020)
Dr. Louise Spiteri B.A., LL.D, M.Jur. (Int Law), Adv. Trib. Eccl. Melit.	(reappointed on 4 April 2019 resigned on 2 March 2020)
Dr. Veronique Dalli B.A., LL.D.	(resigned on 3 April 2019)
Dr. Andre Borg B.A., LL.D. (Melit)	(resigned on 3 April 2019)

Board Secretary

Ms. Yoanne Muscat	(appointed on 3 March 2020)
Dr. Anita Giordimaina	(appointed on 4 April 2019, resigned on 2 March 2020)
Mr. Joseph Borg	(resigned on 3 April 2019)

Registered Office
Planning Authority
St. Francis Ravelin
Floriana FRN 1230
Malta

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

REPORT OF THE EXECUTIVE COUNCIL MEMBERS - continued

Bankers

APS Bank Limited
APS House
24, St. Anne Street
Floriana
Malta

Bank of Valletta p.l.c.
St. Anne Street
Floriana
Malta

HSBC Bank Malta p.l.c.
233, Republic Street
Valletta
Malta

Auditors

RSM Malta
Mdina Road
Zebbug ZBG 9015
Malta

Legal Advisors

Dr. Deborah Schembri
24, Triq San Pawl Milqi
Burmarrad
Malta

(resigned in April 2021)

Abela Advocates
53/3, 2nd Floor
Strait Street
Valletta VLT 1434
Malta

(resigned on 12 January 2020)

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

REPORT OF THE EXECUTIVE COUNCIL MEMBERS

The Executive Council Members present their annual report and the audited financial statements of the Planning Authority for the year ended 31 December 2018.

Incorporation and functions

The Authority was set up through Article 5 of Act VII of 2016 known as Development Planning Act, 2016 published on 26 January 2016 for the promotion of comprehensive and sustainable land use planning system.

The function of the Authority is to perform and succeed in the functions which were previously assigned to the Malta Environment and Planning Authority (MEPA) under the provisions of the Environment and Development Planning Act, 2010 and to perform and succeed in the assets, rights, liabilities and obligations of the Malta Environment and Planning Authority established under the provisions of the Environment and Development Planning Act, 2010 and to the extent prescribed by the Development Planning Act, 2016.

The Malta Environment and Planning Authority has ceased to exist and two Authorities have been established on 4 April 2016 as a consequence of a demerger of the Planning and Environment Protection functions. The Environment and Resources Authority (ERA) has been set up and is regulated by Act I of 2016 published on 8 January 2016; and the Planning Authority (PA) has been set up and is regulated by Act VII of 2016 published on 26 January 2016.

Legal Notice 109 of 2016 specifies that all receivables, rights, liabilities and obligations of the Malta Environment and Planning Authority (MEPA) are assigned and continued to have effect with regard to the Planning Authority as if made under the Development Planning Act, and that all functions previously carried out by the Planning Directorate of the Malta Environment and Planning Authority (MEPA) shall be assumed by the Planning Authority (PA) established under the Development Planning Act, and all the functions currently carried out by the Environment Protection Directorate of the Malta Environment and Planning Authority (MEPA) shall be assumed by the Environment Resources Authority (ERA) established under the Environment Protection Act.

Results

The financial results of the Authority for the year ended 31 December 2018 are shown in the statement of comprehensive income on page 10.

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

REPORT OF THE EXECUTIVE COUNCIL MEMBERS - continued

Executive Council Members

The members of the Executive Council who served during the year ended 31 December 2018 were as shown on page 2.

Statement of responsibilities of Executive Council Members

The Executive Council Members acknowledge their responsibility to prepare financial statements in accordance with the Development Planning Act, 2016 and with International Financial Reporting Standards as adopted by the European Union which give a true and fair view of the financial position of the Authority at the end of each financial year and of the profit and loss for that period. Best practice requires that in preparing the financial statements, the Executive Council Members should:

- adopt the going concern basis unless it is inappropriate to presume that the Authority will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The Executive Council Members are responsible for ensuring that proper books of account are kept. Best practice dictates that this means disclosing with reasonable accuracy at any time the financial position of the Authority and enabling the Executive Council Members to ensure that the financial statements comply with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error. The Executive Council Members are also responsible for safeguarding the assets of the Authority, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Executive Council of the Planning Authority and signed on its behalf on 21 December 2021 by:



Martin Saliba
Executive Chairperson, Executive Council
Planning Authority



Vincent Cassar
Chairperson, Planning Board
Planning Authority

RSM Malta

Mdina Road,
Zebbug ZBG 9015,
Malta.

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INDEPENDENT AUDITORS' REPORT

To the Executive Council Members of Planning Authority

Opinion

We have audited the accompanying financial statements of Planning Authority ("the Authority"), set out on pages 10 - 32, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Authority 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 European Union.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT - continued

Other information

The Executive Council Members are responsible for the other information. The other information comprises the Executive Council Members, officers and other information and the report of the Executive Council Members. Our opinion on the financial statements does not cover the other information, including the report of the Executive Council Members.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Council Members

The Executive Council Members are 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 European Union, and for such internal control as the Executive Council Members 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 Council Members are responsible for assessing the Authority'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 Executive Council Members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

The Executive Council Members are responsible for overseeing the Authority's financial reporting process.

INDEPENDENT AUDITORS' REPORT - continued

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 judgement and maintain professional skepticism 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Executive Council Members.
- Conclude on the appropriateness of the Executive Council Members' 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 Authority'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 Authority 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.

INDEPENDENT AUDITORS' REPORT - continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

We communicate with the Executive Council Members 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.

A handwritten signature in blue ink, appearing to read "Joseph Ellul Falzon", is written over a horizontal line.

*This copy of the audit report has been signed by
Joseph Ellul Falzon (Partner)
for and on behalf of*

RSM Malta
Certified Public Accountants

21 December 2021

PLANNING AUTHORITY**Annual Financial Statements for the year ended 31 December 2018****STATEMENT OF COMPREHENSIVE INCOME**

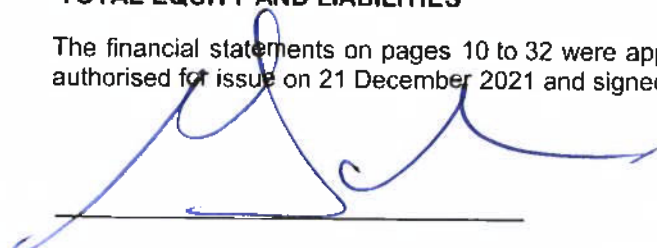
	Note	2018 €	2017 €
Revenue	4	34,453,178	25,798,268
Recurrent expenditure	6	<u>(25,628,345)</u>	<u>(17,498,208)</u>
Operating profit		8,824,833	8,300,060
Interest income	8	402,251	4,880
Gain on disposal of property, plant and equipment		-	7,220
Profit before tax		9,227,084	8,312,160
Tax	9	-	-
Profit for the financial year		9,227,084	8,312,160
Total comprehensive income for the year		9,227,084	8,312,160

PLANNING AUTHORITY**Annual Financial Statements for the year ended 31 December 2018****STATEMENT OF FINANCIAL POSITION**


As at 31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	10	<u>7,721,556</u>	<u>3,687,147</u>
Current assets			
Trade and other receivables	11	<u>15,039,049</u>	<u>13,830,960</u>
Cash and cash equivalents	16	<u>18,258,663</u>	<u>13,393,397</u>
		<u>33,297,712</u>	<u>27,224,357</u>
TOTAL ASSETS		<u>41,019,268</u>	<u>30,911,504</u>
EQUITY AND LIABILITIES			
Equity			
Endowment capital	12	<u>1,164,687</u>	<u>1,164,687</u>
Retained earnings		<u>13,714,520</u>	<u>4,487,436</u>
TOTAL EQUITY		<u>14,879,207</u>	<u>5,652,123</u>
Non-current liabilities			
Other non-current liabilities	13	<u>5,032,349</u>	<u>1,548,975</u>
Current liabilities			
Trade and other payables	14	<u>15,379,222</u>	<u>15,355,422</u>
Other current liabilities	13	<u>84,664</u>	<u>84,664</u>
Other financial liabilities	15	<u>5,643,826</u>	<u>8,270,320</u>
		<u>21,107,712</u>	<u>23,710,406</u>
TOTAL LIABILITIES		<u>26,140,061</u>	<u>25,259,381</u>
TOTAL EQUITY AND LIABILITIES		<u>41,019,268</u>	<u>30,911,504</u>

The financial statements on pages 10 to 32 were approved by the Executive Council of the Planning Authority, authorised for issue on 21 December 2021 and signed on its behalf by:



Martin Saliba
Executive Chairperson, Executive Council
Planning Authority



Vincent Cassar
Chairperson, Planning Board
Planning Authority

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY

	Note	Endowment capital €	Retained earnings €	Total equity €
Financial year ended 31 December 2017				
Balance at 01 January 2017		1,164,687	(3,824,724)	(2,660,037)
Total comprehensive income for the year:				
<i>Profit for the financial year</i>		-	8,312,160	8,312,160
Balance at 31 December 2017		1,164,687	4,487,436	5,652,123
Financial year ended 31 December 2018				
Balance at 01 January 2018		1,164,687	4,487,436	5,652,123
Total comprehensive income for the year:				
<i>Profit for the financial year</i>		-	9,227,084	9,227,084
Balance at 31 December 2018		1,164,687	13,714,520	14,879,207

PLANNING AUTHORITY**Annual Financial Statements for the year ended 31 December 2018****STATEMENT OF CASH FLOWS**

	Note	2018 €	2017 €
Cash flows from operating activities:			
Profit before tax		9,227,084	8,312,160
Transfer from capital reserve		(84,664)	(88,415)
Adjustment for:			
Provision for retirement benefits		(271,204)	(100,258)
Depreciation charge		710,074	639,061
Interest income		(402,251)	(4,880)
Gain on disposal of property, plant and equipment		-	(7,220)
Provision for doubtful accounts		220,267	910,887
Doubtful accounts written-off		-	8,760
Profit from operations		9,399,306	9,670,095
Movements in trade and other receivables		(1,428,356)	(2,962,747)
Movements in trade and other payables		23,800	(3,550,229)
Movements in other financial liabilities		(2,626,494)	(1,854,232)
Payments on retirement benefits		(194,172)	(1,781,013)
Government/European Union grants received		4,033,414	463,407
Interest received		402,251	4,880
Cash from/(used in) operating activities		9,609,749	(9,839)
Cash flows from investing activities:			
Payments to acquire intangible assets		(4,744,483)	(1,789,172)
Proceeds from disposal of property, plant and equipment		-	7,220
Net cash flows used in investing activities		(4,744,483)	(1,781,952)
Net increase/(decrease) in cash and cash equivalents		4,865,266	(1,791,791)
Cash and cash equivalents at beginning of year		13,393,397	15,185,188
Cash and cash equivalents at end of year	16	18,258,663	13,393,397

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Planning Authority ("the Authority") was set up through Article 5 of Act VII of 2016 known as Development Planning Act, 2016 with its registered address at St. Francis Ravelin, Floriana, FRN 1230, Malta.

The Authority was primarily set up for the promotion of comprehensive and sustainable land use planning system.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement and statement of compliance

The financial statements of the Authority have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements have been prepared under the historical cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes disclosed in the new or revised standards, interpretations and amendments adopted which were applied in line with the transitional provisions.

Functional and presentation currency

The financial statements are presented in Euro (€) which is the Authority's functional and presentation currency.

New or revised standards, interpretations and amendments adopted

The Authority adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the EU. The adoption of these new or revised standards, interpretations and amendments did not have a material impact on these financial statements.

New or revised standards, interpretations and amendments issued but not yet effective

Several new or revised standards, interpretations and amendments were in issue and endorsed by the EU but are not yet effective for the current financial year. Except for the new or revised standards, interpretations and amendments discussed below, the Authority has not early adopted the other new or amended standards in preparing these financial statements. The Executive Council Members anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

New or revised standards, interpretations and amendments issued but not yet effective - continued

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 *Leases*. The standard eliminated the classifications of operating leases and finance leases for lessees. Subject to exceptions, a 'right-of-use' asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Straight-line operating expense recognition is replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For lessor accounting, the standard does not substantially change how a lessor accounts for leases under IAS 17.

Impact of adoption

The impact of adoption as at 31 December 2018 was as follows:

	Right-of-use asset	Lease liability	Opening retained earnings
	€	€	€
Impact of adoption	1,068,009	235,695	-

The Executive Council has assessed the above not to have a significant impact upon the financial statements as at the end of the reporting date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues, unless collectability is in doubt.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all the conditions attached to them are complied with.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Government grants - continued

Grants related to assets are initially taken to deferred income and then released to profit or loss on a systematic and rational basis over the useful lives of the related assets. The majority of grants are to assist with the purchase of plant and machinery. Grants related to income are deducted against the related expense.

Unearned income

A substantial portion of the income of the Authority is derived from development permit fees, which are received with applications for development permits in advance of the completion of the work connected therewith.

A provision is made at the end of each financial year to recognise the unearned income representing:

- i. income received for development applications which have not yet been determined;
- ii. income received for inspection and enforcement work which has not yet been performed; and
- iii. refunds which may be due on applications not yet determined.

Property, plant and equipment

An item of property, plant and equipment is initially measured at cost. Cost includes the purchase prices and other expenditures directly attributable to bringing the asset to the location and condition for its intended use. Subsequent expenditures relating to the asset is capitalised as additional cost when it results in an increase in the future economic benefits to be obtained from the asset, in excess of the originally assessed standard of performance, and will flow back to the Company. All other subsequent expenditures are recognised in profit or loss.

After initial recognition, an item of property, plant and equipment is carried at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

	%
Improvements to leasehold premises	5
Furniture, fixtures and fittings	15
Computer and other equipment	15-20
Electrical and other equipment	15

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the cost and related accumulated depreciation and impairment losses, if any are derecognised and the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment assessment, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Authority basis, as a cash-generating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Authority to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is 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, if no impairment loss had been recognised.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the 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. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expired.

Financial assets

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

The Authority's financial assets are as follows:

Financial assets at amortised cost

Financial assets at amortised cost are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Authority's financial assets under this classification include cash and cash equivalents, trade receivables and amounts owed to related parties.

Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

The Authority considers a financial asset to be in default when contractual payments are 60 months past due. The Authority recognises a loss allowance for the expected credit losses on trade receivables. The amount of expected credit losses on trade receivables is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective trade receivables. However, in certain cases, the Authority may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets - continued

For trade receivables, the Authority applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit or loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

Financial liabilities under this category include trade and other payables and borrowings.

Offsetting of financial assets and financial liabilities

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

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the board members' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Contingent liabilities

Contingent liabilities incurred by the Authority are not recognised but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity and are not recognised because it is not probable that an outflow of resources will be required to settle the obligation. Moreover, the amount of the obligation cannot be measured within sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Authority requires significant judgment.

Employee benefit

The Authority contributes towards the state pension in accordance with local legislation. The only obligation of the Authority is to make the required contributions.

For defined contribution plans, the cost to be recognised in the year is the contribution payable in exchange for service rendered by employees during the year. If contributions to a defined contribution plan do not fall due within 12 months after the end of the year in which the employee renders the service, the contributions are discounted to their present value.

3. SIGNIFICANT JUDGMENTS AND CRITICAL ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Executive Council Members have considered the development, selection and disclosure of the Authority's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Authority's Executive Council Members the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in terms of the requirements of IAS 1.

PLANNING AUTHORITY**Annual Financial Statements for the year ended 31 December 2018****NOTES TO THE FINANCIAL STATEMENTS - continued****4. REVENUE**

	2018	2017
	€	€
Development permit fees	18,269,812	10,809,766
Infrastructure services contribution administrative charge	7,253,902	5,695,018
Sale of maps and land survey fees	294,529	363,674
Fines	2,225,131	1,776,816
Other income (Note 5)	6,898,939	5,353,600
Refunds on refused and withdrawn applications	(711,640)	(272,903)
Movement in unearned income	222,505	2,072,297
	<u>34,453,178</u>	<u>25,798,268</u>

5. OTHER INCOME

	2018	2017
	€	€
Administration fees charged to:		
Environmental Initiatives in Partnership Programme	2,626,495	1,854,232
Compliance certificates	563,160	521,500
Direct enforcement action	171,847	148,233
Income from reconsideration of applications	18,983	14,369
Miscellaneous income	254,342	202,547
Planning control	129,294	90,248
Minor amendment fees	339,650	288,400
Screening fees	8,450	6,350
Property, plant and equipment grants	84,664	88,415
Mobile credit entitlement	62,252	-
Compromise fine	45,000	-
Daily fines	1,225,543	1,700,741
Search and copy of permit	141,994	121,116
Income from EU funded projects	1,227,265	317,449
	<u>6,898,939</u>	<u>5,353,600</u>

PLANNING AUTHORITY**Annual Financial Statements for the year ended 31 December 2018****NOTES TO THE FINANCIAL STATEMENTS - continued****6. RECURRENT EXPENDITURE**

	2018	2017
	€	€
Advertising	54,114	39,925
Auditors' remuneration	16,313	15,537
Bank charges	26,651	21,282
Cleaning of premises	98,520	95,185
Depreciation charge (Note 10)	710,074	639,061
Direct enforcement action expenses	243,685	143,726
Hospitality	31,374	20,948
Insurance	68,922	66,629
Judicial expenses	108,244	12,769
Materials, supplies and sundries	391,046	307,437
Provision for doubtful accounts (Note 11)	220,267	910,887
Overseas conferences	34,824	44,830
Programmes and initiatives	1,334,422	418,579
(Reversal)/provision for retirement benefits (Note 13)	(271,204)	(100,258)
Legal and professional fees	572,705	428,915
Public relations and exhibitions	798,065	309,862
Remuneration of Executive Council Members (Note 7)	134,960	152,807
Remuneration of other boards and committees	179,615	195,161
Rent	203,698	92,084
Repairs, upkeep and license fees	394,609	308,979
Security	135,557	44,078
Stationery and printing	25,528	35,810
Subscriptions, books and postage	46,976	53,318
Telecommunications	163,404	139,473
Training	12,067	95,426
Transport	301,188	289,875
Wages and salaries	13,446,292	11,907,389
Doubtful accounts written-off	-	8,760
Water and electricity	125,930	125,841
Out of court settlements	-	673,893
Write-off	20,499	-
Funds payable to government	6,000,000	-
	25,628,345	17,498,208

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

7. KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	€	€
<i>Executive council members' compensation:</i>		
Executive council members	<u>132,820</u>	<u>152,807</u>
<i>Other key management personnel compensation:</i>		
Salaries and social security contributions	193,373	59,281
Fringe benefits	<u>20,937</u>	<u>6,988</u>
	<u>214,310</u>	<u>66,269</u>
<i>Total key management personnel compensation</i>	<u>347,130</u>	<u>219,076</u>

8. INTEREST INCOME

	01.01.2017	04.04.2016
	to	to
	31.12.2017	31.12.2016
	€	€
Interest income on bank deposits	<u>402,251</u>	<u>4,880</u>

9. INCOME TAX EXPENSE

In accordance with Article 29 of Development Planning Act, 2016 (Act VII of 2016), the Authority is exempt from any liability for the payment of any tax on income or duty on documents for the time being in force in Malta.

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

10. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction	Improvements to leased premises	Furniture, fixtures and fittings	Computer and other equipment	Electrical and other equipment	Total
	€	€	€	€	€	€
Cost						
Opening balance	472,839	4,348,141	1,565,015	7,184,463	734,832	14,305,290
Additions	4,047,108	172,720	177,110	347,545	-	4,744,483
Balance at 31 December 2018	4,519,947	4,520,861	1,742,125	7,532,008	734,832	19,049,773
Depreciation						
Opening balance	-	(2,624,185)	(1,129,999)	(6,162,020)	(701,939)	(10,618,143)
Depreciation	-	(122,665)	(127,411)	(451,478)	(8,520)	(710,074)
Balance at 31 December 2018	-	(2,746,850)	(1,257,410)	(6,613,498)	(710,459)	(11,328,217)
Carrying amount						
At 31 December 2017	472,839	1,723,956	435,016	1,022,443	32,893	3,687,147
At 31 December 2018	4,519,947	1,774,011	484,715	918,510	24,373	7,721,556

Formal lease agreements have been signed with the Commissioner of Land during 1998 for the Authority's leased premises in Malta and Gozo, specifying that the leasing agreement is for a one-year period, thereafter, renewable at the option of the Government from year to year, with a definite lease period not established. The capital expenditure incurred is being depreciated at 5% per annum on the assumption that the Authority will continue to occupy the premises for at least 20 years from date of improvement.

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	€	€
Trade receivables (Note i)	3,126,320	1,885,842
Amounts owed by related parties (Note ii)	2,947,553	6,365,627
Other receivable	1,161,425	2,027,386
Prepayments and accrued income (Note iii)	7,803,751	3,552,105
	15,039,049	13,830,960

- (i) Trade receivables are stated net of provision for doubtful accounts amounting to €836,088 (2017: €608,269).
- (ii) The amounts owed by related parties are stated net of provision for doubtful accounts amounting to €1,246,551 (2017: €1,190,247). Included on the amounts owed by related parties are balances amounting to €2,972,386 (2017: €6,353,334) from Environment Resources Authority. These amounts are unsecured, interest-free and are collectible on demand.
- (iii) Prepayments and accrued income are stated net of provision for doubtful accounts amounting to €695,083 (2017: €758,939).

12. ENDOWMENT CAPITAL

Legal Notice 109 of 2016 provided that as from 4th April 2016, all receivables and rights, liabilities and obligations of the Malta Environment and Planning Authority shall be assumed by the Planning Authority established under the Development Planning Act (Act VII of 2016). Thereby, the assumed rights include the endowment capital established under Article 7(1) of the Development Planning Act, 1992, which was gradually superceded by the Environment and Development Planning Act, 2010 (Act X of 2010). The endowment capital assumed by the Authority amounted to €1,164,687.

13. OTHER LIABILITIES

	2018			2017		
	Current €	Non- current €	Total €	Current €	Non- current €	Total €
Deferred income	84,664	4,672,414	4,757,078	84,664	723,663	808,327
Provision for retirement benefits	-	359,935	359,935	-	825,312	825,312
Balance at 31 December	84,664	5,032,349	5,117,013	84,664	1,548,975	1,633,639

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

13. OTHER LIABILITIES - continued

Deferred income

Deferred income represents the Government grants received to fund the purchase of property, plant and equipment owned by the Authority. During the year, an amount equivalent to the depreciation charged on these assets is transferred to the profit and loss.

Provision for retirement benefits

The provision for retirement benefits represents the year-end provision for likely future liabilities relating to pensions of employees, arising under the Pensions Ordinance, who joined the public service before 15 January 1979 and were subsequently transferred to the Malta Environment and Planning Authority on its inception or at a later date, these provisions were assumed by the Planning Authority upon the demerger of Malta Environment and Planning Authority between Planning Authority and Environment and Resources Authority on 4 April 2016. The provision has been computed in accordance with the accounting policy stated in Note 2, and represents the Authority's obligation discounted to the net present value after considering the average life expectancy of such employees and expected increases in salaries, where applicable.

The movement in provision for retirement benefits may be analysed as follows:

	2018	2017
	€	€
Balance at beginning of the year	825,312	2,706,583
Payments	(194,173)	(1,781,013)
Reversal for the year	(271,204)	(100,258)
Balance at 31 December	359,935	825,312

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

14. TRADE AND OTHER PAYABLES

	2018	2017
	€	€
Infrastructure services contributions (Note i)	2,087,001	3,580,133
Amounts owed to related parties (Note ii)	574	573
Environmental fee payable (Note i)	427,458	490,053
Other payables	1,918,219	1,620,212
Unearned income (Note iii)	8,663,158	8,440,653
Accruals and deferred income	2,282,812	1,222,631
Amounts owed to special funds	-	252
Amounts owed to commuted parking payment scheme	-	915
	<u>15,379,222</u>	<u>15,355,422</u>

- i. These amounts are unsecured, interest free and payable on demand.
- ii. Amounts owed to related parties arose from the ordinary operations of the Authority. These amounts are unsecured, interest free and payable on demand.
- iii. Unearned income represents income received for services not yet completed and is based on the stage of completion of each development application.

15. OTHER FINANCIAL LIABILITIES

	2018	2017
	€	€
Loan from Commuted Parking Payment Scheme (CPPS)		
Balance at beginning of the year/period	8,270,220	10,124,552
Payments	(2,626,394)	(1,854,332)
Balance at 31 December	<u>5,643,826</u>	<u>8,270,220</u>

The Authority was authorised to utilise CPPS monies in connection with the office premises at Marsa. The amounts are interest free and due within one year at the end of the reporting year.

The payments made represents the administrative service charges and interest earned by the Authority on the funds held on behalf of CPPS, these were offset to the loan balance.

16. CASH AND CASH EQUIVALENTS

	2018	2017
	€	€
Cash on hand and in banks	<u>18,258,663</u>	<u>13,393,397</u>

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

17. ADMINISTRATION OF SPECIFIC FUNDS

The Authority is responsible for the collection and administration of special funds in the form of Planning Obligations under the provisions of Article 79 of the Development Planning Act, 2016. These funds are to be applied for specific purposes as provided for by the Act and the provisions for the Commuted Parking Payment Scheme, the Environmental Initiatives on Partnership Programme Funds, and the Urban Improvement Fund. The funds and other assets held by the Authority may be analysed as follows:

	2018	2017
	€	€
Cash at bank	60,489,495	33,484,240
Debtors	74,783	74,783
Funds utilised by Planning Authority	5,643,826	8,270,320
	66,208,104	41,829,343

These net assets are held in respect of:

	2018	2017
	€	€
Commuted Parking Payment Scheme	15,297,888	17,195,351
Other Administered Funds	36,449,867	12,467,471
Urban Improvement Funds	14,460,349	12,166,521
	66,208,104	41,829,343

The Authority earns an administration fee of 10% per annum of the funds held on behalf of the Commuted Parking Payment Scheme as well as 10% upon receipt of all Environmental Initiatives on Partnership Programme Funds and Urban Improvement Funds contributed by applicants.

The movement in specific funds may be analysed as follows:

	2018	2017
	€	€
Balance at the beginning of the year	41,829,343	28,805,393
Funds collected net of refunds	38,284,814	18,600,955
Interest received	75,386	9,802
	80,189,543	47,416,150
Administration charge	(2,626,495)	(1,854,232)
Funds applied	(11,354,944)	(3,732,575)
Balance at 31 December	66,208,104	41,829,343

PLANNING AUTHORITY
Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

18. CONTINGENT ASSETS AND LIABILITIES

The Authority is a defendant in a substantial number of cases instituted by individuals claiming damages or remedial measures against the Authority. Based on information available to the Authority, the extent of potential liabilities cannot be quantified and no current claims or legal proceedings are deemed to be exceptional or which could lead to a significant liability falling on the Authority and therefore no provision for any claims or legal proceedings was deemed necessary as at the end of the reporting year.

The Authority holds various bank guarantees arising from the additional agreements made with certain applicants to be fulfilled before the Authority can issue a full development permit. These guarantees cover any losses which may likely be incurred by the Authority upon non-compliance of these additional conditions. As at 31 December 2018, the total bank guarantees outstanding amount to €33,068,110 (31 December 2017: €29,712,684).

19. RELATED PARTY DISCLOSURES

The Authority considers the ultimate controlling party to be the Government of Malta who appoints the majority of the Board members.

During the course of the year, the Authority entered into transactions with a number of Government entities, which are related through common control.

Balances with related parties at year-end are disclosed in Notes 11 and 14. Such balances arose in the Authority's normal course of operations. No guarantees have been given or received. These amounts are unsecured and interest free.

The related party transactions in question were:

	2018			2017		
	Related party activity	Total activity	%	Related party activity	Total activity	%
	€	€		€	€	
Revenue (excluding movement in provision for unearned income)	8,307,689	34,230,673	24	6,655,636	23,725,971	28
Recurrent expenditure	6,645,291	25,628,345	26	368,499	17,498,208	2

The information to extract related party transactions within the movement in provision for unearned income is not available to the Authority. As a result, this amount is excluded from the above table.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

20. FINANCIAL RISK MANAGEMENT

The Authority's Executive Council Members are responsible for managing the risks faced by the Authority. This responsibility includes identifying, analysing, setting the appropriate risk limits and controls, and monitoring adherence to such limits and controls.

At year end, the Authority's financial assets are comprised of financial assets at amortised costs namely trade and other receivables and cash at bank. At year end, there were no off-balance sheet financial assets except as disclosed in Note 18 to these financial statements.

At year end, the Authority's financial liabilities are comprised of financial liabilities at amortised cost namely borrowings and trade and other payables. At year end, there were no off-balance sheet financial liabilities, except as disclosed in Note 18 to these financial statements.

The Authority's financial instruments are exposed to credit and liquidity risks.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge its obligation to the Authority.

Financial assets which potentially subject the Authority to concentrations of credit risk consist of trade receivables and cash in banks. The maximum exposure to credit risk at the reporting date in respect of the recognised financial assets is the carrying amount disclosed in the statement of financial position and notes to the financial statements.

The credit risk relating to cash in banks is considered to be low in view of management's policy of placing it in reputable financial institutions.

The Authority's risk is managed through assessing the credit quality of its customers by taking into account the financial position, past experience and other factors and incorporating forward looking information such as the economic condition where the debtors operate and other macroeconomic factors affecting the ability of the customers to settle the receivables.

An impairment analysis is performed at each reporting date for these assets using the simplified approach to measure the allowance ECL on trade receivables. The Authority determines the allowance for ECL by using a provision matrix as they possess shared credit risk characteristics, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The ageing of the Authority's trade receivables (including related parties and gross of allowance for impairment losses) may be analysed as follows:

	2018	2017
	€	€
Less than 120 days	2,575,084	789,293
Over 120 days	2,790,351	2,907,358
	<u>5,365,435</u>	<u>3,696,651</u>

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

20. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Collateral

The Authority does not hold any collateral.

Liquidity risk

Liquidity risk arises in the general funding of the Authority's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due.

The Executive Council Members manage liquidity risk by maintaining adequate reserves and/or available borrowing facilities by continuously monitoring actual and forecast cash flows as well as the maturity profiles of financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity.

	Within 1 year €	1-2 years €	Total €
31 December 2018			
Non-derivative financial liabilities			
Non-interest bearing	21,023,048	5,032,349	26,055,397
31 December 2017			
Non-derivative financial liabilities			
Non-interest bearing	23,625,742	1,548,975	25,174,717

Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Capital risk management

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The Executive Council Members manage the Authority's capital structure and make adjustments to it, in the light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. The Authority's overall strategy remains unchanged from the prior year.

The capital structure of the Authority consists of endowment capital as disclosed in Note 12 and retained earnings as presented in the statement of changes in equity.

PLANNING AUTHORITY

Annual Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

20. FINANCIAL RISK MANAGEMENT - continued

Fair value of financial instruments

As at year end, the carrying amounts of the cash and cash equivalents, trade and other receivables, trade and other payables and other financial liabilities reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

The COVID-19 outbreak is having a substantial negative impact on both global and local economies. There has been a considerable adverse influence on the financial performance for 2020 resulting in decreased revenues. There are still uncertainties on both the duration of the crisis and the extent of further impact on the local economy, although several mitigating measures have been adopted. The Authority does not consider that any adjustments are required to the financial statements at this stage. The Authority has already adopted measures and intends to continue to safeguard the well-being of its employees and its customers.