

Local Council Birzebbuga
Annual Audit Report
for the year ended 31 December 2024

Prepared by
P & D Consultancy Services



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**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the year ended 31 December 2024**

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of comprehensive income for the year, and of the Council's retained funds at the end of year. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the year and its retained funds as at the year end, and that they comply with the Act, the Local Council (Financial) Regulations, and the Local Council (Financial) Procedures issued in terms of the said Act.

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

This statement was approved by the Council on 9 April 2025 and signed on its behalf by:



Scott Camilleri
Mayor



Jordy Brincat
Executive Secretary

Report of the Local Government Auditor

To the Auditor General

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Birzebbuga Local Council set out on pages 5 to 27 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for qualified opinion

Included with receivables at balance sheet date is an amount of €67,619 due from Zurrieq Joint Committee for which no supporting documentation was available. Consequently, we could not determine whether the said amount is materially misstated.

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

Responsibilities of those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement principal on the audit resulting in this independent auditor's report is Patrizia Cassar.



Patrizia Cassar (Principal) for and on behalf of

Grant Thornton

Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD1050
Malta

9 April 2025

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2024**

	Notes	2024 €	2023 €
Revenue			
Funds received from Central Government	3	1,040,747	942,305
Income raised under Local Council Bye-Laws	4	-	2,844
Income raised under Local Enforcement System	5	5,563	3,645
General Income	6	67,656	47,203
		<u>1,113,966</u>	<u>995,997</u>
Expenditure			
Personal Emoluments	7	(299,275)	(269,199)
Operations and maintenance	8	(508,587)	(424,378)
Administration and other expenditure	9	(432,409)	(486,531)
		<u>(1,240,271)</u>	<u>(1,180,108)</u>
Operating loss for the year		(126,305)	(184,111)
		<u> </u>	<u> </u>
Loss for the year		<u>(126,305)</u>	<u>(184,111)</u>

The notes on pages 9 to 27 form an integral part of these financial statements.

	Notes	2024 €	2023 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	379,618	429,672
Intangible assets	10	47	759
		<u>379,665</u>	<u>430,431</u>
Current Assets			
Receivables	12	97,025	217,007
Cash at bank and in hand	13	1,142,532	1,124,472
		<u>1,239,557</u>	<u>1,341,479</u>
Total Assets		<u>1,619,222</u>	<u>1,771,910</u>
RESERVES			
Retained earnings		1,069,452	1,195,757
Total reserves		<u>1,069,452</u>	<u>1,195,757</u>
Current Liabilities			
Trade and other payables	14	246,349	272,732
Short-term borrowings	15	303,421	303,421
		<u>549,770</u>	<u>576,153</u>
Total Liabilities		<u>549,770</u>	<u>576,153</u>
Total reserves and liabilities		<u>1,619,222</u>	<u>1,771,910</u>

These financial statements were approved by the Local Council on 9th April 2025 and signed on its behalf by:



Scott Camilleri
Mayor



Jordy Brincat
Executive Secretary

The notes on pages 9 to 27 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2024

	Retained Funds	Total
	€	€
At 1 January 2023	1,379,868	1,379,868
Loss for the year	(184,111)	(184,111)
At 31 December 2023	<u>1,195,757</u>	<u>1,195,757</u>
At 1 January 2024	1,195,757	1,195,757
Loss for the year	(126,305)	(126,305)
At 31 December 2024	<u>1,069,452</u>	<u>1,069,452</u>

Statement of Cash Flows
for the year ended 31 December 2024

	Note	2024		2023	
		€	€	€	€
Net loss for the year		(126,305)		(184,111)	
Reconciliation to cash generated from operations:					
Depreciation		244,812		256,810	
Amortisation		712		1,103	
Loss on disposal and write offs of property plant and equipment		-		470	
Movement in Provision for Doubtful Debts		(1,224)		1,511	
Property, plant and equipment written off		5,965		9,744	
Operating surplus before working capital changes		123,960		85,527	
(Increase)/decrease in receivables		(449)		16,911	
Decrease/(increase) in other receivables		121,655		(118,162)	
(Decrease)/increase in payables		(53,586)		69,387	
Increase/(decrease) in other payables		27,203		(84,468)	
Cash generated from/(used in) operating activities			218,783		(30,805)
Cash flow from investing activities					
Purchase of property, plant & equipment		(290,095)		(287,334)	
Grants returned		(2,453)		-	
Grants received		91,825		39,943	
Cash used in investing activities			(200,723)		(247,391)
Net increase/(decrease) in cash in the year			18,060		(278,196)
Cash and equivalents at beginning of year			1,124,472		1,402,668
Cash and equivalents at end of year	13		1,142,532		1,124,472

1. General Information

The Birzebbuga Local Council is the local authority of Malta set up in accordance with the Local Councils Act (1993). The office of the Local Council is situated at Dar Birzebbuga, Triq Santa Marija, Birzebbuga, BBG 1651, Malta. These financial statements were approved for issue by the Council Members on 9 April 2025. The Local Council's company's presentation as well as functional currency is Euro.

2. Accounting Policies and Reporting Procedures

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

Accounting convention

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Local Councils Act Cap. 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards.

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap. 363).

New or revised Standards or Interpretations***New standards adopted as at 1 January 2024***

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the council's financial results or position.

Other Standards and amendments that are effective for the first time in 2024 and could be applicable to the council are:

- o Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- o Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- o Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); and
- o Non-current Liabilities with Covenants (Amendments to IAS 1).

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations published by the IASB or IFRIC include.

- o Lack of Exchangeability (Amendments to IAS 21);
- o Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7);
- o IFRS 18 'Presentation and Disclosure in Financial Statements'; and
- o IFRS 19 'Subsidiaries without Public Accountability: Disclosures'.

None of these Standards or amendments to existing Standards have been adopted early by the Council. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The Council will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The Council is not expected to early adopt this new standard.

Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the entity's material accounting policies below are appropriate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Depreciation is calculated on a monthly basis using the straight line method at rates calculated to write off the cost of each asset over its expected useful life as follows:

	%
Land	0
Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works	10
Urban Improvements (Street Furniture)	10
Special Projects	10
Office Equipment	20
Motor Vehicles	20
Plant and Machinery	20
Computer Equipment	25
Plants	100
Litter Bins	Replacement Basis
Playground Furniture	100
Traffic Signs	Replacement Basis
Road Signs	Replacement Basis
Street Mirrors	Replacement Basis
Street Lights	100

Up to the year ended 31st December 2017, depreciation was calculated on a monthly basis using the reducing balance method at rates calculated to write off the cost less residual value of each asset over its expected useful life according to IAS 16 Property, Plant and Equipment. On 1st January 2018, the straight line method in line with IAS 16, has been adopted, in line with the Directive No.1/2017 issued by the Department for Local Government. This is a change in accounting estimate, and according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it has been accounted for prospectively.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each end of the reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Impairment

The council's property, plant and equipment, intangible assets and financial assets are tested for impairment.

Property, plant and equipment and intangible assets

The carrying amounts of the council's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of the council's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in the income statement.

Impairment of trade and other receivables

Trade and other assets are measured at fair value, with changes in fair value subsequently recognised in profit and loss. The Council applies the simplified approach for all trade receivables and contract assets. Accordingly, the assessment to determine whether there is a significant increase in credit risk is not applicable for such financial assets.

Where the Council does not have reasonable and supportable information that is available without undue cost or effort to measure life time expected credit loss on an individual instrument basis and in order to ensure the life time expected credit losses are recognised before an asset becomes credit-impaired or an actual default occurs, life time expected credit losses on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the life time expected credit losses are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial.

The Council's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for receivables after 360 days, the loss rate was adjusted to take into consideration the proportion of actual recoveries over the selected period.

Impairment of cash and cash equivalents

Cash and cash equivalents are demand deposits, a 1-day probability of default has been applied, based on the respective external ratings of the counterparty banks and an adequate loss given default rate to the carrying amount at the measurement date.

The Council banks with local financial institutions with high quality standing and rating and management consider the probability of default to be close to zero.

Related parties

Related parties are those persons or bodies of persons having relationships with the Council as defined in International Accounting Standard No. 24.

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. Interest income is recognised in the profit or loss as it accrues.

Local Enforcement System

Up until August 2011, the Council used to manage the the Local Enforcement System in its locality and used to receive all the income generated from the fines. As from 1 September 2011, the Council started to form part of the Southern Region, which took over the management of Local Enforcement System and the Council is receiving a 10 % administration fee on every fine paid at the Council. As from October 2015 LESA took over the administration of the Local Enforcement System.

Government grants

Government grants relating to operating expenditure are recognised in the Statement of Comprehensive Income in the same period that the related expenditure is incurred.

Government grants relating to the purchase of property, plant and equipment are accounted for using the capital approach, and are thus deducted from the carrying amount of the relative non-current asset.

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

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Local Council operates. These financial statements are presented in Euro, which is the Council's functional and presentation currency.

Transactions denominated in foreign currencies are translated into € at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into € at the rates of exchange prevailing at the date of the statement of financial position.

Profits and losses

Only losses that were realised at the date of the statement of financial position are recognised in these financial statements. All foreseeable liabilities and potential losses arising up to the said date are accounted for even if they become apparent between the said date and the date on which the financial statements are approved.

Cash and equivalents

Cash and cash equivalents are carried in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and balances held with banks.

Financial Instruments**Recognition and derecognition**

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

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

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

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

The council does not have any financial assets categorised as FVTPL and FVOCI in the years presented.

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in the income statement are presented within 'finance costs or 'finance income'.

Subsequent measurement of financial assets**Financial assets at amortised cost**

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

Trade and other receivables

The council makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the council uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The council assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The council's financial liabilities include trade and other payables.

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

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

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Capital management policies

The Council's objectives when managing capital are:

- to safeguard the council's ability to continue as a going concern, so that it can continue to provide services and benefits to its local community.

The Council sets the amount of capital in proportion to risk. The Council manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Council monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt + adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises of retained earnings.

3. Funds received from central government

	2024	2023
	€	€
In terms of section 55 of the Local Council Act	1,000,648	900,796
Other Government Income	40,099	41,509
	<u>1,040,747</u>	<u>942,305</u>

4. Income raised from Bye-Laws

	2024	2023
	€	€
Bye-Laws - Activity at the pitch and hall	-	2,844
	<u>-</u>	<u>2,844</u>

5. Local Enforcement Income

	2024	2023
	€	€
Contraventions and other fines	1,448	(1,151)
Income from LES administration fees	4,115	4,796
	<u>5,563</u>	<u>3,645</u>

6. General Income

	2024	2023
	€	€
Social Events	720	75
General Income	18	2,140
Donations	2,100	-
Income from Permits	64,818	44,988
	<u>67,656</u>	<u>47,203</u>

7. Loss for the year

	2024	2023
	€	€
Loss for the year is stated after charging:		
Staff salaries	299,275	269,199
Amortisation & Depreciation of non-current assets	245,524	257,913
Loss on write offs of property plant and equipment	-	470
	<u>-</u>	<u>470</u>

Personal Emoluments

	2024	2023
	€	€
Mayor's Allowance	18,766	18,403
Councillors' Allowance	20,200	20,148
Executive Secretary Salary and Allowances	47,104	34,946
Employees' Salaries	195,007	179,496
Social Security Contributions	18,198	16,206
	<u>299,275</u>	<u>269,199</u>

8. Operations and Maintenance

	2024	2023
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	24,633	16,425
Road/Street Pavements	3,536	2,925
Signs	9,231	6,335
Road Markings	2,702	3,944
Road & Street Patching	451	5,126
Office Furniture and Equipment	58	-
Plant & Equipment	258	86
Other repairs and Upkeep	15,844	9,320
Council Property	2,580	5,101
	<u>59,293</u>	<u>49,262</u>
<i>Contractual Services:</i>		
Waste Disposal	164,771	101,191
Refuse Collection	58,063	69,930
Bulky Refuse Collection	10,915	8,121
Road & Street Cleaning	88,779	95,041
Cleaning & Maintenance Non-Urban	-	1,148
Cleaning - Public Conveniences	35,081	25,236
Cleaning - Council Premises	2,268	2,398
Other Contractual Services	16,467	18,226
Cleaning & Maintenance Parks & Gardens	26,732	26,107
Street Lighting	45,438	27,231
Local Enforcement Expenses	780	487
	<u>449,294</u>	<u>375,116</u>
	<u>508,587</u>	<u>424,378</u>

9. Administration and other expenditure

	2024	2023
	€	€
Utilities	14,463	6,777
Other repairs and upkeep	27,528	16,325
Rent	6,804	6,754
Participation fee - National Meeting	25	-
Office Services	22,036	17,764
Transport	16,961	9,574
Information Services	2,688	2,827
Lease of Equipment	312	89
Insurance Coverage	2,906	2,558
Bank Charges	2,454	2,149
Professional Services	66,291	83,666
Training	-	1,800
Entertainment	275	785
Other Hospitality Costs	6,476	5,069
Social Events	215	2,207
Cultural Events	11,945	67,045
Community Services	6,730	1,248
Provision for LES receivables	(1,224)	1,511
Loss on write offs of property plant and equipment	-	470
Amortisation of intangible asset	712	1,103
Depreciation	244,812	256,810
	<u>432,409</u>	<u>486,531</u>

10. Intangible fixed assets

	Computer Software	Total
	€	€
Cost		
At 1 January 2023	9,208	9,208
At 31 December 2023	<u>9,208</u>	<u>9,208</u>
Grant		
At 1 January 2023	1,003	1,003
At 31 December 2023	<u>1,003</u>	<u>1,003</u>
Amortisation		
At 1 January 2023	6,343	6,343
Charge for year	1,103	1,103
At 31 December 2023	<u>7,446</u>	<u>7,446</u>
Net book values		
At 31 December 2023	<u>759</u>	<u>759</u>

10. Intangible fixed assets

	Computer Software €	Total €
Cost		
At 1 January 2024	9,208	9,208
At 31 December 2024	9,208	9,208
Grant		
At 1 January 2024	1,003	1,003
At 31 December 2024	1,003	1,003
Amortisation		
At 1 January 2024	7,446	7,446
Charge for year	712	712
At 31 December 2024	8,158	8,158
Net book values		
At 31 December 2024	47	47

**Notes to the Financial Statements
for the year ended 31 December 2024**

11. Property, plant and equipment

	Property	Construction	Assets under Construction	New Street Signs	Urban Improvements	Plant, Machinery & equipment	Office Furniture & Fittings	Trees	Special Programmes	Motor Vehicle	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2023	80,751	3,686,135	31,518	7,676	863,778	108,646	70,533	21,075	946,871	16,299	5,833,282
Additions	-	-	17,818	-	251,441	8,866	8,892	317	-	-	287,334
Write offs	-	-	(9,744)	-	-	-	-	-	-	-	(9,744)
Disposal	-	-	-	-	(49,731)	(1,810)	(4,018)	-	-	-	(55,559)
At 31 December 2023	80,751	3,686,135	39,592	7,676	1,065,488	115,702	75,407	21,392	946,871	16,299	6,055,313
Grants											
At 1 January 2023	-	543,658	-	-	485,378	13,787	95	14,874	36,404	-	1,094,196
Grants for the year	-	-	-	-	39,943	-	-	-	-	-	39,943
Grants returned	-	-	-	-	(7,341)	-	-	-	-	-	(7,341)
At 31 December 2023	-	543,658	-	-	517,980	13,787	95	14,874	36,404	-	1,126,798
Depreciation											
At 1 January 2023	17,060	2,952,659	-	7,676	266,525	73,430	48,381	-	910,467	13,583	4,289,781
Disposal	-	-	-	-	(42,382)	(1,348)	(4,018)	-	-	-	(47,748)
Charge for the year	820	89,941	-	-	153,033	8,044	2,256	-	-	2,716	256,810
At 31 December 2023	17,880	3,042,600	-	7,676	377,176	80,126	46,619	-	910,467	16,299	4,498,843
Net book values											
At 31 December 2023	62,871	99,877	39,592	-	170,332	21,789	28,693	6,518	-	-	429,672

Notes to the Financial Statements
for the year ended 31 December 2024

11. Property, plant and equipment

	Property	Construction	Assets under construction	New Street Signs	Urban Improvements	Plant, machinery & equipment	Office Furniture & fittings	Trees	Special Programmes	Motor Vehicle	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2024	80,751	3,686,135	39,592	7,676	1,065,488	115,702	75,407	21,392	946,871	16,299	6,055,313
Additions	-	61,341	23,137	-	182,496	9,706	13,223	192	-	-	290,095
Write off	-	-	(5,965)	-	-	-	-	-	-	-	(5,965)
At 31 December 2024	<u>80,751</u>	<u>3,747,476</u>	<u>56,764</u>	<u>7,676</u>	<u>1,247,984</u>	<u>125,408</u>	<u>88,630</u>	<u>21,584</u>	<u>946,871</u>	<u>16,299</u>	<u>6,339,443</u>
Grants											
At 1 January 2024	-	543,658	-	-	517,980	13,787	95	14,874	36,404	-	1,126,798
Grants for the year	-	61,341	-	-	30,484	-	-	-	-	-	91,825
Grants release on disposal	-	-	-	-	(1,733)	(720)	-	-	-	-	(2,453)
At 31 December 2024	<u>-</u>	<u>604,999</u>	<u>-</u>	<u>-</u>	<u>546,731</u>	<u>13,067</u>	<u>95</u>	<u>14,874</u>	<u>36,404</u>	<u>-</u>	<u>1,216,170</u>
Depreciation											
At 1 January 2024	17,880	3,042,600	-	7,676	377,176	80,126	46,619	-	910,467	16,299	4,498,843
Charge for the year	822	23,643	-	-	207,120	9,745	3,482	-	-	-	244,812
At 31 December 2024	<u>18,702</u>	<u>3,066,243</u>	<u>-</u>	<u>7,676</u>	<u>584,296</u>	<u>89,871</u>	<u>50,101</u>	<u>-</u>	<u>910,467</u>	<u>16,299</u>	<u>4,743,655</u>
Net book values											
At 31 December 2024	<u>62,049</u>	<u>76,234</u>	<u>56,764</u>	<u>-</u>	<u>116,957</u>	<u>22,470</u>	<u>38,434</u>	<u>6,710</u>	<u>-</u>	<u>-</u>	<u>379,618</u>

12. Receivables

		2024	2023
		€	€
Receivables	<i>Note</i>	3,433	2,984
LES Debtors	<i>Note</i>	67,619	67,619
Other receivables		10,368	10,740
Accrued income		3,506	121,723
Financial assets		<u>84,926</u>	<u>203,066</u>
Prepayments		12,099	13,941
		<u>97,025</u>	<u>217,007</u>

The carrying value of the above receivables is considered a reasonable approximation of fair value.

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

Receivables

General receivables are analysed as follows:

	2024	2023
	€	€
Within credit period	901	588
Exceeded credit period but not impaired	2,532	2,396
	<u>3,433</u>	<u>2,984</u>

Receivables are stated after a specific provision for doubtful debts amounting to € 4,349 (2023 : € 4,349).

Related party balances - LES Debtors

LES debtors are stated after a specific provision for doubtful debts amounting to € 89,432(2023: € 90,655). The amount of € 67,619 (2023: € 67,619) exceeded credit period but is not impaired. These amounts are unsecured, interest free and with no fixed date of repayment.

The movement in the provision for doubtful debts is as follows:

	2024	2023
	€	€
Balance at 1 January	90,655	93,493
Decrease in provision for LES debtors	(1,223)	(2,838)
Balance at 31 December	<u>89,432</u>	<u>90,655</u>

Other receivables

	2024	2023
	€	€
Within credit period	<u>10,369</u>	<u>10,740</u>

Included in other receivables there is a bank guarantee in favour of third party amounting to € 10,100 (2023 : € 10,100).

13. Cash and equivalents

	2024	2023
	€	€
Bank Balances	1,142,532	1,124,472
Cash at bank and in hand	<u>1,142,532</u>	<u>1,124,472</u>
Cash and cash equivalents	<u>1,142,532</u>	<u>1,124,472</u>

14. Payables

	2024	2023
	€	€
Payables	81,092	134,678
Other payables	7,312	6,223
Accruals	70,759	72,974
Financial liabilities	<u>159,163</u>	<u>213,875</u>
Grants not yet utilised	87,186	58,857
	<u>246,349</u>	<u>272,732</u>

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

15. Borrowings

	2024	2023
	€	€
Current		
Third party borrowings	<u>303,421</u>	<u>303,421</u>

Third party borrowings

Third party borrowings represent dues to the two public private partnership payables. The Council entered into these agreements to carry out road resurfacing works. These amounts are unsecured, interest free and are repayable within 1 year.

16. Capital commitments

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	<u>190,000</u>	<u>640,992</u>
These could be analysed as follows:		
(i) <i>Approved but not yet contracted for:</i>		
Urban Improvements	-	620,992
Construction	190,000	-
Office furniture & fittings	-	20,000
	<u>190,000</u>	<u>640,992</u>

17. Contingent liabilities

The Council has a bank guarantee in favour of third parties amounting to € 10,100 (2023: € 10,100).

18. Related party transactions

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department for Local Government	Significant control
Regional Committee (Local Enforcement)	Joint control
Fgura Joint Committee (Local Enforcement)	Joint control
Local Enforcement System Agency	No control
Gozo Regional Committee	No control
North Regional Committee	No control
South Regional Committee	No control
South Eastern Regional Committee	No control
Central Regional Committee	No control
Public General Head Quarters	No control
Local Councils' Association	No control
Malta Information Technology Agency	No control
Malta Communication Authority	No control
Malta Tourism Authority	No control
Malta Transport Authority	No control
Department of Lands	No control
Commissioner for Revenue	No control
Permanent Secretary - Ministry of Education	No control
Permanent Secretary - Ministry for Family & Social Solidarity	No control
Bank of Valletta plc	No control
Airmalta plc	No control
Jobs plus	No control
Arms Limited	No control
Planning Authority	No control
Environment and Resources Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Commissioner for Data Protection	No control

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

	2024	2023
	€	€
Annual Financial Allocation	1,000,648	900,796

Key management compensation

Transactions with key management personnel are disclosed in note 7.

19. Financial Risk Management

The exposure to risk and the way risks arise, together with the Local Council's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Local Council's exposure to financial risks or manner in which the council manages and measures these risks are disclosed below.

Where possible, the Local Council aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

<i>Categories of financial instruments</i>	2024	2023
<i>Financial assets</i>	€	€
<i>Loans and Receivables</i>		
Cash and bank balances	1,142,532	1,124,472
Receivables	84,926	203,066
	<u>1,227,458</u>	<u>1,327,538</u>
<i>Financial liabilities</i>		
Trade payables and other payables	159,163	213,875
Borrowings	303,421	303,421
	<u>462,584</u>	<u>517,296</u>

The Council is exposed to credit risk and liquidity risk through its use of financial instruments which result from its operating activities. The Council is not exposed to any market risk. The Council's risk management is coordinated by the Council members and focuses on actively securing the Council's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Council is exposed are described below.

Credit risk

The Council applies the simplified approach for all trade receivables and contract assets which uses a lifetime expected allowance. Accordingly, the assessment to determine whether there is a significant increase in credit risk is not applicable for such financial assets.

Where the Council does not have reasonable and supportable information that is available without undue cost or effort to measure life time expected credit loss on an individual instrument basis and in order to ensure the life time expected credit losses are recognised before an asset becomes credit-impaired or an actual default occurs, life time expected credit losses on the remaining financial assets are measured on a collective basis. In such instances and where appropriate, the financial instruments are grouped on the basis of shared credit risk characteristics and the life time expected credit losses are estimated using a provision matrix based on actual credit loss experience over past years, which is adjusted to reflect current conditions and the Council's view of economic conditions over the expected lives of the receivables

Such adjustments are based on factors that are specific to the debtors and economic and industry indicators such as GDP, unemployment rates and/or industry projections, where applicable, unless the effect is considered to be immaterial.

The Council's trade receivables are of a short-term nature as they are based on credit terms of less than one year and, thus, do not include a significant financing component.

For the purpose of the provision matrix, loss rates are calculated using a 'roll rate' method based on the probability a receivable progressing through successive stages of delinquency over a selected period, taking into consideration the applicable credit terms for such debtors and the past due status. Unless the effect is immaterial, for receivables after 360 days, the loss rate was adjusted to take into consideration the proportion of actual recoveries over the selected period.

As at 31 December 2024, trade receivables including related parties of € 3,433 (2023: € 2,984) were past due but not impaired. The ageing of these past due trade receivables was over 1 month. These mainly related to a number of government entities for whom there is no recent history of default and exposure is very limited. Whilst a number of customers account for a certain percentage of the Council's past due trade debts, management has not identified any major concerns with respect to concentration of credit risk. Categorisation of trade receivables as past due is determined by the Council on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. Exposure is immaterial.

Cash and cash equivalents

The Council banks only with local financial institutions with high quality standing or rating. At 31 December 2024 cash and cash equivalents are held with counterparties with a credit rating of BBB- and are callable on demand. Council consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Council.

Liquidity risk

The Council is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Council's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Council manages its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. At the end of the reporting period, the Local Council's net current asset position amounted to € 689,787 (2023: € 765,326) view of the matching of cash inflows and outflows arising from expected maturities of financial instruments. In this respect management does not consider liquidity risk to the Council as significant taking into account the liquidity management process referred to above.

The following table analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Current		Non-Current		Total
	Payable within 1 year	Payable within 1 & 2 years	Payable within 2 & 5 years	Payable after more than 5 years	
	€	€	€	€	€
31 December 2024					
Payables	81,092	-	-	-	81,092
Other payables	7,312	-	-	-	7,312
Accruals	70,759	-	-	-	70,759
Third party borrowings	303,421	-	-	-	303,421
	<u>462,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462,584</u>
31 December 2023					
Payables	134,678	-	-	-	134,678
Other payables	6,223	-	-	-	6,223
Accruals	72,974	-	-	-	72,974
Third party borrowings	303,421	-	-	-	303,421
	<u>517,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,296</u>

With respect to the maturity of the Council's financial liabilities as at 31 December 2024, the Council disclose that the trade and other payables are entirely repayable within one year from the end of the respective reporting period.

20. Comparative Figures

Certain amounts have been re-classified to conform with the current year's presentation.