



Naxxar Local Council

Annual Report and Financial Statements  
31 December 2024

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

The Local Councils (Financial) Regulations 1993 require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's comprehensive income for the period and of the Council's retained funds at the end of the period. 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, 1993 and the Local Council (Financial) Procedures, 1996.

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 1993, and the Local Council (Financial) Procedures 1996. The Executive Secretary is also responsible for safeguarding the assets of the 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 the 22 January 2025 and signed on its behalf by:

Dr. Christopher Deguara  
Mayor

Paul Gatt  
Executive Secretary

**Statement of Profit or Loss and Other Comprehensive Income**

	Notes	2024	2023
		€	€
<b>Income</b>			
Funds received from Central Government	3	<b>1,318,202</b>	1,207,309
Income raised under Local Enforcement System	4	<b>6,880</b>	8,672
General income	5	<b>83,452</b>	104,740
Income from Bye Law	6	<b>13,237</b>	2,255
		<b>1,421,771</b>	1,322,976
<b>Expenditure</b>			
Personal emoluments	7	<b>243,966</b>	235,477
Operations and maintenance	8	<b>640,536</b>	569,821
Administrative and other expenditures	9	<b>443,974</b>	453,518
		<b>1,328,476</b>	1,258,816
<b>Operating profit for the year</b>		<b>93,295</b>	64,160
<b>Finance income</b>	10	<b>19</b>	-
<b>Total comprehensive income for the year</b>		<b>93,314</b>	64,160

The notes on pages 6 to 26 form an integral part of these financial statements

**Statement of Financial Position**

	Notes	2024	2023
		€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible asset	11	338	375
Property, plant and equipment	12	1,432,709	1,616,404
		<b>1,433,047</b>	<b>1,616,779</b>
<b>Current assets</b>			
Inventories	14	7,641	7,645
Receivables	13	106,790	227,285
Cash and cash equivalents	15	655,630	444,664
		<b>770,061</b>	<b>679,594</b>
<b>Total Assets</b>		<b>2,203,108</b>	<b>2,296,373</b>
<b>Reserves</b>			
Retained earnings		1,865,623	1,772,309
<b>Current liabilities</b>			
Payables	16	337,485	524,064
<b>Total Liabilities</b>		<b>337,485</b>	<b>524,064</b>
<b>Total Reserves and Liabilities</b>		<b>2,203,108</b>	<b>2,296,373</b>

These financial statements were approved by the Local Council on the 22 January 2025 and are signed on its behalf by:

Dr. Christopher Deguara  
Mayor

Paul Gatt  
Executive Secretary

The notes on pages 6 to 26 form an integral part of these financial statements

**Statement of Changes in Equity**

	<b>Retained Earnings €</b>
Balance at 1 January 2023	1,708,149
Total comprehensive income for the year	64,160
<b>Balance at 31 December 2023</b>	<b>1,772,309</b>
Balance at 1 January 2024	1,772,309
Total comprehensive income for the year	93,314
<b>Balance at 31 December 2024</b>	<b>1,865,623</b>

The notes on pages 6 to 26 form an integral part of these financial statements

**Statement of Cash Flows**

	Notes	2024	2023
		€	€
<b>Cash flows from operating activities</b>			
<b>Profit for the year</b>		<b>93,314</b>	64,160
Adjustments for:			
Depreciation on property, plant and equipment	12	<b>196,281</b>	150,695
Amortisation on intangible asset	11	<b>37</b>	221
Loss on disposal		<b>46,479</b>	-
Reversal of provision for bad debts		<b>(1,210)</b>	(20,520)
Bad debts written off		<b>-</b>	18,210
		<b>334,901</b>	212,766
<b>Surplus for the year before working capital movements</b>		<b>334,901</b>	212,766
Decrease/(Increase) in receivables		<b>121,705</b>	(30,949)
Decrease in Inventories		<b>4</b>	-
(Decrease)Increase in payables		<b>(186,579)</b>	(818,444)
		<b>270,031</b>	(636,627)
<b>Net cash generated from/(used in) operating activities</b>		<b>270,031</b>	(636,627)
<b>Cash flows used in investing activities</b>			
Payments to acquire property, plant and equipment	12	<b>(141,007)</b>	(346,464)
Grants received		<b>81,942</b>	800,236
		<b>(59,065)</b>	453,772
<b>Net cash (used in)/generated from investing activities</b>		<b>(59,065)</b>	453,772
<b>Movement in cash and cash equivalents</b>		<b>210,966</b>	(182,855)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>444,664</b>	627,519
<b>Cash and cash equivalents at the end of the year</b>	15	<b>655,630</b>	444,664

## Notes to the Financial Statements For the year ended 31 December 2024

### 1. Statutory Information

Naxxar Local Council (the “Local Council”) is the local authority of Naxxar, setup in accordance with the Local Councils Act. The office of the Local Council is situated at Civic Centre, 21<sup>st</sup> September Avenue, Naxxar.

### 2. Material accounting policies

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

The Local Council’s management has concluded that the disclosure of the Local Council’s material accounting policies below and in the succeeding pages are appropriate.

#### a. Basis of preparation

The 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). The financial statements are prepared under the historical cost convention, in accordance to the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Local Councils Act Cap 363, the Financial Regulations issued in terms of this Act and the Local Councils (Financial) Procedures 1996.

#### b. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

However, in the opinion of the Local Council members, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

**2. Material accounting policies - continued****c. 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 Local 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 Local Council are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

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

**d. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Local Council**

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB and IFRIC. None of these standards or amendments to existing standards have been adopted early by the Regional Council and no interpretations have been issued that are applicable and need to be taken into consideration by the Local Council.

Other standards and amendments that are not yet effective and have not been adopted early by the Local Council include:

- 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)
- Lack of Exchangeability (Amendments to IAS 21)

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.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Local Council's financial statements.

**2. Material accounting policies - continued****e. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Naxxar Local Council and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is recognised upon transfer of funds from the Central Government 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 accrued under finance income.

**f. Functional and presentation currency**

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

**g. Local Enforcement System**

As from October 2015, LESA took over the administration of the Local Enforcement System. The amount disclosed in the financial statements under Local Enforcement Income represents the 10% administrative charges.

**h. Intangible assets**

Intangible assets comprise computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 25% using the straight-line method. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

**i. Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on a monthly basis using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Land	0%
• Trees	0%
• Buildings	1-1.12%
• Office furniture and fittings	7.5%-66.68%
• Construction works	10%-34.29%
• Urban Improvements (Street Furniture)	10%-10.34%
• Special Projects	10%-34.29%
• Office Equipment	20%-66.68%
• Motor Vehicles	20%
• Plant and Machinery	20%
• Plants	100%

**2. Material accounting policies – continued**

• Computer Equipment	25%
• Litter Bins	Replacement Basis
• Traffic and Road Signs	Replacement Basis
• Street Mirrors	Replacement Basis
• Street Lights	100%
• Playground Furniture	100%

Asset under construction represents costs incurred on projects which are still not finalized and is stated at cost. These include renovation and upgrading specific area which will be transferred to construction works upon completion. The account is not depreciated until such time the asset is completed and available for use.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if it's carrying amount is greater than its estimated recoverable amount (Accounting policy (j)).

**j. Impairment of assets***Impairment of property, plant and equipment*

The carrying amounts of the Local Council's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**k. Receivables**

Receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

**2. Material accounting policies – continued**

Receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Local Council will not be able to collect all amounts due according to the set original terms. The amount of provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Bad debts are written off during the year in which they are identified.

**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 cash flow statement, cash and cash equivalents comprise cash on hand and cash in bank.

**m. Profits and losses**

Only profits that were realized at the date of the Statement of Financial Position are recognized 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.

**n. Payables**

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**o. Provisions**

Provisions are recognised when the Local Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**p. Leases****The Local Council as a lessee**

For contracts entered into, the council considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

**Measurement and recognition of leases as a lessee**

At lease commencement date, the council recognises a right of use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the council, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the commencement date (net of any incentives received).

**2. Material accounting policies – continued**

The Local Council depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Local Council also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Local Council measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Local Council's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

**q. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Local Council has an unconditional right to defer settlement of the liability for at least 12 months from the end of the reporting period.

**r. Capital Management**

The Local Council's capital consists of its net assets, including working capital, represented by its retained funds. The Council's management objectives are to ensure:

- that the Local Council's ability to continue as a going concern is still valid and
- that the Local Council maintains a positive working capital ratio.

To achieve the above, the Local Council carries out a quarterly review of the working capital ratio ('Financial Situation Indicator'). The Local Council also uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the locality.

**s. 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.

**2. Material accounting policies – continued****s. Financial instruments – continued**

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)
- 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, and most receivables fall into this category of financial instruments.

**2. Material accounting policies – continued****s. Financial instruments – continued****Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the 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.

The Local 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.

**Classification and measurement of financial liabilities**

The Local Council's financial liabilities include payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Local Council designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

**t. Related parties**

Related parties are those persons or bodies of persons having relationships with the Local Council as defined in IAS 24.

**2. Material accounting policies – continued****u. Government Grants**

Government grants relating to operating expenditure are recognized in the Statement of profit or loss and other 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. Government grants that are related specifically to non-capital expenditures are recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

**3. Funds received from Central Government**

	<b>2024</b>	2023
	€	€
In terms of Section 55 of the Local Councils Act (Cap 363)	<b>1,274,127</b>	1,162,368
Other Government income	<b>44,075</b>	44,941
	<b>1,318,202</b>	1,207,309

**4. Income raised under Local Enforcement System**

	<b>2024</b>	2023
	€	€
Administrative charges to Regional Committees	<b>6,880</b>	8,672
	<b>6,880</b>	8,672

**5. General income**

	<b>2024</b>	2023
	€	€
General income	<b>1,661</b>	443
Crane permits and use of roads	<b>78,306</b>	101,547
Contributions and sponsorships	<b>3,485</b>	2,750
	<b>83,452</b>	104,740

**6. Income from Bye Law**

	2024 €	2023 €
Income from skip permits	1,659	72
Income from advertising on street furniture	3,414	643
Community services including organisation of courses	7,463	1,540
Signs	701	-
	13,237	2,255

**7. Personal Emoluments**

	2024 €	2023 €
Mayor's honoraria	18,883	16,003
Executive Secretary and allowances	43,729	41,607
Employees' salaries	132,215	132,194
Social security contributions	15,104	14,660
Overtime	9,635	9,013
Mayor's and Councillors' allowance	24,400	22,000
	243,966	235,477

**Average number of people employed**

Employees	7	7
Mayor and Councillors	9	9

**8. Operations and Maintenance**

	2024 €	2023 €
<b>Repairs and Upkeep:</b>		
Repairs to Public Property	4,507	5,883
Road/street pavements	8,732	14
Road signs and markings	24,894	11,338
Environmental upkeep	2,230	356
Sundry repairs	6,363	3,497
Council property	11,604	2,124
	58,330	23,212

**8. Operations and Maintenance - continued**

	2024	2023
	€	€
<b>Contractual Services:</b>		
Refuse collection (including bins on wheels)	41,232	41,733
Waste disposal	147,550	98,516
Bulky refuse collection (including open skips)	32,887	24,864
Road and street cleaning (mechanical and manual)	147,475	148,331
Cleaning and maintenance of public conveniences	17,166	16,497
Cleaning and maintenance of parks and gardens	98,899	97,119
Cleaning and maintenance non-urban and plants	21,995	21,830
Cleaning and maintenance council premises	9,899	9,332
LES related expenditure	8,530	709
Street lighting	54,394	86,556
Other contractual services	2,179	1,122
	<u>582,206</u>	<u>546,609</u>
	<u>640,536</u>	<u>569,821</u>

**9. Administrative and other expenditures**

	2024	2023
	€	€
Travelling expenses	2,340	2,356
Telecommunications	6,681	5,996
Repairs and servicing	323	3,884
Rent	2,400	2,855
Professional fees	159,408	101,806
Utilities	22,997	18,000
Memberships	900	1,150
Motor vehicle expenses	5,434	5,349
Office services	6,928	5,648
Information services	7,206	6,587
Community services	800	2,190
Social and cultural activities	29,299	47,122
Christmas lighting & decorations	(16,104)	60,066
Bank charges	1,845	1,636
Hospitality costs and conference expenses	6,410	7,156
Insurance	4,866	3,493
Training and uniforms	237	3,078
Sundry minor expenses	116	76
Tuition for courses and expenses	6,779	4,040
Twining expenses	-	22,424
Direct write-off of receivable	-	18,210
Reversal of provision for bad debts	(1,210)	(20,520)
Depreciation and amortisation	196,319	150,916
	<u>443,974</u>	<u>453,518</u>

**10. Finance income**

	2024 €	2023 €
Bank interest	<u>19</u>	<u>-</u>

**11. Intangible asset**

	Computer Software €
<b>At 1 January 2023</b>	
Cost	237,350
Grants	(225,717)
Accumulated amortisation	(11,037)
Net book amount	<u>596</u>
<b>Movements for the year ended 31 December 2023</b>	
Opening net book amount	596
Amortisation charge	(221)
Closing net book amount	<u>375</u>
<b>At 31 December 2023/1 January 2024</b>	
Cost	237,350
Grants	(225,717)
Accumulated amortisation	(11,258)
Net book amount	<u>375</u>
<b>Movements for the year ended 31 December 2023</b>	
Opening net book amount	375
Amortisation charge	(37)
Closing net book amount	<u>338</u>
<b>At 31 December 2024</b>	
Cost	237,350
Grants	(225,717)
Accumulated amortisation	(11,295)
Net book amount	<u>338</u>

Amortisation of €37 (2023: €221) is included in administrative expenses.

**12a. Property, plant and equipment**

<b>Asset</b>	<b>Property</b>	<b>Assets under construction</b>	<b>Street signs &amp; lights</b>	<b>Urban Improvements &amp; Construction</b>	<b>Plant, machinery &amp; equipment</b>	<b>Office furniture &amp; fittings</b>	<b>Trees</b>	<b>Motor Vehicles</b>	<b>Special programmes</b>	<b>Total</b>
	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>										
As at 1 January 2024	284,802	149,172	218,709	2,171,395	77,731	55,310	68,732	10,805	3,978,000	7,014,656
Additions	-	43,054	-	73,073	8,827	7,959	-	-	8,094	141,007
Capitalization	-	(41,188)	-	41,188	-	-	-	-	-	-
Disposal	-	(46,479)	-	-	-	-	-	-	-	(46,479)
As at 31 December 2024	<u>284,802</u>	<u>104,559</u>	<u>218,709</u>	<u>2,285,656</u>	<u>86,558</u>	<u>63,269</u>	<u>68,732</u>	<u>10,805</u>	<u>3,986,094</u>	<u>7,109,184</u>
<b>Grants and other disbursements</b>										
As at 1 January 2024	-	-	-	764,096	14,818	2,700	-	-	1,412,563	2,194,177
Additions	-	-	-	81,942	-	-	-	-	-	81,942
As at 31 December 2024	-	-	-	<u>846,038</u>	<u>14,818</u>	<u>2,700</u>	-	-	<u>1,412,563</u>	<u>2,276,119</u>
<b>Accumulated Depreciation</b>										
As at 1 January 2024	15,901	-	218,709	486,519	57,364	45,654	-	10,805	2,369,121	3,204,075
Charge for the year	2,850	-	-	98,506	1,879	1,096	-	-	91,950	196,281
Released on disposal	-	-	-	-	-	-	-	-	-	-
As at 31 December 2024	<u>18,751</u>	-	<u>218,709</u>	<u>585,025</u>	<u>59,243</u>	<u>46,750</u>	-	<u>10,805</u>	<u>2,461,071</u>	<u>3,400,356</u>
<b>Net Book Value</b>										
As at 31 December 2024	<u><b>266,051</b></u>	<u><b>104,559</b></u>	<u><b>-</b></u>	<u><b>854,593</b></u>	<u><b>12,497</b></u>	<u><b>13,819</b></u>	<u><b>68,732</b></u>	<u><b>-</b></u>	<u><b>112,460</b></u>	<u><b>1,432,709</b></u>

**12b. Property, plant and equipment**

<b>Asset</b>	<b>Property</b>	<b>Assets under construction</b>	<b>Street signs &amp; lights</b>	<b>Urban Improvements &amp; Construction</b>	<b>Plant, machinery &amp; equipment</b>	<b>Office furniture &amp; fittings</b>	<b>Trees</b>	<b>Motor Vehicles</b>	<b>Special programmes</b>	<b>Total</b>
	€	€	€	€	€	€	€	€	€	€
<b>Cost</b>										
As at 1 January 2023	284,802	1,386,997	179,737	753,192	72,617	53,047	68,732	10,805	3,858,281	6,668,210
Additions	-	179,434	38,972	944	5,114	2,281	-	-	119,719	346,464
Capitalization	-	(1,417,259)	-	1,417,259	-	-	-	-	-	-
Disposal	-	-	-	-	-	(18)	-	-	-	(18)
As at 31 December 2023	<u>284,802</u>	<u>149,172</u>	<u>218,709</u>	<u>2,171,395</u>	<u>77,731</u>	<u>55,310</u>	<u>68,732</u>	<u>10,805</u>	<u>3,978,000</u>	<u>7,014,656</u>
<b>Grants and other disbursements</b>										
As at 1 January 2023	-	-	-	-	14,818	2,700	-	-	1,292,097	1,309,615
Additions	-	-	-	764,096	-	-	-	-	120,466	884,562
As at 31 December 2023	-	-	-	<u>764,096</u>	<u>14,818</u>	<u>2,700</u>	-	-	<u>1,412,563</u>	<u>2,194,177</u>
<b>Accumulated Depreciation</b>										
As at 1 January 2023	13,051	-	179,737	477,616	56,127	44,492	-	8,802	2,273,572	3,053,397
Charge for the year	2,850	-	38,972	8,903	1,239	1,179	-	2,003	95,549	150,695
Released on disposal	-	-	-	-	-	(17)	-	-	-	(17)
As at 31 December 2023	<u>15,901</u>	-	<u>218,709</u>	<u>486,519</u>	<u>57,366</u>	<u>45,654</u>	-	<u>10,805</u>	<u>2,369,121</u>	<u>3,204,075</u>
<b>Net Book Value</b>										
As at 31 December 2023	<u><u>268,901</u></u>	<u><u>149,172</u></u>	<u><u>-</u></u>	<u><u>920,780</u></u>	<u><u>5,547</u></u>	<u><u>6,956</u></u>	<u><u>68,732</u></u>	<u><u>-</u></u>	<u><u>196,316</u></u>	<u><u>1,616,404</u></u>

**13. Receivables**

	<b>2024</b>	2023
	€	€
Receivables	<b>15,102</b>	129,900
LES Debtors	<b>241,630</b>	22,909
Provision for doubtful LES debts	<b>(241,630)</b>	(22,909)
Accrued income	<b>84,326</b>	89,326
<b>Financial assets at amortised cost</b>	<b>99,428</b>	219,226
Prepayments	<b>7,362</b>	8,059
<b>Total receivables</b>	<b>106,790</b>	227,285

The total financial assets at amortised cost for the year amounted to €99,428 (2023: €219,226).

The average credit period on sales of services is 60 days. Receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Local Council has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	<b>2024</b>	2023
	€	€
<b>Age of receivables that are past due but not impaired</b>		
60-90 days	<b>424</b>	125,528
91-120 days	-	66
More than 120 days	<b>14,678</b>	4,306
Total	<b>15,102</b>	129,900

In determining the recoverability of a receivable, the Local Council considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The impairment loss on receivables is included in administrative expenses in the Statement of Profit or Loss and Other Comprehensive income.

Receivables are stated net of a provision for doubtful debts of €Nil (2023: €Nil).  
LES receivables are stated net of a provision for doubtful debts of €241,630 (2023: €22,909).

**14. Inventories**

	2024 €	2023 €
Inventories held for resale	<u>7,641</u>	<u>7,645</u>

**15. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and cash in bank. Cash and cash equivalents included in the Statement of Financial Position and Statement of Cash Flow comprise the following amounts:

	2024 €	2023 €
Cash in hand	1,718	2,842
Bank balances:		
Savings and Current accounts	653,912	441,822
<b>Total cash and cash equivalents</b>	<u>655,630</u>	<u>444,664</u>

**16. Payables**

	2024 €	2023 €
Payables	148,748	343,265
Accruals	59,513	109,263
Other creditors	123,602	32,787
<b>Financial liabilities</b>	<u>331,863</u>	<u>485,315</u>
Deferred income	5,622	38,749
<b>Total payables – current</b>	<u>337,485</u>	<u>524,064</u>

The total financial liabilities for the year amounted to €331,863 (2023: €485,315).

**17. Related party transactions**

During the year, the Local Council had affected transactions with related parties resulting mainly in connection with income and administrative transactions, are disclosed in notes 3, 4 and 8 to these financial statements. The following were the related parties:

<b>Name of Entity</b>	<b>Nature of relationship</b>
Department of Local Councils	Significant Control
Gozo Regional Committee	No Control
Central Regional Committee	No Control
North Regional Committee	Joint Control
South Regional Committee	No Control
South Eastern Regional Committee	No Control
Local Enforcement Systems Agency	No Control
ARMS Ltd	No Control
Commissioner of Data Protection	No Control
Department of Information	No Control
Ministry of Finance	No Control
Police General Head Quarters	No Control
Malta Environment and Planning Authority	No Control
Water Services Corporation	No Control
Enemalta Corporation	No Control
Cleansing Directorate	No Control
Department of Lands	No Control
Wasteserv Malta Limited	No Control
Bank of Valletta plc	No Control
Department of Lands	No Control
Local Councils' Association	No Control
Central Bank of Malta	No Control
Department of Inland Revenue	No Control
Ministry for Justice, Culture and Local Government	No Control

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

	<b>2024</b>	<b>2023</b>
	€	€
<b>(a) Funds received from Local Government</b>	<b>1,274,127</b>	<b>1,162,368</b>

**17. Related party transactions – continued****Key management compensation**

Transactions with key management personnel are disclosed in note 7.

**Ultimate controlling party**

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

**18. Financial risk management**

The Local Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The Local Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

**Credit risk**

Financial assets which potentially subject the Local Council to concentrations of credit risk consist principally of cash at bank and debtors. The Local Council's cash is placed with quality financial institutions as well as it limits the amount of credit exposure with any one financial institution. The Local Council has appropriate policies to ensure that income is received from sources with appropriate credit history. In this respect, credit risk with respect to debtors is monitored continuously and the Local Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible, and in this respect the Local Council has no significant concentration of credit risk.

The Council's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period and is summarised as follows:

	2024	2023
	€	€
Classes of financial assets – carrying amounts:		
Financial assets at amortised cost		
Receivables	99,428	219,226
Cash and cash equivalents	655,630	444,664
	755,058	663,890

**18. Financial risk management – continued*****Liquidity risk***

Liquidity risk is defined as financial distress, an extraordinary measure which needs to be taken to manage the Local Council's present commitments arising due to shortage of funds. The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available within the necessary time frame in order not to create financial distress and curtail current obligations as well as future short-term commitments. The Local Council monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments due. In fact, at year end, the Local Council has as cash in bank and in hand the amount of €655,630. This should ensure an ongoing working capital of the Local Council for the next 12 months. The Local Council also maintains a positive net current asset position of €432,576 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2024 the Local Council's financial liabilities have contractual maturities which are summarised below:

**At 31 December 2024**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	148,748	-	-
Accruals	59,513	-	-
Other creditors	123,602	-	-
	<b>331,863</b>	-	-

**18. Financial risk management – continued**

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

**At 31 December 2023**

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	343,265	-	-
Accruals	109,263	-	-
Other creditors	32,787	-	-
	<b>485,315</b>	<b>-</b>	<b>-</b>

**Foreign currency risk**

Foreign currency transactions arise when the Local Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The Local Council does not trade in any foreign currencies.

**Interest rate risk**

Interest rate risk mainly arises through interest bearing liabilities and assets. The objectives of interest rate risk management is to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximizing the net interest income and expense.

**19. 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.

**20. Summary of financial assets and liabilities**

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

	2024 €	2023 €
<b>Current assets</b>		
Financial assets at amortised cost:		
Receivables	99,428	219,226
Cash and cash equivalents	655,630	444,664
	<u>755,058</u>	<u>663,890</u>
<b>Current liabilities</b>		
Financial liabilities measured at amortised cost:		
Payables	272,350	376,052
Accruals	59,513	109,263
	<u>331,863</u>	<u>485,315</u>

**21. Capital commitments****Capital expenditure**

Commitments for capital expenditure not provided for in these financial statements are as follows:

	2024 €	2023 €
Contracted but not provided for	-	-
Authorised but not contracted	1,376,750	617,768
	<u>1,376,750</u>	<u>617,768</u>

The Capital expenditure that has been approved but not yet contracted for represents the purchase of office equipment amounting to €5,000, refurbishing council offices €21,250, lift at tal-Ghaqba Windmill €180,000, Urban Improvements of €1,110,500 and Special Programs of €60,000. Against the capital expenditure in Urban Improvements, grants amounting to €1,070,100 are expected to be received whilst against the capital expenditure in Special Programs a grant of €48,000 is expected to be received. A grant of €107,000 from the Capital Projects Scheme for the lift at tal-Ghaqba Windmill is also anticipated.