

**SEWERAGE BOARD OF
LIMASSOL - AMATHUS**

ANNUAL REPORT

2016

AUGUST 2017

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1.0 The Board

1.1 The Board consists of the following members:

Nicos Nicolaides	Chairman SBLA – Mayor of Limassol Municipality
Mario Alexandrou	Member SBLA – District Officer
Nicos Agapiou	
Phivos Alkiviathous	
Theodoto Anthousi	
Troodia Antoniadou	
Aristos Aristidou	
Michalis Vasiliou	
Costas Yiallourous	
Kristis Demetriou	
Georgios Epaminonda	
Aphroditi Evangelou	
Elias Ioakim	
Adamos Kombos	
Loizos Mavroudes	
Andreas Neophytou	
Andreas Nicolaou (Kokkinos)	
Niki Pantelidou	
Loucas Spatharis	
Athina Spyrou	
Nicos Sikas	
Michalis Socratous	
Haris Trikkis	
Prodromos Ttoppouzis	
Neophytos Charalambides	
Marina Hatzimanoli Glyki	
Michalis Fellas	
Apostolos Psaras	
Kyriakos Xydias	Member SBLA – Mayor of Germasoyia Municipality
Nikos Anastasiou	Member SBLA – Deputy Mayor of Kato Polemidia Municipality
Doros Antoniou	Member SBLA – Mayor of Mesa Gitonia Municipality
Marinos Kyriakou	Member SBLA – Mayor of Agios Athanasios Municipality
Andreas Spyrou	Member SBLA – President of Pyrgos Community Board
Charalambos Kokkonias	Member SBLA – President of Moni Community Board
Pambos Ioannou	Member SBLA – President of Ayios Tychonas Community Board
Kyriakos Mavri s	Member SBLA – President of Pano Polemidia Community Board
Socratis Pavlou	Member SBLA – President of Parekklesia Community Board

1.2 General Manager
Iacovos Papaiaovou - FCCA

1.3 Auditors
DM Globus Auditors Joint Venture Limited

1.4 Location of premises

Head Offices: 76 Franklin Roosevelt, Block A, Limassol
Sewerage Treatment Plant: Moni
Emergency telephone number: Tel. 77772015

2.0 Establishment and objectives of the Board (SBLA).

2.1 The Sewerage Board of Limassol - Amathus is a Public Utility Organisation.

2.2 It was established and operates in accordance with the Sewerage Systems Law 1/1971. The Board of Management consists of the Municipal Councilors of the Limassol Municipality, all the Mayors of the Municipalities of the Greater Limassol Area together with the Presidents of the Community Boards of Agios Tychonas, Moni, Parekklistia, Pyrgos and Pano Polemidia and the District Officer.

Chairman of the Board is the Mayor of the Limassol Municipality.

2.3. The primary mission of SBLA is the construction and operation of the sewerage system in the Greater Limassol Area as well as the construction of stormwater drainage main collectors.

2.4 The objectives of the Board are attained by:

- (i) planning and constructing main infrastructure projects
- (ii) constructing, expanding, operating and maintaining the sewerage system within its boundaries.
- (iii) raising and servicing long - term loans
- (iv) imposing sewerage charges on the basis of property assessed valuation as at 1.1.1980 and sewerage service charges on the basis of water consumption on all properties connected to the sewerage system, in order to finance the construction of the project and the operation of the system.

3.0 Area of the Board

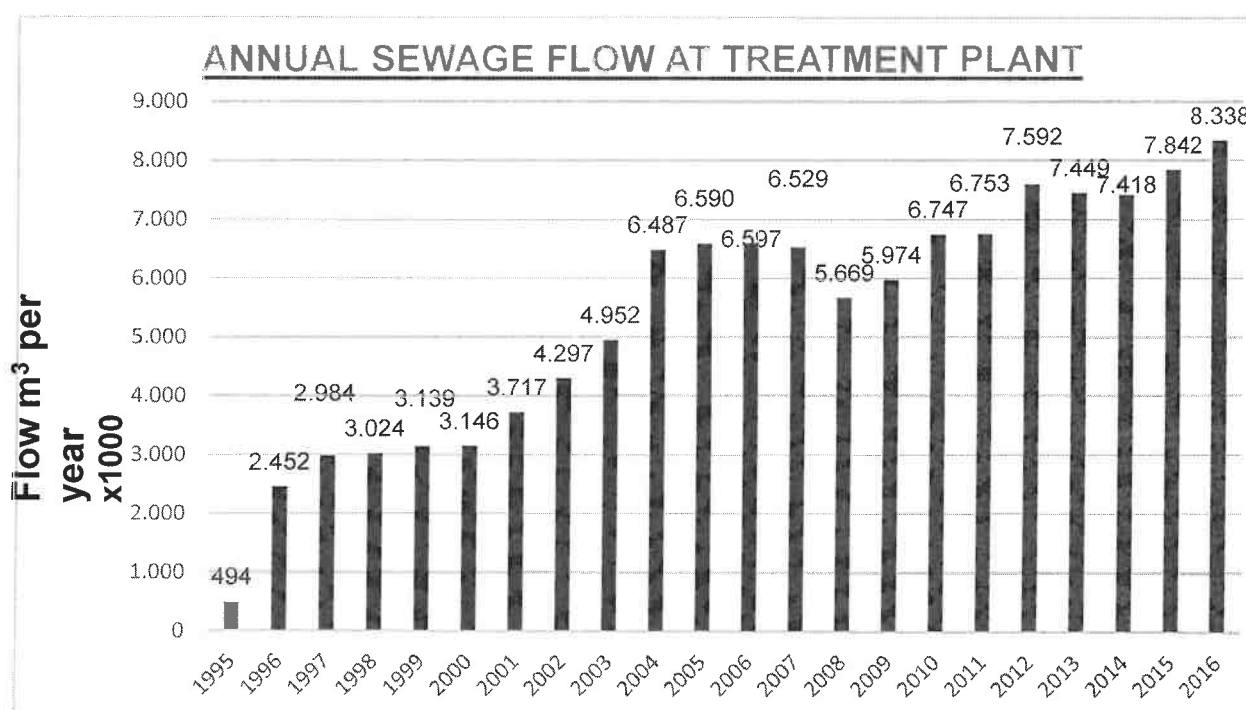
3.1. The SBLA area as shown on the map (page 7) includes areas within the boundaries of the Municipalities of Limassol, Mesa Gitonia, Kato Polemidia, Agios Athanasios and Germasoyia. It also includes the housing areas of the Community Boards of Pano Polemidia, Palodia, Mouttayaika, Agios Tychonas, Parekklistia, Pyrgos and Moni.

4.0 Sewage Treatment Plant (STP) and wastewater flow

4.1. The wastewater is collected through the public sewerage system and carried either by gravity or pumping, to the sewage treatment plant located in Moni area where it is treated through a biological process. Treatment of the wastewater is achieved through activated sludge treatment process.

- 4.2. The tertiary treated effluent is of a very high quality and it is reused for agricultural and other purpose. It also complies with the Ministry of Agriculture license No. 68/2012.
- 4.3. The flow of wastewater to the STP since its first year of operation in 1995 to 2016 in cubic meters is as follows:

	x1000 m3 (cub. metres)
1995	494
1996	2.452
1997	2.984
1998	3.024
1999	3.139
2000	3.146
2001	3.717
2002	4.297
2003	4.952
2004	6.487
2005	6.590
2006	6.597
2007	6.529
2008	5.669
2009	5.974
2010	6.747
2011	6.753
2012	7.592
2013	7.449
2014	7.418
2015	7.842
2016	8.338



5.0 Pumping stations

- 5.1 The flow of wastewater to the STP is achieved by gravity and pumping with the operation of the nine (9) pumping stations referred to below, which are located along-side the sea front (from west to east).

<u>Name of pumping station</u>	<u>Location of pumping stations in operation</u>
E	SODAP area
D	Limassol Marina
G	Kato Polemidia area
C	By Crowne Plaza Beach Hotel
B	On the sea front, by Poseidonia Beach Hotel
4S	On the sea front, by Four Seasons Beach Hotel
H	On the sea front, in Agia Varvara area by the old Limassol/Nicosia road
I	Between Le Meridien and Saint Rafael Beach Hotels
F	Moni area by the old Limassol/Nicosia road

6.0 Effluent quality control

- 6.1 Quality control procedures of the tertiary treated effluent at the sewage treatment plant, have been established with the commencement of operation of the system in July 1995.
- 6.2 Quality control procedures cover both the secondary and tertiary treatment stages.
- 6.3 Sewage samples are analysed mainly for the parameters BOD₅ (Biochemical Oxygen Demand), COD (Chemical Oxygen Demand), Total Nitrogen (Tot – N), NH₄-N (Ammonium Nitrogen), S.S. (Suspended Solids), Tot-P (Total Phosphorous), F.O.G. (Fat, Oil and Grease) and other parameters. In accordance with the Disposal Permit (licence no 68/2012) the allowable tertiary treated sewage quality limits and the actual analysis results, are as follows:

Quality results of recycled water – Year 2016

Parameter	Unit	Licence No. 68/2012	Average Results YEAR 2016
Biochemical Oxygen Demand (BOD5)	mg/l	10	4
Chemical Oxygen Demand (COD)	mg/l	70	27
Suspended Solids (SS)	mg/l	10	5,9
Total-Nitrogen (Tot-N)	mg/l	15*	11,5
Total-Phosphorous (Tot-P)	mg/l	10**	0,9
Chloride (Cl)	mg/l	300	319
Conductivity	μS/cm	2500	1710
Fat, Oil & Grease (FOG)	mg/l	5	4
Zinc (Zn)	mg/l	1 ***	0,0158
Copper (Cu)	mg/l	0,1	0,008
Lead (Pb)	mg/l	0,15	0,0018
Cadmium (Cd)	mg/l	0,01	0,0002
Mercury (Hg)	mg/l	0,05	0,0008
Chromium (Cr)	mg/l	0,1	0,0013
Nikel (Ni)	mg/l	0,2	0,0072
Boron (B)	mg/l	0,75	0,31
pH	-	6,5-8,5	7,93
Residual Chlorine	mg/l	0,5-1****	0,74
E. Coliforms	αα 100ml	5	0
Parasites (Helminth) Eggs	αα 1000ml	None	0

* Discharge into the sea 10 mg/l

** Discharge into the sea 2 mg/l

*** Discharges into the sea 0,1 mg/l

**** Discharges into the sea 0,5 mg/l

Samples are also chemically analysed for a number of other parameters, in order to maintain a standard quality of the tertiary treated effluent used in agriculture in accordance with the disposal permit licence number 68/2012 of the Ministry of Agriculture, Environment and Natural Resources.

7.0 The Project

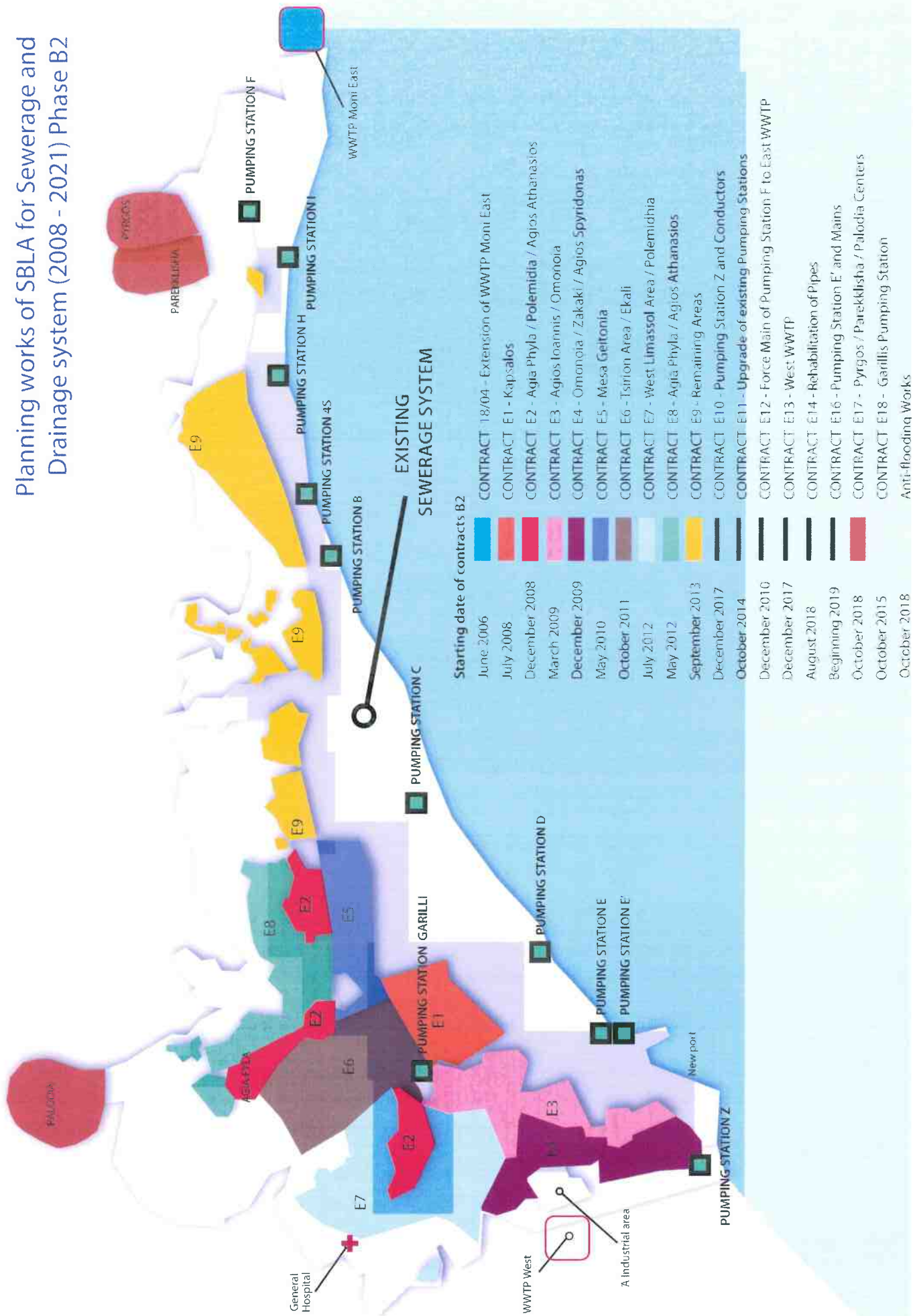
7.1 The sewerage and drainage project of Limassol-Amathus is constructed in phases and will cover the Greater Limassol area from Zakaki to Moni. All hotels and most of the industries in the area have already been connected to the public sewerage system.

7.2 Phase A

The construction works for Phase A commenced in 1992 and were completed in 1995 at a cost of about €75m. The areas covered in Phase A of the project are shown in the area map with grey colour.

SBLA AREA MAP

Planning works of SBLA for Sewerage and Drainage system (2008 - 2021) Phase B2



7.3 Phase B

In the year 2004, SBLA completed its investment plan in sewerage and drainage works, including other capital infrastructure for Phase B1 at a cost of about €34 million.

A new investment plan for Phase B2 of an initial budgeted cost of €407 million is currently being implemented. This cost is constantly updated in accordance with new developments and it is currently estimated to about €363 million following the cancellation or modification of certain components of the Project such as the drainage works, sludge drying facilities and the new office building.

Phase B2 - objectives

The Board prepared its investment plan for the expansion and completion of the sewerage and drainage system by the years 2014-2015. However, due to the economic crisis and the delay in the commencement of works for the construction of the new wastewater treatment plant in the West, it is expected that construction works will not be completed before the year 2021.

Sewerage works – Phase B2

The total budgeted cost for constructing sewerage works during the implementation period of Phase B2 up to 2021, is estimated to be €266 million.

The main components included in Phase B2 are as follows:

- Upgrading of the Sewerage Treatment Plant (STP) in Moni. The STP reached full capacity in 2005 and its expansion was considered as urgent.

Construction works for the expansion of the wastewater treatment plant began in August 2006 and were completed in September 2008 with a total investment cost of about €30m.

Following the upgrading, the plant's treatment capacity was increased both in terms of hydraulic load from 22.000 m³/day to 40.000 m³/day and in terms of biological load (BOD5) from 4.500 kgs/day to about 15.000 kgs/day.

- Expansion and upgrading of main collectors (Gravity mains and Force Mains).
- Expansion of the sewerage network in order to cover the entire Greater Limassol area (project area). This means expansion of laterals and main sewers in the entire project area where the network has not yet been developed and it shall include all the problematic areas in the west and north of the existing system, such as Ayia Phyla town centre, Ekali area, the residential areas of Pano Polemidia, Mouttayiaka and Ayios Tychonas area.

It also includes the municipalities of Kato Polemidia, Mesa Gitonia, Ayios Athanasios and Germasoyia.

- Implementation of the sewerage system in the communities of Pyrgos-Parekkklisia which will be co-financed by the Social Cohesion Funds of the European Union. The project is expected to be completed in 2020.

Eight out of the nine contracts signed (E1, E2, E3, E4, E5, E6, E7 and E8) were completed and taken over and connection to the sewerage system is in progress. Contract E9 has not yet been completed and it is expected to be completed and taken over in 2017.

- Upgrading of the five existing pumping stations in order to accommodate the increased flow from the new service areas which will be connected to the system.

For the upgrading of the five existing pumping stations, contract E11 had been signed and works were completed in September 2016.

- Construction of two new pumping stations in order to accommodate the new service areas which will be connected to the system. One of the two pumping stations, by the Garillis river, which was tendered out under Contract E18, was completed and put in operation in January 2017. For the construction of the second pumping station (Contract E10), tenders received are currently being evaluated and it is expected that construction works will begin by the end of 2017.
- Construction of a new wastewater treatment plant to the west of Limassol, next to the First Industrial area of Limassol, with a capacity of 13.000 m³/day (Contract E13). Tenders received in the context of an open tender procedure are currently being evaluated and works are expected to begin by the end of 2017.
- Rehabilitation and upgrading of both gravity and force main collectors (Contract E14). Tenders are expected to be invited by the end of 2017.

Drainage works – Phase B2

Drainage works of about €97 million will also be constructed during the implementation period of Phase B2. These include:

- Construction of flood prevention works in the western part of Limassol in order to eliminate the flooding incidences occurring in the area. Substantial part of the works have already been completed.
- Construction of stormwater drainage network in the densely populated areas of Limassol. Part of this network has already been completed as mentioned below.
- Construction of four water retention ponds as part of the flood prevention works in Limassol, based on the recommendations of the stormwater drainage Master Plan of 2004. One of the retention ponds, west of the Limassol new port has already been completed. Construction works for the second retention pond in the area of Kato Polemidia have also been completed as part of the works for the construction of the vertical road by the Public Works Department and were taken over by SBLA.

The Board has also prepared detailed designs and studies for the stormwater drainage works of the new link road of Limassol new port (Vertical Road) which are expected to cost about €25 - €30m., the entire cost of which will be borne by the Government. Construction works including the retention pond have already been completed.

Completed works to date

Sewerage system works

Sewerage works have been completed in almost all the residential built up areas within the boundaries of the Board, except the areas of Pyrgos, Parekklisia and Palodia. In the center of Ayios Tychonas, works are expected to complete by mid 2017.

Stormwater drainage system works

Works include the construction of stormwater drainage collectors in the following areas:

i. Phase B1

- Costi Palama street and Lanition Gymnasium
- Kolokotroni street and Meletiou Metaxaki – Mesa Gitonia area
- Bizaniou street – Ayios Athanasios/Germasoyia area
- Miltonos street – Omonias/Zakakiou

ii. Phase B2 Contracts E1 to E5

- Mesa Gitonia area (Costi Palama, Markou Drakou and Stella Soulioti street)
- Zakaki area (Parou street, Araouzou plots, Serifou street and south of Nemitsas factory).
- South of the main Limassol Fire Brigade Station.
- North of Makarios Avenue covering the entire length of Vasileos Constantinou street.
- 1st April street in Ayia Phyla area.
- West of Katsantoneon street and north of Spyrou Kyprianou area.
- Simon Bouvouar street in Kapsalos area.

Drainage systems works included in Contracts E6, E7 and E8 have been postponed due to the economic crisis with the exception of a part of the stormwater drainage collector in Ianou street, Ayia Fyla (Contract E7). Following negotiations with the Government, the Council of Ministers approved the co-financing of flood prevention works in the sum of about €16 m. The construction of the above works is expected to be completed in 2021.

7.4 Areas covered by Phase A' and Phase B1 of the project are shown in grey colour in the area map on page 7 whereas areas covered under Phase B2 of the project, are shown separately on a contract by contract basis in the same map.

8.0 Financial results (Also see the attached financial statements)

8.1 The statement of total comprehensive income for the year 2016 shows a surplus of €10.807.497 before the loss from the adjustment for the fair value of shares of €36.702, the profit from the adjustment of the fair value of debtors of €193.506 and the loss on staff pension benefits of €1.524.347 in accordance with IAS19 (revised). After the adjustment for the fair value of shares, the fair value of debtors and the loss on staff pension benefits, the statement of total comprehensive income shows a surplus of €9.439.954.

During the year 2016, new investments in fixed assets amounted to €13.109.399 and the total investment cost in sewerage and drainage infrastructure as at 31 December 2016 amounted to €333.453.535.

There were no loan disbursements in 2016. The total long-term liabilities for the same year amounted to €165.076.133.

8.2 Debtors, lawsuits and execution of Court decisions until 31/12/2016

As shown in Note 6 to the financial statements, debtors of sewerage charges show an upward trend despite the various measures taken by the Board. The table below shows the allocation of debtors in relation to their outstanding amounts.

		BALANCES		NUMBER	
FROM	TO	1991-2016 €	%	OF CUSTOMERS	%
0,01	499,99	2.044.286,31	13,03	10.720	60,99
500,00	999,99	2.304.603,37	14,69	3.211	18,27
1.000,00	1.999,99	3.163.290,60	20,17	2.260	12,86
2.000,00	2.999,99	1.640.767,40	10,46	681	3,87
3.000,00	+	6.533.277,43	41,65	705	4,01
		15.686.225,11	100	17.577	100

As shown in the table above, approximately 72% of the outstanding sewerage charges (i.e. €11.34 m.) are owed by 3.646 property owners, representing 20,74% of all customers.

Also, amounts in excess of €2.000 are owed by 1386 property owners (i.e.7,88% of the customers) representing approximately €8,17 m. of the outstanding charges, whereas the remaining 92,12% of the debtors (i.e. 16.191 property owners), owe sewerage charges below the amount of €2.000, corresponding to a total amount of €7.5 m. or 47,89% of the total outstanding charges.

Also as shown in the table above, 705 property owners owe amounts in excess of €3.000, representing a total amount of about €6,5 m. Most of them are legal entities and the Board has taken legal action against them.

In 2016, instructions were given to various lawyers to take legal action for 91 additional cases. From these, 49 cases were taken to court whereas the remaining were paid off or are being repaid in installments.

As at 31/12/2016, 5412 cases representing outstanding sewerage charges of approximately €11.7 m. were taken to Court. Out of these cases 3.891 (72%) have been settled representing approximately €8.22 m.

The table below shows the number of cases against which further legal actions have been taken by the Board in order to effect the Courts decisions.

DESCRIPTION	NUMBER OF CASES
FOR FILING	24
FILING OF CASES	14
SERVICE OF SUMMONS	61
FIXED FOR HEARING	10
JUDGEMENT/DECISION	14
MONTHLY INSTALLMENTS	489
ISSUE OF WRIT ON MOVABLES	132
BANKRUPTCY /LIQUIDATION	85
DECEASED	161
UNKNOWN/ABROAD	196
FRAUD	118
INSTALMENTS BY ORDER OF THE COURT	252
TOTAL	1.556

During 2016, 19 cases were registered with the Land Registry (Registration of Memorandum – MEMO) for large amounts of money.

The amount of sewerage charges due from the above cases amounts to €3.23 m inclusive of legal expenses.

During 2016, the Board has outsourced for a period of three months to 31/12/2016 the monitoring services for cases where customers agreed to pay their outstanding balances in installments.

9.0 Table of various financial and technical parameters for the last five years

		2012	2013	2014	2015	2016
SEWERAGE CHARGES - PHASE A						
Hotels	o/oo	9,10	8,90	8,65	8,65	8,65
Industries	o/oo	9,10	8,90	8,65	8,65	8,65
Other properties Phase A' since 1991	o/oo	3,02	3,11	3,20	3,20	3,20
Other properties Phase A' (extension)	o/oo	3,29	3,39	3,49	3,49	3,49
DRAINAGE CHARGES						
All properties within SBLA Boundaries	o/oo	0,75	0,75	0,80	0,80	0,80
SEWERAGE SERVICE CHARGES						
Imposed on connected properties	€/m ³	0,49	0,52	0,56	0,60	0,64
FINANCIAL AND OTHER RECORDS						
Total ownership within SBLA area	no.	132.295	134.927	137.318	140.959	143.773
Total assessed property value	€'000	4.052.546	4.171.129	4.242.971	4.299.955	4.349.029
Total revenue	€	30.156.768	28.448.006	29.041.681	29.373.102	29.902.284
Total expenses	€	18.679.879	18.454.681	17.825.168	17.724.895	19.094.787
Total capital expenditure	€	267.570.993	285.550.587	310.130.749	320.903.097	333.453.535
Long term loans	€	162.049.265	180.044.887	176.206.096	170.891.114	165.076.133
Sewers length	km	530	530	570	635	640
Households connected to the system	no.	16.130	17.620	19.100	20.530	21.500
EMPLOYED PERSONNEL						
Admin. Staff - Permanent	no.	48	48	48	47	47
Admin. Staff - Temporary	no.	4	4	4	4	4
Workers	no.	15	15	15	15	15
FINANCIAL INDICATORS (see note)						
Total salaries/admin. and operation expenses	%	28,67	28,81	32,12	34,12	32,16
Operation salaries/operation expenses	%	14,65	14,81	16,44	17,56	16,93
Total salaries/total income	%	9,76	9,00	9,00	9,40	8,78
Total expenses/total income	%	64,38	64,87	61,37	60,34	63,86
Admin. & operational expenses*/cubic meter flow	€/m ³	1,35	1,19	1,10	1,03	0,98
Operational expenses*/cubic meter flow	€/m ³	0,90	0,80	0,71	0,64	0,63
* Excluding interest and depreciation						

10.0 Board Meetings

During the year 2016 the Board convened in 11 meetings and dealt with various matters, the most important of which were:

Budgets for 2017, financial statement for the year 2015, tenders and construction contracts of the sewerage system, sewerage rates, personnel and legislation matters.

In addition to Board meetings, various committees of the Board convened in 68 meetings.

11.0 Employed personnel.

A/A	NAME	POSITION
1.	Iacovos Papaia covou	General Manager
	REGISTRY	
2.	Hara Theodorou Panera	Senior Administrative Officer
3.	Maria Vasiliou Gedeon	Administrative Officer
4.	Ioanna Pavlou	Office Clerk
5.	Reveka Trimikliniоти Stavrinou	Office Clerk
6.	Yianna Ionidou	Office Clerk
7.	Christina Krasia	Office Clerk
8.	Chryso Chimonidou	Office Clerk
9.	Maria Panayidou	Office Clerk
10.	Pitsa Kontidou Karatzi	Office Clerk
11.	Maria Evripidou	Office Clerk
12.	Elisabeth Christofidou	Office Clerk
13.	Fanos Drousiotis	Assistant Clerk
14.	Litsa Yiannaki	Assistant Clerk
15.	Evi Prokopiou	Assistant IT Officer
	ACCOUNTS DEPARTMENT	
16.	Ioanna Christou Panayiotou	Financial Controller
17.	Costas Lazarou	Senior Accounts Supervisor
18.	Elena Kittou Christoforou	Accounting Officer 1 st Grade
19.	Georgia Nearchou Hiratou	Accounting Officer 1 st Grade
20.	Yiannis Stasis	Accounting Officer
21.	Anna Eliadou	Accounting Officer
22.	Kalia Christofi	Accounting Officer
23.	Panayiota Georgiou	Accounting Officer
24.	Olympia Apostolou	Accounting Officer
25.	Froso Christofi	Accounting Officer
26.	Georgios Georgiou	Office Clerk/Collector
27.	Katerina Christodoulou	Office Clerk/Collector
28.	Stella Zannetti	Office Clerk/Collector
29.	Kalia Karri	Office Clerk/Collector
30.	Marina Evripidou	Office Clerk/Collector
	INTERNAL AUDIT DEPARTMENT	
31.	Theodora Christodoulou	Internal Auditor

TECHNICAL DEPARTMENT		
32.	Stavroula Afami	Senior Technician (Civil Engineering Section)
33.	Eleni Skeparnidou	Technician (Civil Engineering Section)
34.	Stavros Loizou	Senior Technician (Operation & Maintenance Section – Electrical)
35.	Demetris Michaelides	Chemist
36.	Michalis Vrionides	Civil Engineer
37.	Victoras Konstantinides	Senior Technician (Operation & Maintenance Section)
38.	Costas Totos	Technician (Civil Engineering Section)
39.	Marinos Omirou	Technician (Operation & Maintenance Section)
40.	Marios Charalambous	Technician (Civil Engineering Section)
41.	Elisavet Constantinou	Technician (Civil Engineering Section)
42.	Stelios Papastylianou	Technician (Chemistry Section)
43.	Timotheos Demetriades	Technician (Civil Engineering Section)
44.	Vasiliki Christofi	Technician (Civil Engineering Section)
45.	Andreas Papadopoulos	Technician (Civil Engineering Section)
46.	Vasilias Filaniotou	Technician (Civil Engineering Section)
47.	Georgia Priari	Technician (Civil Engineering Section)
48.	Filippos Filippou	Technician (Operation & Maintenance Section)
49.	Christina Papadopoulou	Technician (Civil Engineering Section)
50.	Georgios Lakkos	Technician (Operation & Maintenance Section – Electrical))
WORKERS		
51.	Andreas Aresti	Worker - Supervisor
52.	Onisillos Onisillou	Worker
53.	Paris Papastylianou	Worker
54.	Stelios Vrionides	Worker - Supervisor
55.	Kyriakos Xirizos	Worker
56.	Nikos Loizou	Worker
57.	Michalis Georgiou	Worker
58.	Andreas Selearis	Worker - Supervisor
59.	Giorgos Constantinou	Worker
60.	Georgios Demetriou	Worker
61.	Giorgos Loizou	Worker
62.	Michalakis Socratous	Worker
63.	Thomas Georgiou	Worker
64.	Christodoulos Christodoulou	Worker
65.	Soulla Christoforou	Cleaner

ΕΚΘΕΣΗ ΕΛΕΓΚΤΗ (φαίνεται στο τυπωμένο original – 3 σελίδες)

Sewerage Board of Limassol – Amathus

Statement of financial position as at 31 December 2016

	Note	2016 €	2015 €
Assets			
Non current assets			
Fixed assets	3	221.373.683	217.571.331
Investments	5	642.288	678.990
		<u>222.015.971</u>	<u>218.250.321</u>
Current assets			
Stocks		1.199.254	1.286.744
Debtors and prepayments	6	23.924.780	20.813.340
Cash in hand and at banks	7	85.143.462	82.091.716
		<u>110.267.496</u>	<u>104.191.800</u>
Total assets		<u>332.283.467</u>	<u>322.442.121</u>
Reserves and liabilities			
Reserves	11	116.081.052	106.641.098
Non current liabilities			
Deferred income	12	40.047.334	34.315.408
Loans	10	157.021.151	165.076.132
Pension fund	28	3.385.490	1.879.271
		<u>200.453.975</u>	<u>201.270.811</u>
Current liabilities			
Deferred income - current portion	12	1.771.129	1.530.498
Creditors and accrued expenses	9	5.912.204	7.184.544
Bank overdraft	8	10.125	188
Loans - amount due within one year	10	8.054.982	5.814.982
		<u>15.748.440</u>	<u>14.530.212</u>
Total liabilities		<u>216.202.415</u>	<u>215.801.023</u>
Total reserves and liabilities		<u>332.283.467</u>	<u>322.442.121</u>

On 30 August 2017, the Sewerage Board of Limassol-Amathus approved these financial statements.

Iacovos Papaiaçovos (FCCA)
General Manager

Ioanna Christou Panayiotou (FCCA)
Financial Controller

Nicos Nicolaidēs
Chairman

The notes on pages 23 to 54 form an integral part of these financial statements.

Sewerage Board of Limassol - Amathus

Statement of total comprehensive income for the year ended 31 December 2016

	Note	2016	2015
		€	€
Income			
Sewerage charges	13	19.845.097	19.602.928
Service charges	14	5.711.481	5.199.712
Interest receivable	15	1.012.969	1.180.119
House connection charges	16	162.045	130.306
Other income	17	91.939	148.368
		26.823.531	26.261.433
Amortisation of grants	12	2.048.470	1.579.201
Expenses reimbursed by Government	18	1.030.945	1.543.671
Loss on sale of fixed assets		(662)	(11.203)
		29.902.284	29.373.102
Expenditure			
Operation and maintenance expenses	19	5.271.191	5.016.010
Administrative expenses	20	2.890.381	3.067.218
Compensation to Local Authorities for the risk of future road reinstatement	19.1	737.872	-
Interest payable	21	913.006	1.076.416
Depreciation	3	9.282.337	8.565.251
		19.094.787	17.724.895
Surplus for the year from operations		10.807.497	11.648.207
Adjustment of fair value of shares	5	(36.702)	(311.968)
Adjustment of fair value of debtors	6	193.506	221.914
		10.964.301	11.558.153
Other comprehensive income/(expenditure)			
(Loss)/Gain on staff pension benefits	28	(1.524.347)	633.443
Surplus for the year		9.439.954	12.191.596
Accumulated surplus brought forward		106.641.098	94.449.502
Accumulated surplus carried forward		116.081.052	106.641.098

The notes on pages 23 to 54 form an integral part of these financial statements.

Sewerage Board of Limassol - Amathus

Statement of changes in equity for the year ended 31 December 2016

	Note	2016 €	2015 €
Opening balance as at 1st January		106.641.098	94.449.502
Surplus for the year		10.964.301	11.558.153
Other comprehensive (expenditure)/income		(1.524.347)	633.443
Balance as at 31 December		<u>116.081.052</u>	<u>106.641.098</u>

The notes on pages 23 to 54 form an integral part of these financial statements.

Sewerage Board of Limassol – Amathus

Statement of cash flows for the year ended 31 December 2016

	2016 €	2015 €
Cash flow from operating activities		
Surplus for the year	10.807.497	11.648.207
Adjustments for:		
Depreciation	9.282.337	8.565.251
Investment income	(1.012.969)	(1.180.119)
Interest payable	913.006	1.076.416
Amortisation of grants	(2.048.470)	(1.579.201)
Loss on disposal of fixed assets	662	11.203
Reclassification of fixed assets as stock	24.048	-
Staff pension benefits	160.094	306.930
Operating surplus before working capital changes	18.126.205	18.848.687
Decrease/(Increase)in stocks	87.490	(132.310)
Increase in debtors and prepayments	(2.959.536)	(298.236)
Decrease in creditors	(1.243.910)	(1.993.902)
Net cash from operating activities	14.010.249	16.424.239
Cash flows from investing activities		
Investments in fixed assets	(13.109.399)	(10.804.889)
Proceeds from sale of fixed assets	-	-
Deposits to pension fund	(178.222)	(157.076)
Interest received	1.068.267	1.194.308
Net cash to investing activities	(12.219.354)	(9.767.657)
Cash flow from financing activities		
Proceeds from government grants	8.021.027	3.934.234
Repayment of long term loans	(5.814.981)	(5.314.982)
Interest paid	(955.132)	(1.103.156)
Net cash from/(to)financing activities	1.250.914	(2.483.904)
Increase in cash and cash equivalents	3.041.809	4.172.678
Cash and cash equivalent at 1 January	82.091.528	77.918.850
Cash and cash equivalents at 31 December	85.133.337	82.091.528

Οι σημειώσεις στις σελίδες 23 μέχρι 54 αποτελούν αναπόσπαστο μέρος των οικονομικών καταστάσεων.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

1. Incorporation and principal activities

The Sewerage Board of Limassol-Amathus was established by the Council of Ministers Order 248/80 published on 5 September 1980, in accordance with the provisions of the Sewerage Systems Laws of 1971 - 2016.

The main objective of the Board is the development, maintenance and operation of the sewerage system of Limassol Greater area as well as the construction of the main infrastructure of the stormwater drainage system.

2. Accounting policies

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

Basis of preparation

The financial statements which are expressed in euro, have been prepared in accordance with International Accounting Standards and the provisions of the Sewerage Systems Laws of 1971 to 2016. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of new and revised International Financial Reporting Standards

During the year 2015 the Board adopted all new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1st January 2016. This adoption did not have any significant effect on the financial statements of the Board, apart from the impact of the adoption of the revised IAS 19 as detailed in note 28.

At the date of approval of these financial statements, the International Accounting Standards Board has issued Standards and Interpretations that had not yet been applied. Some of them were adopted by the European Union and others not yet. The Board expects that the adoption of such financial reporting standards in future periods, will not have any significant effect on the financial statements.

Recognition of Income

Sewerage and drainage charges calculated on property's assessed value, are recognised at the time of imposition and issue of bills to the customers and are shown net of overpayments, discounts and allowances granted in accordance with the Board's Decisions and/or By-Laws .

Other revenues earned by the Board such as sewerage service charges, interest earned and other income are recognised on an accruals basis. As stated in Note 14 to the financial statements, a provision is made for the amount of service charges owed by consumers to the Water Board Authorities at the end of the year.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Fixed Assets

Fixed assets are stated at cost or cost of construction. The construction cost of works executed by contractors, is based on the value of work certified by the consulting engineers plus any materials issued by the Board.

Expenditure for repairs and maintenance of fixed assets is charged to the statement of total comprehensive income. Expenditure for significant improvements and renovations is capitalised if it is considered that it adds value to fixed assets.

Gains or losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount and are included in the statement of total comprehensive income.

Depreciation

Depreciation is calculated on the cost of fixed assets in use at the end of the year, using the straight line method, based on the useful economic life of the asset. For depreciation purposes the following rates were used:

	%
Land	Nil
Sewerage System:	
Pipes and civil engineering works	3
Electromechanical installations	10
Stormwater retention ponds:	
Pipes and civil engineering works	3
Electromechanical installations	10
Buildings	3
Machinery	10
Tools	33 1/3
Motor Vehicle	20
Furniture and Office Equipment	10
Office Partitioning	25
Computerized systems and other electronic systems	20
Laboratory equipment	10

Financial assets

a. Classification

The Board classifies its financial assets in the categories of receivables and financial assets available for sale.

The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, they are not intended for trading and are included in current assets.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Financial assets available for sale are non-derivatives that are designated in this category and are included in non current assets in the statement of financial position

b. Recognition/Assessment

Purchases and sales of financial assets are recognized on the date the transaction is carried out, which is the date on which the Sewerage Board commits to purchase or sell the asset.

Financial assets available for sale are recognized initially at fair value plus transaction costs and are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

Financial assets available for sale are measured at fair value. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the statement of total comprehensive income as gains and losses from "financial assets available for sale".

The fair value of investments that are traded in active markets is based on quoted bid prices. If the market for a financial asset is not active and for unlisted securities, the Board establishes fair value by using valuation techniques. Valuation techniques include the use of recent transactions at arm's length and make maximum use of market inputs and minimal use of internal data of the Board.

c. Impairment of financial assets

The Board assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and can be reliably estimated.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Deferred income - Government grants

Government grants relate to capital expenditure paid or reimbursed by the Government and to the repayment of capital and interest on loans raised by the Board with the Government's undertaking to service the debt.

Government grants relating to capital expenditure are credited to the Government Grants Account when there is reasonable assurance that the Board has complied with the conditions attached to them and that the grants will be received. The grants relate to the following:

- (i) Additional costs for the relocation of Moni Sewerage Treatment Plant.
- (ii) Additional costs for the realignment of the main collector in the coastal area of Pyrgos, Parekklisia and Moni.
- (iii) The construction of sewerage system in various government housing estates.
- (iv) The construction of the tertiary treatment plant.
- (v) Servicing cost of a loan raised for the tunnel construction which was undertaken by the Government.
- (vi) One third of the capital expenditure for the construction of the storm drainage system in the Greater Limassol Area.
- (vii) Eighty per cent of the capital expenditure for the construction of flood protection works in the Greater Limassol area.
- (v) One hundred per cent of the capital expenditure for the construction of the stormwater retention pond at Kato Polemidia.

Government grants are written off to the statement of total comprehensive income at the rate of 3% per annum, once the fixed assets that relate to these grants are put to operation. This rate is approximately in line with the depreciation rate used for the fixed assets financed by government grants.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Foreign currencies

Foreign currency transactions are accounted for at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro using the rate of exchange prevailing at the end of the year. Realized exchange differences resulting from the payment of administrative or operating expenses are transferred to the statement of total comprehensive income.

Exchange differences resulting from the retranslation of loans and from payments to contractors and consulting engineers relating directly to the development of the whole or part of the sewerage system up to the date of completion of each contract, are capitalized and transferred to the work in progress account.

Exchange differences arising approximately six months after the commissioning and operation of specific parts of the system, are written off to the statement of total comprehensive income.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business.

Debtors of sewerage charges

Debtors of sewerage charges are carried at original invoice amount plus additional surcharges for late payment.

In cases where legal proceedings have commenced, debtors include also the legal expenses and interest associated with each case.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Employee benefits

The Board operates a Pension Fund which is a Defined Benefit Plan mainly financed by the Board. As from 2012 the employees of the Board contribute to the Fund 3% of their monthly remuneration.

The present value of the liability and the retirement benefit costs relating to the defined benefit plan are assessed annually using the projected unit credit method.

In accordance with IAS 19 (revised), actuarial gains or losses arising from changes in the interest rate used for discounting projected future cash outflows concerning benefits and from differences between expected and actual return of the investments and other actuarial assumptions are charged to the statement of total comprehensive income.

The Board also operates a Provident Fund for its workers which is a Defined Contribution Plan. Contributions to the Fund are made by both the Board and the workers. The contributions of the Board to the defined contribution plan are charged to the statement of total comprehensive income they relate to.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank less bank overdrafts.

Borrowings and borrowings costs

Borrowings are recorded at the initial amount advanced.

Any differences between this amount and the amount to be repaid, are amortised in proportion to the instalments payable during the period of the loan as follows:

Borrowing costs relating directly to the development of the whole or part of the sewerage system up to the date of its completion are capitalized and treated as part of the cost of the project.

Borrowing costs relating to the whole or part of the sewerage system which has been in use during the year, are written off to the statement of total comprehensive income.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

2. Accounting policies (continued)

Provisions

Provisions are recognised when the Board has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Events after the reporting date

Assets and liabilities are adjusted for events occurring after the reporting date but before the date the financial statements are authorized for issue, when they provide additional evidence about conditions that existed at the reporting date.

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year and the adjustments for changes in accounting policies, correction of accounting assumptions and errors.

Sewerage Board of Limassol - Amathus
Notes to the financial statements
for the year ended 31 December 2016

Fixed Assets

	01/01/2016		31/12/2016		01/01/2016		31/12/2016		Net Book Value 31/12/2016 €
	€	€	€	€	€	€	€	€	
Land	7.823.305	32.119	7.855.033	-	-	-	-	7.855.033	
Buildings	7.154.899	139.861	7.294.760	-	4.042.024	396.954	4.438.978	2.855.782	
Stormwater retention ponds	-	5.362.585	5.362.585	-	-	188.011	188.011	5.174.574	
Sewerage System	149.762.780	7.110.596	156.326.221	(547.155)	52.724.830	4.840.807	57.042.531	99.283.690	
Sewerage and Pumping Stations	-	-	-	-	-	-	-	-	
Tertiary plants	37.176.682	1.071	37.177.753	-	25.788.977	1.951.636	27.740.613	9.437.140	
--- Secondary treatment	5.677.020	-	5.677.020	-	4.720.842	273.867	4.994.709	682.311	
--- Tertiary treatment	44.176.760	181.916	44.358.676	(157)	10.852.172	1.330.760	12.182.932	32.175.744	
Drainage system	1.017.829	192.718	1.210.390	(157)	652.838	87.307	739.988	470.402	
Machinery	57.974	1.068	59.042	-	53.373	4.639	58.012	1.030	
Tools	509.187	13.356	522.543	-	492.017	5.910	497.927	24.616	
Motor Vehicle	1.417.056	27.462	1.434.969	(9.549)	1.214.887	52.645	1.258.253	176.716	
Office equipment and partitioning	746.551	185.010	929.852	(1.709)	638.976	91.855	729.122	200.730	
Computerised System	1.469.646	-	1.469.646	-	1.468.267	408	1.468.675	971	
Other computerised systems	797.641	-	797.641	-	682.563	57.538	740.101	57.540	
Laboratory equipment	257.787.330	13.247.762	270.476.131	(558.961)	103.331.766	9.282.337	112.079.852	158.396.279	
Total fixed assets in operation	61.775.396	7.365.883	69.141.279	-	-	-	-	69.141.279	
Works in progress (note 4)	-	(8.494.963)	(8.494.963)	-	-	-	-	(8.494.963)	
Transfer of works completed to fixed assets in operation and other accounts	1.340.371	1.487.283	2.827.654	-	-	-	-	2.827.654	
Works in progress (note 4)	-	(496.566)	(496.566)	-	-	-	-	(496.566)	
Transfer of works completed to fixed assets in operation and other accounts	63.115.767	(138.363)	62.977.404	-	-	-	-	62.977.404	
Total fixed assets	320.903.097	13.109.399	333.453.535	(558.961)	103.331.766	9.282.337	112.079.852	221.373.683	

At 31/12/2016, a sewerage network of approximately 76 km and estimated cost of € 8.25 m has been constructed from third parties and it is not included in the fixed assets in operation or in work in progress shown above.

Sewerage Board of Limassol - Amathus
Notes to the financial statements
for the year ended 31 December 2016
Fixed Assets (continued)

	Cost			Depreciation			Net Book Value 31/12/2015 €
	01/01/2015 €	Additions €	Disposals €	31/12/2015 €	For year €	Disposals €	
Land	7.809.354	21.920	(7.969)	7.823.305	-	-	7.823.305
Buildings	7.154.899	-	-	7.154.899	391.024	4.042.024	3.112.875
<u>Sewerage System</u>							
Sewerage and Pumping Stations	135.049.305	14.713.757	(282)	149.762.780	4.367.003	(170)	97.037.950
Tertiary plants	-	-	-	-	-	-	-
--- Secondary treatment	37.123.992	52.690	-	37.176.682	1.951.603	25.788.977	11.387.705
--- Tertiary treatment	5.677.020	5.677.020	-	5.677.020	273.867	4.720.842	956.178
Drainage system	43.851.817	324.943	-	44.176.760	1.325.303	10.852.172	33.324.588
Machinery	994.919	27.809	(4.899)	1.017.829	69.940	(2.864)	364.991
Tools	57.022	952	-	57.974	6.091	53.373	4.601
Motor Vehicle	509.187	-	-	509.187	5.648	492.017	17.170
Office equipment and partitioning	1.423.672	8.336	(14.952)	1.417.056	58.788	(13.865)	202.169
Computerised System	740.364	10.626	(4.439)	746.551	58.038	(4.439)	107.575
Other computerised systems	1.468.879	767	-	1.469.646	408	1.468.267	1.379
Laboratory equipment	797.641	-	-	797.641	57.538	682.563	115.078
Total fixed assets in operation	242.658.071	15.161.800	(32.541)	257.787.330	8.565.251	(21.338)	154.455.564
Works in progress (note 4)	67.472.678	11.829.113	-	79.301.791	-	-	79.301.791
Transfer of works completed to fixed assets in operation and other accounts	-	(16.186.024)	-	(16.186.024)	-	-	(16.186.024)
	67.472.678	(4.356.911)	-	63.115.767	-	-	63.115.767
Total fixed assets	310.130.749	10.804.889	(32.541)	320.903.097	8.565.251	(21.338)	217.571.331

At 31/12/2015, a sewerage network of approximately 75 km and estimated cost of €7.3 m has been constructed from third parties and it is not included in the fixed assets in operation or in work in progress shown above.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016 €	2015 €
4. Work in progress analysis		
Designs and studies		
Upgrading of computerised systems	11.457	-
Renovation of property in Panteli Katelari street	-	1.240
Energy efficiency upgrade at SBLA offices	2.975	2.975
Studies and construction designs for the drainage system	120.202	116.443
Studies and construction designs for the sewerage system: - Sewerage network extension	351.443	179.894
	<u>486.077</u>	<u>300.552</u>
Construction works		
Sewerage and drainage system network	47.724.521	47.790.712
Supervision of construction works	5.023.559	5.233.545
	<u>52.748.080</u>	<u>53.024.257</u>
Other sewerage system costs		
Borrowing costs capitalised	2.192.334	2.496.081
Interest recognised in the statement of other comprehensive income or capitalised	(1.003.789)	(1.310.355)
	<u>1.188.545</u>	<u>1.185.726</u>
VAT paid on construction and supervision works - Phase B2	8.473.450	8.520.680
Exchange differences capitalised	81.252	84.552
	<u>8.554.702</u>	<u>8.605.232</u>
	<u><u>62.977.404</u></u>	<u><u>63.115.767</u></u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

5. Investments	2016	2015
	€	€
Balance at 1 January	678.990	990.958
Adjustment of fair value	<u>(36.702)</u>	<u>(311.968)</u>
Balance at 31 December	<u><u>642.288</u></u>	<u><u>678.990</u></u>
6. Debtors and prepayments		
Sewerage charges	15.804.127	15.022.179
Fair value adjustment on sewerage charges receivable	<u>(1.320.755)</u>	<u>(1.514.261)</u>
	<u>14.483.372</u>	<u>13.507.918</u>
Service charges	1.736.105	2.107.347
House connection charges due	1.331.139	1.458.880
Republic of Cyprus - other debts (Note 27)	5.085.218	2.428.894
Limassol Municipality	-	21.673
Kato Polemidia Municipality	-	4.989
Mesa Gitonia Municipality	-	17.205
Germasoyia Municipality	-	107
Agios Athanasios Municipality	-	628
Ayios Tychonas Improvement Board	-	75
Sundry debtors and prepayments	314.521	215.498
Retention money	663.849	719.147
Interest receivable	310.576	328.758
Damages to the system debited to third parties	-	2.221
	<u><u>23.924.780</u></u>	<u><u>20.813.340</u></u>

The fair value adjustment on sewerage charges receivable of €1.320.755, represents the difference between the carrying amount of sewerage charges receivable as at 31 December 2016 and the present value of their expected future cash receipts, discounted with the cost of capital of the Sewerage Board of Limassol-Amathus and after considering the interest that was charged based on court decisions. In carrying out this exercise, the full amount of sewerage charges receivable as at 31 December 2016 was considered as fully recoverable.

Ageing analysis of sewerage charges debtors

<u>Due periods</u>	€	€
Up to 12 months	3.434.890	3.578.993
Between 1-2 years	4.971.577	5.017.891
Between 2-5 years	4.036.063	3.464.895
Over 5 years	<u>3.361.597</u>	<u>2.960.402</u>
Total	<u><u>15.804.127</u></u>	<u><u>15.022.179</u></u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

6. Debtors and prepayments (continued)	2016	2015
Sewerage charges receivable per type of property	€	€
Industrial Buildings	-	-
Hotels	503.766	1.278.542
Households and other properties	15.300.361	13.743.637
Total	15.804.127	15.022.179

Service charges receivables

The service charges receivable include an amount of €862.032 which represents sewerage charges invoiced by the Water Board Authorities and owed by the customers to the Authorities at the year end.

7. Cash at bank and in hand

Cash at bank	85.109.487	82.058.244
Cash in hand	33.975	33.472
	85.143.462	82.091.716

The credit rating of the financial assets, based on Moody's Investors Services Inc analysis as at 31 December 2016 is as follows:

Bank balances, bonds and bank deposits

B3	8.086.275	6.992.459
Caa1	11.490.669	-
Caa2	26.242.191	11.277.861
Caa3	-	27.068.703
No/Without credit rating	39.290.352	36.719.221
	85.109.487	82.058.244

8. Bank overdraft

Bank overdraft	10.125	188
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9. Creditors and accrued expenses

Operation and maintenance of the STP	313.507	504.098
Amount due to contractors	106.513	728.071
Amount due to consultants for construction supervision	214.435	172.211
Sundry creditors and accruals	2.235.175	1.705.245
Sewerage charges (overpayments)	178.984	193.276
Accrued expenses - payroll	511.654	1.413.748
Amount due to the Republic of Cyprus	2.310.668	2.384.501
Accrued interest	41.268	83.394
	5.912.204	7.184.544

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016 €	2015 €
10. Loans		
Current		
Bank loans	8.054.982	5.814.982
Non current		
Bank loans	<u>157.021.151</u>	<u>165.076.132</u>
Total borrowings	<u><u>165.076.133</u></u>	<u><u>170.891.114</u></u>
 Maturity of non current borrowings:		
Between 1 & 2 years	8.795.142	8.054.982
Between 2 & 5 years	30.705.430	29.378.764
Over 5 years	<u>117.520.579</u>	<u>127.642.386</u>
	<u><u>157.021.151</u></u>	<u><u>165.076.132</u></u>

Total borrowings are analyzed as follows:

	Council of Europe Development Bank €	European Investment Bank €	Total €
At 1/1/2016	<u>71.887.304</u>	<u>99.003.810</u>	<u>170.891.114</u>
Repayments	<u>(4.578.791)</u>	<u>(1.236.190)</u>	<u>(5.814.981)</u>
At 31/12/2016	<u><u>67.308.513</u></u>	<u><u>97.767.620</u></u>	<u><u>165.076.133</u></u>
At 31/12/2015	<u>71.887.304</u>	<u>99.003.810</u>	<u>170.891.114</u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

10. Borrowings (continued)

- (i) A new loan of €100.000.000 was approved in 2011 from the Council of Europe Development Bank in order to finance part of the capital expenditure required for the expansion of the sewerage system which is currently being constructed and will be completed in the next few years. Furthermore, a loan of €30.000.000 was also approved in order to finance part of the capital expenditure for the construction of the sewerage system in 16 communities north, west and east of Limassol.
As at today an amount of €46.000.000 was disbursed from the above loan.
- (ii) A new loan of €68.000.000 was approved in 2012 from the European Investment Bank to finance part of the capital expenditure required for the expansion of the sewerage system which is currently being constructed and will be completed in the next few years. As at today there has been no disbursement from the approved loan.
- (iii) All the loans are guaranteed by the Government of the Republic of Cyprus.

Interest rates and repayments terms

Currently all loans are denominated in Euro. The method of payment, repayment dates as well as the interest rate of each loan are shown below:

Financial Body	Initial loan amount	Balance 31/12/2015	Method payment	Repayment date	Interest rate
Council of Europe Development Bank					
FP335(98)3	€ 7.983.000	€ 798.300	Annually	19/12/2017	Euribor 6 month +0,40%
FP335AddIII(82)4	€ 3.400.000	€ 1.020.000	Annually	29/07/2019	Euribor 3 month +0,11%
FP335AddIII(82)5	€ 3.400.000	€ 1.360.000	Annually	20/12/2024	Euribor 3 month +0,11%
FP335AddIII(82)6	€ 5.200.000	€ 3.813.333	Annually	28/06/2027	Euribor 3 month +0,09%
FP335ADIII(2004)7	€ 5.000.000	€ 4.000.000	Annually	21/02/2028	Euribor 3 month +0,10%
FP335ADIII(2004)8	€ 10.000.000	€ 8.000.000	Annually	30/09/2024	Euribor 3 month +0,78%
FP335ADIII(2004)9	€ 10.809.828	€ 7.566.880	Annually	23/04/2030	Euribor 3 month +0,43%
FP 1702(2010)1	€ 21.000.000	€ 15.750.000	Annually	19/12/2031	3,4% fixed
FP 1702(2010)2	€ 25.000.000	€ 25.000.000	Annually	20/12/2033	Euribor 6 month +0,81%
		€ 67.308.513			

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

10. Borrowings (continued)

European Investment Bank

Ln23640/1	€ 5.200.000	€ 4.420.000	Six monthly	15/12/2033	Euribor 6 month - 0,008%
Ln23640/2	€ 10.000.000	€ 9.047.620	Annually	15/06/2035	Euribor 3 month +0,010%
Ln23640/3	€ 10.000.000	€ 9.500.000	Annually	25/06/2035	Euribor 3 month +0,645%
Ln23640/4	€ 44.800.000	€ 44.800.000	Annually	06/05/2036	Euribor 3 month +0,463%
Ln 25.599	€ 30.000.000	€ 30.000.000	Annually	18/04/2037	Euribor 3 month +0,404%
		€ 97.767.620			

As at 30/12/2016 the 3 month Euribor was -0,3190% and the 6 month Euribor was -0,2210%.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016	2015
	€	€
11. Reserves		
Accumulated surplus		
At 1 January	106.641.098	94.449.502
Surplus for the year	9.439.954	12.191.596
At 31 December	<u>116.081.052</u>	<u>106.641.098</u>
12. Deferred income		
Government grants		
Tertiary treatment plant	10.239.324	10.239.324
Relocation of Sewerage Treatment Plant	12.570.602	12.570.602
Government housing estates	820.535	820.535
Repayment of loan of the Amathus tunnel	3.352.888	3.352.888
Additional costs for the construction of the tunnel	456.642	456.642
Drainage system	10.028.046	10.028.046
Pumping station I & other works	487.350	487.350
Flood protection works	13.921.780	8.564.078
Renewable energy sources	318.483	318.483
Construction works in the communities	3.343.469	3.343.469
Deferred government grants	3.498.513	835.188
Total grants	<u>59.037.632</u>	<u>51.016.605</u>
Amortisation of grants		
At 1 January	15.170.699	13.591.498
Amortisation for the year	2.048.470	1.579.201
At 31 December	<u>17.219.169</u>	<u>15.170.699</u>
Net Government grants	<u>41.818.463</u>	<u>35.845.906</u>
The total amount of grants is analysed as follows:		
Deferred income - Non current portion	40.047.334	34.315.408
Deferred income - Current portion	1.771.129	1.530.498
Total	<u>41.818.463</u>	<u>35.845.906</u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

13. Sewerage charges

The following sewerage charges have been imposed on the assessed value of the immovable property within the SBLA boundaries.

	2016 €	2015 €
Phase A	6.404.585	6.517.850
Phase A - Expansion	9.624.582	9.302.306
	<u>16.029.167</u>	<u>15.820.156</u>
Drainage charges	3.406.395	3.368.026
	<u>19.435.562</u>	<u>19.188.182</u>
Adjustments to sewerage rates	(20.949)	(9.416)
Allowances and discounts	(177.066)	(180.264)
Amount written off according to clause 5 of the Law 15/78	(8.248)	(8.101)
	<u>19.229.299</u>	<u>18.990.401</u>
Surcharges on overdue sewerage charges (20% on outstanding annual sewerage rates)	615.798	612.527
	<u>19.845.097</u>	<u>19.602.928</u>

14. Services charges

Sewerage service charges are based on the water consumption of all properties connected to the sewerage system. A provision is made for the amount of service charges due by consumers to the Water Board Authorities at the end of the year.

Limassol Water Board	4.799.264	4.201.846
Ayios Tychonas Improvement Board	512.254	522.182
Other consumers	399.963	475.684
	<u>5.711.481</u>	<u>5.199.712</u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016	2015
	€	€
15. Interest receivable		
Bank interest	1.270.126	1.494.027
Other interest	123.971	134.435
	<u>1.394.097</u>	<u>1.628.462</u>
Less contribution to defence fund	(381.128)	(448.343)
	<u>1.012.969</u>	<u>1.180.119</u>
16. House connection charges		
Additional house connections		
Reimbursement of charges for the construction of additional house connection outlets	94.480	63.972
Charges for the construction of additional house connection outlets	(68.396)	(34.029)
	<u>26.084</u>	<u>29.943</u>
Construction permits		
Represent permit fees for approving the designs of the private sewers	103.061	73.683
Connection fees		
Represent fees for the connection of properties to the system	32.900	26.680
	<u>162.045</u>	<u>130.306</u>
17. Other Income		
Income from damages debited to third parties	44.214	49.218
Departmental expenses receivable	8.949	20.408
Income from fines and other income	1.341	532
Other income	37.435	78.210
	<u>91.939</u>	<u>148.368</u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016	2015
	€	€
18. Reimbursed expenses		
Operation costs of the tertiary treatment plant	1.030.945	1.001.646
Operation costs of the sewerage treatment plant and pumping stations "F", "H" and "I"	-	542.025
	<u>1.030.945</u>	<u>1.543.671</u>

In accordance with the relevant decision of the Council of Ministers, the Government is responsible to reimburse these expenses. The agreement with the Government for reimbursing of the operation expenses of the sewage treatment plant and the pumping station «F», «H» and «I» ended on 31/7/2015. See Note 27 of the Financial Statements.

19. Operation and maintenance expenses

Staff costs (Note 23)	892.289	880.631
Fuel and electricity	571.404	609.222
Chemicals and other consumables	629.550	561.380
Repairs, maintenance and operation of electromechanical equipment, of sewerage system and other operating costs (Note 22)	3.177.948	2.964.777
	<u>5.271.191</u>	<u>5.016.010</u>

19.1 Compensation to Local Authorities for the risk of future road reinstatement

In accordance with the Board's decision no. B5/16/45 dated 22/6/2016, the Board compensates the local authorities for the risk of future road reinstatement, in areas where construction works were carried out, during the implementation of the project.

The compensation paid amounts to €2,14 per running meter and it was based on the total length of constructed pipelines in each local authority. For the period to 2016 the total amount paid was €737.872.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016	2015
	€	€
20. Administrative costs		
Chairman's and members' stipend	37.788	42.211
Staff cost (Note 23)	1.732.812	1.877.519
Travelling	5.694	3.805
Motor vehicle and maintenance expenses	20.355	29.135
Hospitality expenses	6.257	6.374
Representation expenses	8.670	8.670
Insurances	190.719	233.748
Department of Land and Survey expenses	4.671	5.857
Legal fees	49.868	41.232
Audit fees	7.136	6.000
Audit fees - previous years	(727)	6.000
Training of personnel	13.899	10.434
Printing and stationery	26.722	31.998
Telephones, faxes and postages	54.857	53.625
Electricity and water supply	32.685	33.276
Consultancy fees	302.632	284.843
Computer software expenses	41.277	32.801
Bank charges	3.260	3.064
Publications and public relation expenses	25.960	20.237
Public briefing expenses	6.054	1.979
Subscriptions and books	3.381	3.490
Cleaning and maintenance of office buildings	18.313	22.341
Office machines repairs and maintenance	7.447	6.200
Common use expenses	7.014	16.262
Warehouse rent	7.980	7.980
Sundry office expenses	3.550	2.782
Municipality charges	15.283	20.579
Computer maintenance expenses	23.442	12.623
Commission on the collection of service charges	127.223	121.866
Commission of credit cards	75.497	56.247
Compensation to third parties	3.417	13.800
Call center expenses	15.557	16.032
Collection agency fees	11.688	34.208
	2.890.381	3.067.218

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

	2016	2015
	€	€
21. Interest payable and other bank charges		
Interest written off to statement of total comprehensive		
Council of Europe Development Bank	743.857	835.172
European Investment Bank	166.145	237.522
Interest on bank overdraft	247	869
Interest on easement rights	2.757	2.853
Interest written off to the statement of total comprehensive income	<u>913.006</u>	<u>1.076.416</u>
Interest capitalised		
European Investment Bank	29.443	173.073
Council of Europe Development Bank	71.972	142.391
	<u>101.415</u>	<u>315.464</u>
22. Repairs, maintenance and operation of electromechanical equipment of the sewerage system and other expenses		
STP operation costs	1.941.732	2.072.650
Telephones, water supply and other expenses	30.331	29.979
Repairs and maintenance	479.497	323.245
Asphalting works within pumping stations yards and other areas	145.514	-
Repairs and maintenance of storm water pipes	13.161	36.601
Cleaning and maintenance expenses of retention ponds	23.575	-
Laboratory tests and expenses	22.643	30.177
Cost of damages debited to third parties	66.666	29.964
Security expenses	45.314	44.624
Sludge management expenses	210.974	250.722
General expenses	21.864	9.031
Fuel and motor vehicle expenses	21.476	24.080
Warehouse expenses	8.727	5.391
Rent and long term leases	58.802	65.110
Pest and rodent control	54.389	43.130
Gardening and landscaping	64	63
Stock written-off	33.219	10
	<u>3.177.948</u>	<u>2.964.777</u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

23. Staff Costs

	Staff €	Workers €	Total 2016 €	Total 2015 €
Basic salary	1.256.017	95.222	1.351.239	1.359.678
Cost of living allowance	351.836	294.769	646.605	649.541
Overtime	9.143	18.092	27.235	21.750
Stand by allowance	6.991	2.601	9.592	9.604
Social insurance	166.988	32.033	199.021	200.198
Defence fund	32.702	8.213	40.915	41.083
Redundancy fund	18.311	4.928	23.239	23.339
Industrial training fund	7.631	2.054	9.685	9.727
Medical fund	86.174	16.635	102.809	102.349
Provident Fund	-	26.997	26.997	-
Welfare fund	11.131	7.199	18.330	18.423
Staff welfare	547	-	547	5.114
Trade union welfare fund	-	1.620	1.620	1.619
Sundry benefits	3.618	3.555	7.173	9.348
	1.951.089	513.918	2.465.007	2.451.773
Staff pension benefits (Note 28)	159.874	220	160.094	306.377
	2.110.963	514.138	2.625.101	2.758.150

2016
€

2015
€

Staff cost is as follows:

Operation & maintenance expenses	892.289	880.631
Administrative costs	1.732.812	1.877.519
	2.625.101	2.758.150

Number of staff at 31 December:

Permanent staff	47	47
Temporary staff	4	4
	51	51
Workers	15	15
	66	66

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

24. Capital commitments

Capital expenditure contracted but not executed in the current year, for which no provision has been made in the financial statements, amounts to approximately €1,4 m. and relates to the construction costs as well as the design and supervision of construction costs for the extension of the sewerage and drainage network.

25. Taxation

In accordance with a decision of the Office of the Attorney General of the Republic, the income of the Board from sewerage charges does not constitute a taxable income and therefore it is not subject to corporation tax, special contribution and special contribution for defence.

26. Contingent liabilities

During the year 2016, a number of new lawsuits has been filed against the Board by property owners claiming the amount of approximately €46.000 for easement rights.

The lawsuits filed against the Board in previous years amount to about €697.000 and relate mainly to damages suffered by property owners/tenants due to construction works and flooding on their properties as a result of heavy rain incidents. The lawsuits have not yet been tried in Court. Therefore the extent of potential claims cannot be determined. These lawsuits are dealt with by the Board's insurance company. The insurance company will pay the claimants for any agreed damages over and above the excess amount of €3.000 for each claim.

With regards to certain construction contracts between the Board and the contractors, there are pending claims which shall be adjudicated by the Dispute Adjudication Board, namely for extension of time, claims for unforeseen conditions in excavations as well as financial damages due to trade unions strikes. The total amount of claims is estimated to approximately €7,6 m. Furthermore, there is a pending claim for extension of time for which no reliable estimate of the amount of the obligation, if any, can be made at this stage.

The Board believes that some, if not all, of the claims are unrealistic and groundless. Therefore, it is not expected that there will be a substantial obligation with regards to the above claims. In addition, regarding one of the contractors, the Board has already imposed as from 2016 delay damages which are estimated to about €1.120.000. Furthermore, the Board issued to the contractor a notice of counter-claim for additional supervision costs and administrative expenses suffered as a result of the contractor's delay. These additional costs have not yet been determined due to the fact that the delay continues as at today.

27. Outstanding issues with Government Departments and other Organizations

The amount due from various Government Departments is €5.085.218 compared to €2.428.894 for 2015.

The outstanding amount as at 31/12/2016 is analyzed as follows:

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

27. Outstanding issues with Government Departments and other Organizations (continued)

Preparation of studies and construction designs for the sewerage network in Government housing estates

The Board submitted to the Government relevant debit notes amounting to €162.075 for the preparation of studies and construction designs for the sewerage network in the Government housing estates relating to the period between the years 2008 and 2012. An amount of €52.010 was received on account against these debit notes. The balance of €110.065 remains outstanding as at today. The Board has filed a lawsuit against the Government on the 27/5/2013 with number 2063/2013 claiming the above outstanding amount. The case is still pending. Also, towards the end of 2016, the Consulting Engineers have invoiced the Board with the sum of €22.625,72, for services rendered with regards to the preparation of studies and construction designs for the Government Housing estates. This amount will be charged to the Government in 2017.

Furthermore, in 2017 it was agreed between the Board and the Ministry of Interior that the Government will finance the cost of studies and construction cost of the Government and Refugee Housing Estates which is estimated to €10,32 m together with the cost of house connections, estimated to approximately €4,94 m.

For the construction of the above works, the Board will not impose departmental expenses of 20%.

Construction works

Amounts due from government relate mainly to STP capital expenditure of €623.851, expenditure relating to the construction of the sewerage network in certain communities of €759.964 and construction costs for the stormwater drainage network and flood prevention works of €2.114.698, due from the Water Development Department as at 31 December 2016. Also, the Consulting Engineers have invoiced the Board towards the end of 2016 with the sum of €83.387,74 for services rendered with regards to the design and preparation of tender documents for the construction of the vertical road. This amount will be charged to the Government within 2017.

Operation cost of the Tertiary Treatment Plant

At 31 December 2016, the Board was claiming from the Cyprus Government the amount of €1.477.120 relating to expenses incurred for the operation of the tertiary treatment plant. The Board has submitted to the Water Development Department the relevant debit notes for the reimbursement of operation and maintenance costs of the tertiary treatment plant. These debit notes are based on the unit cost of treated water as calculated from the actual costs incurred in accordance with the audited financial statements of the previous year.

Although the Water Development Department made certain payments on account of the said debit notes, the full amount has not yet been settled. In 2016 the total debit notes issued by the Board amounted to €1.040.009 and the actual payment made by the Water Development Department against those debit notes amounted to €891.729. The debit notes issued for the year 2016 were based on the actual costs of 2014. During the year, the debit notes of 2016 were adjusted in accordance with the unit cost of 2015 and the Water Development Department was credited with the amount of €116.752.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

27. Outstanding issues with Government Departments and other Organizations (continued)

Operation cost of the Tertiary Treatment Plant (continued)

As at today, no agreement has been reached between the two parties regarding the method of reimbursement despite the fact that the Board has submitted to the Water Development Department all relevant information to that effect.

Operation of the Sewerage Treatment Plant and Pumping Stations "F", "H" and "I"

On 31/7/2015, the agreement with the Water Development Department for the reimbursement of the operation expenses of the treatment plant and the pumping stations "F", "H" and "I" ended. In 2015 the total amount invoiced was €542.025 and it was fully paid by the Water Development Department.

28. Pension benefits

D) Defined Benefit Plan

The Board operates a pension scheme for its employees who are not members of the provident fund. The scheme benefits are stipulated in the By-Laws of the Board which have been approved and published in the Official Gazette of the Republic on 19 July 2002 under the reference "ΚΑΠ348/2002 Regulations relating to the pension scheme of the employees of the Sewerage Board of Limassol - Amathus.

The Board started contributing to the pension fund as from 1 January 1998. Contributions are also being made by the employees to the "Widows and Orphans Fund" at the rate of 0,75% on their pensionable earnings, in order to have their pension transferable to their widows and orphans. This contribution rate increased to 2% as from October 2011 in accordance with the Pension Benefits of Government Employees Law of 2011 (N113(I)/2011). Based on the same legislation, a contribution rate of 3% is also deducted from the monthly remuneration of all employees as a contribution to the Pension Fund.

An actuarial valuation for funding purposes is carried out every 3 years in order to cover the Fund's future obligations and to establish the annual pension fund contribution as a percentage of the employees' pensionable earnings.

Based on the latest actuarial valuation dated 6/5/2016 which was carried out by Muhanna & Co Actuarial Services as at 31/12/2015, the annual contribution rate on pensionable earnings to cover future obligations of the Fund (including temporary staff) was initially set to 7,4%. On the same date an actuarial deficit of €1.366.380 was also identified.

In order to finance the actuarial deficit identified, the actuaries suggested among other things, to increase the contribution rate from 7,4% to 15,8%, based on the average future service of the members of the Fund. The revised contribution rate was approved by the Board on 22/6/2016 and applied retrospectively as from 1 May 2016.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

28. Pension benefits (continued)

Based on the revised IAS 19, the Board recognizes any actuarial gains or losses in the year they arise. The amounts recognized in the Statement of the Financial Position as at 31 December 2016 are based on the actuarial valuation carried out for IAS19 purposes as at 31 December 2016 by Cronje & Yiannas Actuaries and Consultants for the Pension Fund of SBLA employees, which is a defined benefit scheme. Based on this actuarial valuation, the actuarial obligation of the Board identified as at 31 December 2016 is €3.343.792 as shown in the notes below in accordance with IAS 19 (revised).

II) Provident Fund

A provident fund scheme for SBLA workers has been established on the basis of the By-Laws of the Board which have been approved and published in the Official Gazette of the Republic on 5 December 1997 under the reference "ΚΔΠ 364/97 – Regulations relating to Provident Fund".

As from 1 January 1998, contributions to the scheme are being made by both the employer and the employees (workers). This fund is separately funded and is not reflected in the financial statements of the Board

As from 1 January 2009 a guaranteed provident fund is being operated with a guarantee percentage of 16%. In accordance with this arrangement, the SBLA workers will receive on their retirement date, the greater of the guaranteed provident fund amount and the amount credited on their name in the Fund.

Based on the actuarial valuation carried out in accordance with IAS19 (revised by Cronje & Yiannas Actuaries and Consultants as at 31 December 2016, an actuarial obligation of €42.699, as shown in the above notes.

Notes in accordance with IAS19 (revised)

	Staff €	Workers €	Total 2016 €	Total 2015 €
Statement of financial position as at 31st December				
Present value of obligations	8.728.715	42.699	8.771.414	7.943.101
Fair value of plan assets	(5.385.924)	-	(5.385.924)	(6.063.830)
Net liability as at 31st December	3.342.791	42.699	3.385.490	1.879.271
	Staff €	Workers €	Total 2016 €	Total 2015 €
Statement of total comprehensive income				
Current service cost	118.908	-	118.908	258.035
Interest cost	40.966	220	41.186	48.342
Expenses recognized in staff costs	159.874	220	160.094	306.377

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

28. Pension benefits (continued)

	Staff	Workers	Total 2016	Total 2015
	€	€	€	€
Statement of other comprehensive income				
Actuarial Gain/(loss) from change in demographic	(2.315.900)	-	(2.315.900)	(104.000)
Actuarial Gain/(loss) from change in financial assumptions	477.212	(40.494)	436.718	872.186
Actuarial Gain/(loss) from change in Experience Adjustments	331.421	11.378	342.799	(99.252)
Difference between expected and actual return on plan assets	12.036	-	12.036	(35.491)
Gain/(loss) to other comprehensive income	(1.495.231)	(29.116)	(1.524.347)	633.443

Movements in net obligation in the statement of financial position

Net liability at start of year	1.865.908	13.363	1.879.271	2.363.413
Total charge to the statement of total comprehensive income	159.874	220	160.094	306.377
Total charge to other comprehensive income	1.495.231	29.116	1.524.347	(633.443)
Employer's contributions/benefits paid	(178.222)	-	(178.222)	(157.076)
Net liability at the end of year	3.342.791	42.699	3.385.490	1.879.271

As at 31/12/2016, the notes shown below which relate to the change in the return on the Pension Plan assets and the change in the actuarial obligation during the year, have not been recorded for the Provident Fund. The provident fund has no other assets to finance any benefit obligation as a result of the guarantee given, except for the amounts credited in the members accounts. Therefore any shortfall that may arise as a result of the guarantee given will be met by the Board.

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Notes to the financial statements for the year ended 31 December 2016

28. Pension benefits (continued)	2016	2015
	€	€
Change in benefit obligation during the year		
Benefit obligation at start of year	6.908.079	7.242.547
Current service cost	118.908	258.006
Member's contribution	65.013	77.838
Interest cost	164.680	147.281
Benefits paid	(35.232)	(92.845)
Actuarial (Gain)/loss from change in demographic assumptions	2.315.900	104.000
Actuarial (Gain)/loss from change in experience assumptions	(477.212)	(928.000)
Actuarial (Gain)/loss from change in experience assumptions	(331.421)	99.252
Actuarial obligation at the end of year	8.728.715	6.908.079

Change in plan assets of employees Pension Fund during the year

Fair value of plan assets at start of year	5.042.171	4.879.687
Expected return on plan assets	123.714	98.745
Employer contributions	178.222	130.092
Member's contributions	65.013	77.838
Benefits paid	(35.232)	(92.845)
Actuarial gain/(loss) on plan assets	12.036	(51.346)
Fair value of plan assets at end of year	5.385.924	5.042.171

	Staff	Workers	Total
	€	€	€
Statement of total comprehensive income – (Prediction for 2017)			
Current service cost	229.820	2.802	232.622
Net Interest cost	54.760	555	55.315
Net actuarial (gain)/loss recognized in the year	-	-	-
Charge to total comprehensive income	284.580	3.357	287.937

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

28. Pension benefits (continued)

Actuarial assumptions - staff

	Assumptions at actuarial valuation date: 31/12/2016	Assumptions as at: 31/12/2015
Discount rate	1,70%	2,40%
Price inflation	2,00%	2,00%
General Salary increases 2017 + : 2018+ :	1,75% 3,25% Includes scale for promotion and annual increments 1,25%	1,25% 1,25% Includes scale for promotion and annual increments 1,25%
Pension increases	1,50% 1,00% for complementary pension	1,00% 1,50% for complementary pension
Increase in basic insurable earnings	3,00%	2,50%
Mortality	90% for EVK2000	60% for EVK2000

Change in actuarial liability

	Change in assumption	Increase in assumption Decrease	Decrease in assumption Increase
Discount rate	0,50%	9,7%	11,2%
Salary increase	0,50%	Increase 11,3%	Decrease 11,9%

Actuarial assumptions - workers

	Assumptions at actuarial valuation date: 31/12/2016	Assumptions as at: 31/12/2015
Discount rate	1,30%	1,65%
Expected return on plan assets	1,30%	1,65%
Price inflation	2,00%	2,00%
General salary increases	2,25% includes scale for promotion and annual increments	1,25% Includes scale for promotion and annual increments
Mortality	-	-

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

29. Financial Risk Management

1. Financial Risk Factors

The activities of the Board expose it to a variety of financial risks: market risk (including interest rate risk on cash flows), credit risk and liquidity risk.

The risk management program of the Board focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Board. Risk management is carried out by the management in accordance with policies approved by the Board. The management identifies, evaluates and hedges financial risks in close cooperation with the operating units of the Sewerage Board.

- **Market risk – Interest rate risk on cash flows**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Income and cash flow from operations of the Board is dependent on changes in market interest rates.

The interest rate risk of the Board comes from long term borrowings. Borrowings issued at variable rates expose the Board to interest rate risk on its cash flows. Borrowings issued at fixed rates expose the Board to interest rate risk on the fair value.

The Sewerage Board monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Board does not expect any losses from non-performance by these parties.

- **Liquidity Risk**

The table below analyzes the financial liabilities of the Sewerage Board into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

29. Financial Risk Management (continued)

	Less than 1 year €	From 1-2 years €	From 2-5 years €	Over than 5 years €
Balance as at 31 December 2015				
Loans (Capital plus Interest)	5.898.376	8.054.982	29.378.764	127.642.386
Trade and other creditors	<u>7.101.150</u>	-	-	<u>1.879.271</u>
	<u>12.999.526</u>	<u>8.054.982</u>	<u>27.378.764</u>	<u>129.521.657</u>
Balance as at 31 December 2016				
Loans (Capital plus Interest)	8.096.250	8.025.912	30.705.430	118.289.809
Trade and other creditors	<u>5.848.240</u>	-	-	<u>3.385.490</u>
	<u>13.944.490</u>	<u>8.025.912</u>	<u>30.705.430</u>	<u>121.675.299</u>

2. Capital risk management

The goals of the Board when managing funds is to ensure the capacity of the Council to continue as a going concern and to maintain an appropriate capital structure to reduce the cost of capital.

The Board monitors capital on the basis of the relationship of debt to total capital employed. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including current and non-current borrowings as shown in the Balance Sheet) less short-term bank deposits as well as cash and cash equivalents available. Total capital is calculated as 'equity' (Reserves and Deferred income as presented in the statement of financial position) plus net debt.

The relationship of debt to total capital employed at 31 December 2016 and 2015 was as follows:

	2016 €	2015 €
Total of Loans (Note 10)	165.076.133	170.891.114
Less: Cash and Cash equivalents (Note 7)	-	-
Cash and Cash equivalents (Note 7)	<u>(85.143.462)</u>	<u>(82.091.716)</u>
Net Debt	79.932.671	88.799.398
Total Capital	<u>157.950.862</u>	<u>142.487.004</u>
Total capital under the consideration of Board	<u>237.883.327</u>	<u>231.286.402</u>
Value of net debt to total capital employed	<u>34%</u>	<u>38%</u>

Sewerage Board of Limassol – Amathus

Notes to the financial statements for the year ended 31 December 2016

29. Financial Risk Management (continued)

3. Estimated fair values

The table below analyses financial instruments that are measured in the statement of financial position at fair value, based on the estimation methods.

- The input data for the assets are not based on observable market data (ie unobservable input data).

The following table presents the financial assets of the Board, which are measured at fair value at 31 December 2016.

31 December 2016	€
Assets	
Financial Assets at fair value through the statement of total comprehensive income:	
- Traded securities	<u>642.288</u>
Total of Financial Assets measured at fair values	<u>642.288</u>

30. Events after the reporting date

As stated in Note 27 to the Financial Statements, Outstanding issues with Government Departments and other Organizations, the SBLA approved in April 2017 the proposal of the Ministry of Interior for the construction of the main sewerage network within the Government and Refugee Housing Estates in the Greater Limassol area. The Government will finance the actual construction cost. No departmental expenses of 20% will be added on the above cost.

There were no other material events after the reporting date which have a bearing on the understanding of the financial statements.