



SANTA VENERA LOCAL COUNCIL
AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2024

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

The Local Government (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed Annual Administrative Report which includes the Local Council's Statement of Comprehensive Income for the year and of the Council's retained funds at the end of this 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 Government (Financial) Regulations, 1993 and the Local Government (Financial) Procedures, 1996 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 Government Act 1993, Local Government (Financial) Regulations, 1993 and the Local Government (Financial) Procedures, 1996. The Executive Secretary is also responsible for safeguarding the assets of the Local Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the Local Council on 19th May 2025 and signed on its behalf by:

Gianluca Falzon
Mayor

Tiffany Abela
Executive Secretary

Statement of Comprehensive Income

	Notes	2024 €	2023 €
Income			
Funds received from Central Government	4	656,198	563,958
Income from Law Enforcement System	5	7,729	6,109
General Income	6	24,882	26,774
		688,809	596,841
Expenditure			
Personnel emoluments	7	150,519	137,211
Operations and maintenance	8	365,579	361,184
Administrative and other expenditure	9	369,510	386,593
		885,608	884,988
Deficit for the year		(196,799)	(288,147)
Total comprehensive loss for the year		(196,799)	(288,147)

The notes on pages 6 to 25 form an integral part of these financial statements.

Statement of Financial Position

	Notes	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant, and equipment	10	359,899	413,661
Total non-current assets		359,899	413,661
Current assets			
Trade and other receivables	11	50,311	105,315
Cash and cash equivalents	12	490,064	631,639
Total current assets		540,375	736,954
Total assets		900,274	1,150,615
RESERVES AND LIABILITIES			
Reserves			
Retained funds		457,464	654,263
Total reserves		457,464	654,263
Current liabilities			
Trade and other payables	14	442,810	496,352
Total current liabilities		442,810	496,352
Total reserves and liabilities		900,274	1,150,615

The notes on pages 6 to 25 form an integral part of these financial statements.

These financial statements were approved by the Local Council on 19 May 2025 and are signed on its behalf by:

Gianluca Falzon
Mayor

Tiffany Abela
Executive Secretary

Statement of Changes in Equity

	Retained Funds €
At 1 January 2023	942,410
Total comprehensive loss for the year	(288,147)
At 31 December 2023	<u>654,263</u>
At 1 January 2024	654,263
Total comprehensive loss for the year	(196,799)
At 31 December 2024	<u>457,464</u>

The notes on pages 6 to 25 form an integral part of these financial statements.

Statement of Cash Flows

	Notes	2024 €	2023 €
Cash flows from operating activities			
Deficit for the year		(196,799)	(288,147)
<u>Adjustments for:</u>			
Depreciation		126,462	132,882
Increase/(Decrease) in provision for doubtful debts		-	2,795
Bad debts written off		-	707
Operating (deficit)/surplus before working capital changes		(70,337)	(151,763)
<u>Movements in working capital:</u>			
Movement in receivables		55,004	49,076
Movement in payables		(53,542)	(122)
Net cash used in operating activities		(68,875)	(102,809)
Cashflows from investing activities			
Payment to acquire property, plant, and equipment		(72,700)	(71,979)
Net cash used in investing activities		(72,700)	(71,979)
Net movement in cash and cash equivalents in the year		(141,575)	(174,788)
Cash and cash equivalents at beginning of year	12	631,639	806,427
Cash and cash equivalents at end of year	12	490,064	631,639
Cash and equivalents– cash at bank		490,064	631,639

The notes on pages 6 to 25 form an integral part of these financial statements.

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

1. General Information

Santa Venera Local Council is the local authority of Santa Venera set up in accordance with the Local Councils Act 1993. The office of the Local Council is situated at Umberto Colosso Complex, St. Joseph High Street, Santa Venera.

The Local Council's presentations as well as functional currency are denominated in Euro (€). Its ultimate controlling party is the Department for Local Government within the Ministry for Justice, Culture and Local Government.

2. Reporting Procedures

The local council 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.

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) and with the requirements of the International Financial Reporting Standards as adopted by the European Union (EU).

The local council has concluded that the disclosure of the material accounting policies below and in the succeeding pages are appropriate.

(a) 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 Government Act, 1993 (Cap. 363), the Financial Regulations issued in terms of this Act and the Local Government (Financial) Procedures, 1996 enacted in Malta and with the requirements of the International Financial Reporting Standards, as adopted by the EU.

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, 1993 (Cap 363).

(b) Standards, amendments and interpretations to existing standards

The new and revised standards that became effective for annual periods beginning on or after 1 January 2024 made several minor amendments to a number of IFRSs. None of the changes to IFRSs and interpretations has had, or is expected to have, a material impact on the council's financial statements.

New or revised Standards or Interpretations adopted by the Council

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted:

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

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

New or revised Standards or Interpretations adopted by the Council (cont.)

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:

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

None of these Standards or amendments to existing Standards have been adopted early by the Local Council. The Local Council's 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 Local 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 Local Council is not expected to early adopt this new standard.

(c) Property, plant and equipment

Property, plant, and equipment is stated at historical cost less accumulated depreciation and impairment loss to date. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present values of property, plant and equipment do not differ materially from those that would be determined by using fair values at the end of each reporting period.

Subsequent costs are included in the asset's carrying amount 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 Local Council and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a monthly basis using the straight-line method at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

Category	%
Land / Trees	0
Buildings	1
Office Furniture and Fittings	7.5
Construction Works / Special Projects / Urban Improvements (Street Furniture)	10
Office Equipment / Motor Vehicles / Plant and Machinery / Air conditioners	20
Computer Equipment / Computer software	25
Plants / Litter Bins / Playground furniture	100
Traffic / Road Signs / Street Mirrors / Lights	replacement basis

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

(c) Property, plant and equipment (cont.)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating surplus. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each year end. 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 Council 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 year in which they are incurred.

(d) Impairment of property, plant, and equipment

At the end of each reporting period, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

(e) Impairment of financial assets other than inventories

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events - significant difficulty of the issuer (or counterparty) and/or breach of contract. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For receivables or, if there is objective evidence that an impairment loss has been incurred, the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale at arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognized immediately in the statement of profit and loss and comprehensive income, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognized directly against the asset's revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the asset.

For receivables, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed directly.

In the case of assets tested for impairment, an impairment loss recognized in a prior period is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but in a manner that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Impairment reversals are recognized immediately in the statement of profit and loss, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognized directly in reserves, unless an impairment loss on the same asset was previously recognized in the comprehensive income statements.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

(f) Government Grants

Government grants relating to operating expenditure are recognised in the Statement of Profit and Loss and 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.

(g) Receivables

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of amounts receivable is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount of the asset in the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

(h) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of the Council's activities from suppliers. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(i) 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 €, which is the Council's functional currency. Transactions denominated in foreign currencies are translated into € using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(j) Related Parties

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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

(k) Surpluses and deficits

Only surpluses and deficits that were realised at the reporting date 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.

(l) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and balances held with banks.

(m) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Local 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 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)
- fair value through other comprehensive income (FVOCI).

The Local Council does not have any financial assets categorised as FVTPL and FVOCI in the periods 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', 'finance income' or 'other financial items'.

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

(m) Financial Instruments (cont.)

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 and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

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

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 within 'finance costs'.

(n) Income recognition

Income in general is stated when there is reasonable certainty that the income would be receivable and thus can be accrued for. Other income such as that derived from the organization of courses, cultural, sporting, and social activities is only recognized on a cash basis. Income from investment activities is recognized when the rights of receipt have been established. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Council and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Financial Statements for the year ended 31st December 2024 (cont.)

(o) Local Enforcement System

Local Enforcement Income represents the income as it accrues from contraventions as controlled by the Local Enforcement System (L.E.S). The amount receivable from the Local Enforcement System is disclosed in the statement of financial position. A full provision for bad debts is accounted for receivables aged over two years. As from the 1st of September 2011, the Council forms part of the Southern Regional Committee, which is responsible for the L.E.S income of the locality. The contract provides for a 10% administration fee payable to the Council for contraventions collected by the Council and remitted to the respective Regional Committees. During the year, the L.E.S. undergone changes with the introduction of the LESA which has taken over the functions previously undertaken by the Regional Committees.

3. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS adopted by the EU requires council members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the council members, 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 (revised).

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

4. Funds received from Central Government

	2024	2023
	€	€
Central Government income	625,830	557,012
Other Government Income	30,368	6,946
	656,198	563,958

5. Income from Law Enforcement System

	2024	2023
	€	€
Income including fines and penalties	-	327
LES administration fees	7,729	5,782
	7,729	6,109

6. General Income

	2024	2023
	€	€
Income from permits	23,340	25,281
Income from kiosks	486	696
Other income	1,056	797
	24,882	26,774

7. Personal Emoluments

	2024	2023
	€	€
Mayor's and councilors' allowance	17,800	19,668
Mayor's honoraria	16,366	16,003
Executive Secretary's salary and allowances	27,922	22,570
Employees' salaries	81,948	73,431
Social Security Contributions	6,483	5,539
	150,519	137,211

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

8. Operations and Maintenance

	2024	2023
	€	€
Road signs, pavements and markings	21,289	21,539
Other repairs and upkeep	8,748	23,554
	<u>30,037</u>	<u>45,093</u>

	2024	2023
	€	€
Contractual Services:		
Refuse collection	-	5,002
Bulky refuse collection	19,522	16,682
Waste disposal	148,820	109,311
Road and street cleaning	81,082	112,596
Cleaning and maintenance of public conveniences	4,780	4,660
Other cleaning and maintenance services	21,317	16,848
Material and support	8,865	2,134
Street lighting expenses	35,260	47,837
Local Enforcement System (L.E.S) Expenses	15,896	1,021
	<u>335,542</u>	<u>316,091</u>
	<u>365,579</u>	<u>361,184</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

9. Administration and other expenditure

	2024	2023
	€	€
Utilities	7,986	6,222
Rent	12,030	11,482
National and international memberships	-	250
Office services	9,737	3,861
Advertising	6,633	11,974
Transport	12,252	10,851
Information services	1,919	4,074
Insurance	4,615	2,978
Professional services	72,217	64,371
Community and hospitality	115,169	132,430
Bank charges	490	911
Depreciation	126,462	132,882
Increase/(decrease) in provision for bad debts	-	3,600
Bad debts written off	-	707
	369,510	386,593

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

10. Property, plant, and equipment

	Office Furniture & Fittings €	Office Equipment €	Motor Vehicles €	Computer Equipment €	New Street Signs €	Urban improvement €	Construction €	Special Programmes €	Trees €	Plant & Machinery €	Assets not capitalised €	Total €
Cost												
At 1 January 2024	39,711	32,939	5,000	34,765	37,216	597,096	1,357,283	666,592	30,065	6,251	54,890	2,861,808
Additions	102	-	-	-	-	71,331	-	-	424	843	-	72,700
At 31 December 2024	39,813	32,939	5,000	34,765	37,216	668,427	1,357,283	666,592	30,489	7,094	54,890	2,934,508
Grants												
At 1 January 2024/December 2024	-	(4,409)	-	-	-	(192,489)	(338,795)	(359,701)	(21,396)	-	-	(916,790)
Depreciation												
At 1 January 2024	(33,584)	(26,808)	(5,000)	(30,568)	(37,216)	(303,644)	(781,403)	(306,891)	-	(6,243)	-	(1,531,357)
Charge for the year	(898)	(1,527)	-	(1,747)	-	(15,283)	(106,862)	-	-	(145)	-	(126,462)
At 31 December 2024	(34,482)	(28,335)	(5,000)	(32,315)	(37,216)	(318,927)	(888,265)	(306,891)	-	(6,388)	-	(1,657,819)
Net Book Value at 31 December 2024	5,331	195	-	2,450	-	157,011	130,223	-	9,093	706	54,890	359,899

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

10. Property, plant, and equipment (cont.)

	Office Furniture & Fittings €	Office Equipment €	Motor Vehicles €	Computer Equipment €	New Street Signs €	Urban improvement €	Construction €	Special Programmes €	Trees €	Plant & Machinery €	Assets not capitalised €	Total €
Cost												
At 1 January 2023	38,500	32,939	5,000	31,994	37,216	533,294	1,357,283	666,592	25,870	6,251	54,890	2,789,829
Additions	1,211	-	-	2,771	-	63,802	-	-	4,195	-	-	71,979
At 31 December 2023	39,711	32,939	5,000	34,765	37,216	597,096	1,357,283	666,592	30,065	6,251	54,890	2,861,808
Grants												
At 31 December 2023	-	(4,409)	-	-	-	(192,489)	(338,795)	(359,701)	(21,396)	-	-	(916,790)
Depreciation												
At 1 January 2023	(32,471)	(24,922)	(4,250)	(28,569)	(37,216)	(283,489)	(674,541)	(306,891)	-	(6,126)	-	(1,398,475)
Charge for the year	(1,113)	(1,886)	(750)	(1,999)	-	(20,155)	(106,862)	-	-	(117)	-	(132,882)
At 31 December 2023	(33,584)	(26,808)	(5,000)	(30,568)	(37,216)	(303,644)	(781,403)	(306,891)	-	(6,243)	-	(1,531,357)
Net Book Value at 31 December 2023	6,127	1,722	-	4,197	-	100,963	237,085	-	8,669	8	54,890	413,661

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

11. Trade and other receivables

	2024	2023
	€	€
Receivables and related party undertakings (note 11.1)	8,159	8,612
Provision for doubtful debts	(3,600)	(3,600)
Other receivables	5,224	12,408
LES debtors (Note 11.2)	(4,126)	(4,126)
Accrued income	41,371	88,800
Financial assets	47,028	102,094
Prepayments	3,283	3,221
	50,311	105,315

Note 11.1

	2024	2023
	€	€
Receivables within credit period	4,559	5,012
Receivables which are impaired and provided for	3,600	3,600
	8,159	8,612

The credit period on receivables (Note 11.1) is of 90 days. No interest is charged on receivables for the first 90 days from the date of request of payment. Thereafter, the Council may consider imposing an interest charge of 2% per annum on the outstanding balance. Allowances for doubtful debts are recognised against receivables after 730 days (two years). Receivables disclosed in (Note 11.1) include amounts that are past due at the end of the reporting date for which the Council has not recognised an allowance for doubtful debts.

Note 11.2

	2024	2023
	€	€
L.E.S receivables	174,925	174,925
Provision for L.E.S doubtful debts (reconciled in the next page)	(179,051)	(179,051)
	(4,126)	(4,126)

Notes to the Financial Statements for the year ended 31st December 2024 (cont.)

11. Trade and other receivables - cont.

Note 11.2 - cont.

	2024	2023
	€	€
<i>Movement in the allowance for doubtful debts:</i>		
Balance at beginning of the year	179,051	179,051
Movement in provision	-	-
Balance at the end of the year	<u>179,051</u>	<u>179,051</u>

The credit period on L.E.S receivables (Note 11.2) is of 60 days. As the system is controlled by the Central Government, the Council has no control on the charging of interest or the imposition of penalties. Allowances for doubtful debts are recognised against receivables after 730 days (two years).

12. Cash and cash equivalents

	2024	2023
	€	€
Cash at bank	490,064	631,639
	<u>490,064</u>	<u>631,639</u>

13. Deferred income

	2024	2023
	€	€
Balance at the beginning of the year	242,349	243,411
Additions during the year	17,930	-
Allocated during the year	-	(1,062)
Balance at the end of the year	<u>260,279</u>	<u>242,349</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

14. Trade and other payables

	2024	2023
	€	€
Trade payables	118,511	188,431
Other payables	5,055	6,468
Accruals	58,965	59,104
Deferred income (note 13)	260,279	242,349
	442,810	496,352

15. Contingent liabilities

As at 31 December 2024, the Local Council did not have any contingent liabilities.

16. Capital commitments

	2024	2023
	€	€
Approved but not contracted for	133,680	97,000

17. Related party transactions

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

Name of entity	Nature of relationship
Department of Local Councils	Significant control
Regional Committee - Local Law Enforcement	No Control
Bank of Valletta	No Control
Department of Education	No Control
Enemalta Corporation	No Control
Local Councils Association	No Control
Water Services Corporation	No Control
Wasteserv Malta Limited	No Control
Works Division - Director General Works	No Control

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

	2024	2023
	€	€
Significant control		
Revenue:		
Annual financial allocation	625,830	557,012

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

17. Related party transactions (cont.)

The ultimate controlling party of the Local Council is Central Government since the Council's main revenue is from the Government allocation received every quarter. Apart from the normal funds received from Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Local Council, directly or indirectly. The main key management personnel are the Mayor, Councillors and the Executive Secretary.

The significant transactions carried out with key management personnel are:

	2024	2023
	€	€
Personal emoluments include, inter alia:		
Mayor's honoraria	16,366	16,003
Mayor's and councillors' Allowance	17,800	19,668
Executive Secretary's salary and allowances	27,922	22,570
	<hr/>	<hr/>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

18. Risk management objectives

The Council is exposed to credit risk, liquidity risk and contractual maturity risk through its use of financial instruments which result from its operating and investing activities. The most significant financial risks to which the Council is exposed to are described below.

18.1 Credit risk

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the statement of financial position (as disclosed in notes 11 and 12, and as referred to hereunder), which arises from cash and cash equivalents and credit exposures from receivables as follows:

	2024	2023
	€	€
Receivables (Note 11.1)	8,159	8,612
Other receivables	5,224	12,408
Accrued Income (Note 11)	41,371	88,800
Cash and cash equivalents (Note 12)	490,064	631,639
	<hr/> 544,818 <hr/>	<hr/> 741,459 <hr/>

L.E.S receivables relate to sentenced cases arising from contraventions which are legally due to the Council. The credit risk exposure is high on L.E.S receivables as the Council has no control on such collectables. The amounts have been fully provided for with a provision for bad debts.

Receivables arise from legal obligations due to the Council by third parties. The credit risk exposure is considered low as the Council is in direct contact with such debtors. Accrued income represents income receivable from Government and related agencies. Their relative credit exposure is considered low. The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective note to the financial statements and there is no collateral to secure such assets.

Cash at bank relates to balances held as savings accounts placed with a local reliable financial institution. The credit risk exposure in this respect is considered low.

18.2 Liquidity risk

The council's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funds to meet the council's obligations when they become due.

The council manage its liquidity needs through yearly budgets and business plans by carefully monitoring expected cash inflows and outflows on a daily basis. The council's liquidity is deemed to be sufficient in view of an excess of financial assets.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

18. Risk management objectives (cont.)

18.2 Liquidity risk (cont.)

At 31 December 2024, the Council's financial liabilities have contractual maturities which are summarised as follows:

	Within 1 year €	1 to 5 years €	More than 5 years €
Payables	123,566	-	-
Accruals	58,965	-	-

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

	Within 1 year €	1 to 5 years €	More than 5 years €
Payables	194,899	-	-
Accruals	59,104	-	-

18.3 Interest rate risk

The Council has no significant interest-bearing assets other than cash and cash equivalents (note 12), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Council to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

18.4 Summary of the financial assets and liabilities by category

The carrying amounts of the council's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows:

Current Assets	2024	2023
	€	€
Financial assets measured at amortised costs:		
Trade and other receivables	47,028	102,094
Cash and Cash Equivalents	490,064	631,639
	537,092	733,733
Current Liabilities	2024	2023
	€	€
Financial liabilities measured at amortised costs:		
Trade payables	118,511	188,431
Other payables	5,055	6,468
Accruals	58,965	59,104
	182,531	254,003

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)

19. Capital risk management

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 a service to the residents of the Local Council by maintaining an optimal capital structure to reduce cost of capital.

The Council's equity, as disclosed in the statement of financial position, constitutes its capital. The Council's capital structure is monitored by the Executive Secretary and the Council with appropriate reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Council's activities, the capital level as at the end of the reporting period is deemed adequate by the Council.

20. Events after the reporting date

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval of the financial statements by the council members.