
Grant Thornton Malta

Fort Business Centre, Level 2
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD1050 Malta
T +356 20931000

The Mayor
Marsaskala Local Council
Ġnien Sant' Anna
Pjazza Dun Tarċis Aguis
Marsascalea

Our ref: PC/mf/120925

14 May 2025

Dear Sir,

Financial statements for the year ended 31 December 2024

During the course of our audit for the year ended 31 December 2024 we have reviewed the accounting system and procedures operated by Marsaskala Local Council (the "Council"). We set out in this report the more important points that arose as a result of our review.

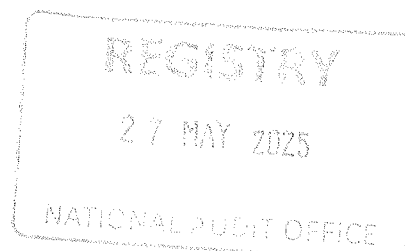
1 Previous management letter
1.1 Property, plant and equipment

We again identified shortcomings in property, plant and equipment (refer to note 2.1).

1.2 Trade and other payables

We again noted that the council did not obtain statements as at or near year-end from all suppliers (refer to note 3.1).

The books of account still include debit balances in creditors list (refer to notes 3.3).





2 Property, plant and equipment

Fixed asset register

2.1 We recommend that every possible effort should be made to complete the fixed asset register to include at least all the following:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code
- Cost
- Depreciation rate
- Location of the asset
- Grants received

2.2 An updated fixed asset register enables the council to exercise proper control over the council's property, plant, and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the council's fixed asset register is updated with all relevant details.

3 Trade and other payables

Suppliers' statements

3.1 During the course of our audit we noted that the council did not manage to obtain monthly suppliers' statements or year-end statements for all suppliers.

3.2 We recommend that the council obtains monthly statements from all suppliers to ensure proper recording of creditors in the council's ledgers. This will highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements.

Debit balances in creditors' list

3.3 The council's creditors' list at the end of the year includes debit balances amounting to €5,903. Details of the debit balances are presented below.

Debtor	€
ARMS Limited	4,925
CWSEF	736
APCO	212
Pack it	30
	5,903



- 3.4 We recommend that the council investigates all debit balances in the creditors' list since they may arise from overpayments or omitted invoices. In addition, these balances should also be disclosed separately with other receivables rather than set off against trade creditors. In this regard an audit reclassification was passed to agree the books of account with the audited financial statements. This was properly reflected in the financial statements but not reflected in the books of account.

Completeness of accrued expenses

- 3.5 During our testing of accrued expenses, we noted that the Council did not record 'road & street cleaning expenses' for the months of May to October amounting to €40,200. As explained by the Council, the invoices for these months were not received. We have proposed an adjustment to increase accrued liabilities and the respective expense. The Council has included this adjustment in the final set of the financial statements.
- 3.6 We recommend that the Council properly monitors its accrued expenses to ensure completeness of its liabilities and expenses.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

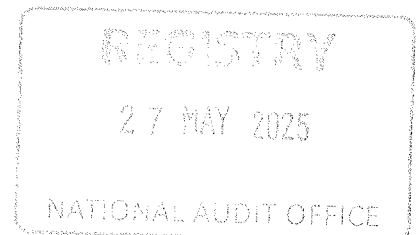
We would like to take this opportunity to thank Mr Josef Grech and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,

Grant Thornton

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

Prepared by:
Ms Doreen Mintoff
B.Accountancy(Honours) AIA, DIP.IFR CPA, Reg Auditor



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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 14 May 2025 and signed on its behalf by:


Mario Calleja
Mayor


Josef Grech
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 Marsaskala 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 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, 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 opinion

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 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 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

14 May 2025

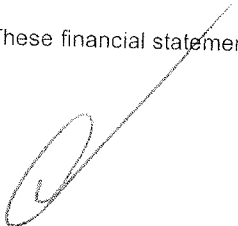
**Statement of Comprehensive Income
for the year ended 31 December 2024**

	Notes	2024 €	2023 €
Revenue			
Funds received from Central Government	3	1,243,138	1,140,240
Income raised under Local Enforcement System	4	5,884	48
General income	5	98,540	104,575
		<u>1,347,562</u>	<u>1,244,863</u>
Expenditure			
Personnel emoluments	6	(312,246)	(276,049)
Operations and maintenance	7	(801,448)	(657,391)
Administration and other expenditure	8	(338,483)	(316,936)
		<u>(1,452,177)</u>	<u>(1,250,376)</u>
Operating loss for the year		(104,615)	(5,513)
Profit /(loss) on disposal of property, plant and equipment		600	(29)
Loss for the year		<u><u>(104,015)</u></u>	<u><u>(5,542)</u></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	10	928,919	996,596
Intangible assets	9	243	960
		<u>929,162</u>	<u>997,556</u>
Current Assets			
Receivables	11	47,951	181,925
Cash and cash equivalents	12	801,356	719,121
		<u>849,307</u>	<u>901,046</u>
Total Assets		<u>1,778,469</u>	<u>1,898,602</u>
RESERVES			
Retained earnings		1,496,324	1,600,339
Total reserves		<u>1,496,324</u>	<u>1,600,339</u>
Current Liabilities			
Trade and other payables	13	282,145	298,263
Total Liabilities		<u>282,145</u>	<u>298,263</u>
Total reserves and liabilities		<u>1,778,469</u>	<u>1,898,602</u>

These financial statements were approved by the Local Council on 14th May 2025 and signed on its behalf by:


Mario Calleja
Mayor


Josef Grech
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	1,605,881	1,605,881
Loss for the year	(5,542)	(5,542)
At 31 December 2023	<u>1,600,339</u>	<u>1,600,339</u>
At 1 January 2024	1,600,339	1,600,339
Loss for the year	(104,015)	(104,015)
At 31 December 2024	<u>1,496,324</u>	<u>1,496,324</u>

Statement of Cash Flows
for the year ended 31 December 2024

	2024		2023	
	€	€	€	€
Net loss for the year	(104,015)		(5,542)	
Reconciliation to cash generated from operations:				
Amortisation and Depreciation	115,468		119,448	
Loss on disposal of property, plant and equipment	-		29	
(Profit)/loss on write offs of property, plant and equipment	(600)		19,118	
Movement in Provision for Doubtful Debts	(4,980)		(13,039)	
Operating surplus before working capital changes	5,873		120,014	
Decrease in receivables	30,378		8,244	
Decrease/(increase) in other receivables	108,576		(97,632)	
Increase /(decrease) in payables	15,327		(1,212)	
(Decrease)/increase in other payables	(31,445)		27,169	
Cash generated from operating activities		128,709		56,583
Cash flow from investing activities				
Purchase of property, plant & equipment	(48,574)		(80,081)	
Proceeds from sales of property, plant & equipment	600		-	
Grants received	1,500		70,164	
Cash used in investing activities		(46,474)		(9,917)
Net increase in cash in the year		82,235		46,666
Cash and equivalents at beginning of year		719,121		672,455
Cash and equivalents at end of year	Note 13	801,356		719,121

1. General Information

The Marsaskala 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 Triq Santa Tereza, Marsaskala. These financial statements were approved for issue by the Council Members on 14 May 2025. The Local Council's company's presentation as well as functional currency is €.

2. Material Accounting Policies and Reporting Procedures

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.

The Councillors have concluded that the disclosure of the Council's material accounting policies below are appropriate.

The material 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 company 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)
- 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'
- 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 Company/Group is not expected to early adopt this new standard.

Intangible Fixed Assets

Computer software is valued at cost less accumulated amortisation and impairment losses to date. Depreciation to write off the cost is calculated on a monthly basis using the straight line method at 25% - 100% per annum.

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.

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 - 100
Construction Works	10 - 100
Urban Improvements (Street Furniture)	10 - 100
Special Projects	10 - 100
Office Equipment	20 - 100
Motor Vehicles	20 - 100
Plant and Machinery	20 - 100
Computer Equipment	25 - 100
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.

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 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 till August 2011, the Council used to manage 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 recognized 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.

Profits and losses

Only profits and 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 recognised in profit or loss are presented within 'finance costs' or 'finance income', except for impairment of trade receivables which is presented in 'administrative expenses'.

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 trade receivables and contract assets recognised and measured under IFRS 15.

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.

Financial liabilities

The Council's financial liabilities include trade and other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included with 'bank charges'.

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	1,186,194	1,058,552
Supplementary Government Income	7,000	7,000
Other Government Income	49,944	74,688
	<u>1,243,138</u>	<u>1,140,240</u>

4. Income raised under Local Enforcement System	2024	2023
	€	€
Income from LES administration fees	7,153	8,723
Contraventions & other fines	(1,269)	(8,675)
	<u>5,884</u>	<u>48</u>
5. General Income	2024	2023
	€	€
Community services	-	703
Cultural events	450	390
General income	78	69
Donations	170	2,350
Contributions	1,225	-
Insurance claims	-	3,211
Income from permits	96,617	97,852
	<u>98,540</u>	<u>104,575</u>
6. Personnel Emoluments	2024	2023
	€	€
Mayor's Allowance	18,917	16,003
Councillors' Allowance	25,000	22,600
Executive Secretary Salary and Allowances	46,163	44,440
Employees' Salaries	203,607	176,141
Social Security Contributions	18,559	16,865
	<u>312,246</u>	<u>276,049</u>

7. Operations and Maintenance

	2024	2023
	€	€
<i>Repairs and Upkeep:</i>		
Public property	7,088	41,815
Road/street pavements	33,834	7,280
Road markings	29,505	18,543
Road & street patching	49,565	2,283
Office furniture and equipment	3,470	-
Plant & equipment	1,281	408
Other repairs and upkeep	50,926	22,604
Council property	-	3,361
	<u>175,669</u>	<u>96,294</u>
<i>Contractual Services:</i>		
Waste disposal	294,183	201,763
Refuse collection	102,745	121,790
Bulky refuse collection	31,936	29,802
Hiring of skips - bins on wheels	260	-
Cleaning services	500	-
Road & street cleaning	91,512	92,457
Cleaning & maintenance non-urban roads	6,457	-
Cleaning - public conveniences	24,736	22,631
Cleaning - council premises	2,051	1,902
Cleaning & maintenance parks & gardens	29,653	58,954
Street lighting	40,928	30,828
Local enforcement expenses	818	970
	<u>625,779</u>	<u>561,097</u>
	<u>801,448</u>	<u>657,391</u>

8. Administration and other expenditure

	2024	2023
	€	€
Utilities	21,248	16,419
Uniforms	35	92
Sundry materials & supplies	25,126	34,042
Rent	10,933	10,767
European organisations	350	-
Participation fees - Int. Mtg	-	350
Participation fee - Nat. Mtg.	107	160
Printing	4,646	6,707
Stationery	1,262	663
Subscriptions	1,339	-
Postages	590	308
Other office services	-	136
Transport	4,376	5,361
Travel	2,692	584
Information services	7,295	7,475
Insurance coverage	9,033	10,749
Bank charges	1,812	1,499
IT development services	4,937	15,349
Legal services	5,277	1,890
Accountancy services	12,617	11,115
Professional services	401	2,554
Contracts' manager	19,019	25,960
Other support services	44,518	14,676
Other hospitality costs	3,502	2,845
Community services	46,619	39,297
Sundry minor expenses	56	53
Provision for LES receivables	(4,980)	(13,039)
Twinning expenses	205	1,476
Amortisation and depreciation	115,468	119,448
	<u>338,483</u>	<u>316,936</u>

9. Intangible fixed assets

	Computer Software	Total
	€	€
Cost		
At 1 January 2023	16,066	16,066
Disposals	(242)	(242)
At 31 December 2023	<u>15,824</u>	<u>15,824</u>
Grants		
At 1 January 2023	5,345	-
Grants for the year	-	5,345
	<u>5,345</u>	<u>5,345</u>
Amortisation		
At 1 January 2023	9,042	9,042
On disposals	(242)	(242)
Charge for year	719	719
At 31 December 2023	<u>9,519</u>	<u>9,519</u>
Net book values		
At 31 December 2023	<u>960</u>	<u>960</u>
Cost		
At 1 January 2024	15,824	15,824
At 31 December 2024	<u>15,824</u>	<u>15,824</u>
Grants		
At 1 January 2024	5,345	5,345
Grants for the year	-	-
At 31 December 2024	<u>5,345</u>	<u>5,345</u>
Amortisation		
At 1 January 2024	9,519	9,519
Charge for year	717	717
At 31 December 2024	<u>10,236</u>	<u>10,236</u>
Net book values		
At 31 December 2024	<u>243</u>	<u>243</u>

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

10. Property, plant and equipment

	Trees	Construction Works	New Street Signs	Urban Improvements	Plant, machinery & equipment	Office Furniture & fittings	Motor vehicles	Assets under construction	Total
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2023	62,699	2,920,386	59,544	1,541,887	131,336	529,469	15,906	176,745	5,437,972
Additions	144	-	-	1,014	2,958	12,952	42,319	20,694	80,081
Reclassification	7,009	-	-	94,811	-	-	-	(101,820)	-
Written off	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(3,177)	(1,263)	(40)	-	(19,118)	(19,118)
At 31 December 2023	69,852	2,920,386	59,544	1,634,535	133,031	542,381	58,225	76,501	5,494,455
Grants									
At 1 January 2023	18,149	1,147,713	-	954,891	30,356	82,339	-	-	2,233,448
Grants for the year	5,607	-	-	27,626	-	-	28,560	8,371	70,164
At 31 December 2023	23,756	1,147,713	-	982,517	30,356	82,339	28,560	8,371	2,303,612
Depreciation									
At 1 January 2023	-	1,533,229	59,544	386,639	41,049	44,990	14,518	-	2,079,969
On disposal	-	-	-	(3,148)	(1,263)	(40)	-	-	(4,451)
Charge for the year	-	26,429	-	38,164	17,098	33,765	3,273	-	118,729
At 31 December 2023	-	1,559,658	59,544	421,655	56,884	78,715	17,791	-	2,194,247
Net book values									
At 31 December 2023	46,096	213,015	-	230,363	45,791	381,327	11,874	68,130	996,596

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

10. Property, plant and equipment	Trees		Construction Works		New Street Signs		Urban Improvements		Plant, machinery & equipment		Office Furniture & fittings		Motor vehicles		Assets under construction		Total		
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	
Cost																			
At 1 January 2024	69,852	2,920,386	59,544	1,634,535	133,031	542,381	58,225	76,501	5,494,455										
Additions	445	-	-	4,582	1,635	26,406	6,860	8,646	48,574										
Disposals	-	-	-	-	-	-	(4,900)	-	(4,900)										
Reclassification	-	-	-	11,096	-	-	-	(11,096)	-										
At 31 December 2024	70,297	2,920,386	59,544	1,650,213	134,666	568,787	60,185	74,051	5,538,129										
Grants																			
At 1 January 2024	23,756	1,147,713	-	982,517	30,356	82,339	28,560	8,371	2,303,612										
Grants for the year	-	-	-	-	-	1,500	-	-	1,500										
Reclassification	-	-	-	8,371	-	-	-	(8,371)	-										
At 31 December 2024	23,756	1,147,713	-	990,888	30,356	83,839	28,560	-	2,305,112										
Depreciation																			
At 1 January 2024	-	1,559,658	59,544	421,655	56,884	78,715	17,791	-	2,194,247										
On disposals	-	-	-	-	-	-	(4,900)	-	(4,900)										
Charge for the year	-	26,431	-	34,380	15,973	34,475	3,492	-	114,751										
At 31 December 2024	-	1,586,089	59,544	456,035	72,857	113,190	16,383	-	2,304,098										
Net book values																			
At 31 December 2024	46,541	186,584	-	203,290	31,453	371,758	15,242	74,051	928,919										

11. Receivables

	2024	2023
	€	€
Receivables - net	7,282	31,457
Other receivables	6,170	6,676
Accrued income	23,267	131,983
Financial assets	<u>36,719</u>	<u>170,116</u>
Prepayments	11,232	11,809
	<u>47,951</u>	<u>181,925</u>

Receivables

General receivables are analysed as follows:

	2024	2023
	€	€
Within credit period	697	1,569
Exceeded credit period but not impaired	6,585	29,888
	<u>7,282</u>	<u>31,457</u>

Receivables are stated after a specific provision for bad debts amounting to € 2,040 (2023 : € 2,040).

LES Debtors

LES debtors are stated after a specific provision for doubtful debts amounting to € 283,240 (2023: € 288,220).

Other receivables

	2024	2023
	€	€
Exceeded credit period but not impaired	<u>6,170</u>	<u>843</u>

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

	2024	2023
	€	€
Balance at 1 January	288,220	301,258
Decrease in provision for LES Debtors	(4,980)	(13,038)
Balance at 31 December	<u>283,240</u>	<u>288,220</u>

12. Cash and cash equivalents

	2024	2023
	€	€
Bank Balances	800,928	718,665
Cash in Hand	428	456
	<u>801,356</u>	<u>719,121</u>

13. Payables

	2024	2023
	€	€
Payables	84,069	68,742
Other payables	4,224	2,025
Accruals	172,905	216,467
Financial Liabilities	<u>261,198</u>	<u>287,234</u>
Deferred income	14,080	10,849
Indirect taxes and social security	6,867	180
	<u>282,145</u>	<u>298,263</u>

14. Capital commitments

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	<u>10,000</u>	<u>40,000</u>
These could be analysed as follows:		
<i>(i) Approved but not yet contracted for:</i>		
Urban Improvements	-	40,000
Motor Vehicle	10,000	-
	<u>10,000</u>	<u>40,000</u>

15. 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 of 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
Department of Inland 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	1,186,194	1,058,552

Key management compensation

Transactions with key management personnel are disclosed in note 7.

16. 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>	€	€
Cash and bank balances	801,356	719,121
Receivables	36,719	170,116
	<u>838,075</u>	<u>889,237</u>
<i>Financial liabilities</i>		
Payables	261,198	287,234
	<u>261,198</u>	<u>287,234</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

Financial assets which potentially subject the Council to concentration of credit risk are principally made of cash at bank and debtors. The Council's cash is placed with quality financial institutions.

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 of € 6,585 (2023 : € 29,888) 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 institution with high quality standing or rating. At 31 December 2024, cash and cash equivalents are held with counterparty with a credit rating of BBB and are callable on demand. Council consider the probability of default to be close to zero as the counterparty has a strong capacity to meet its 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 € 567,162 (2023: € 602,783) 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 withing 1 & 2 years	Payable within 2 & 5 years	Payable after more than 5 years	
	€	€	€	€	€
31 December 2024					
Payables	84,069	-	-	-	84,069
Other payables	4,224	-	-	-	4,224
Accruals	172,905	-	-	-	172,905
	<u>261,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,198</u>
31 December 2023					
Payables	68,742	-	-	-	68,742
Other payables	2,025	-	-	-	2,025
Accruals	216,467	-	-	-	216,467
	<u>287,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,234</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.

17. Fair values estimation

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

18 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval of the financial statements on 14 May 2025 by the Council members.