



L-Isla
(Città Invicta)

L-Isla Local Council

Annual Report and Financial Statements
31 December 2024

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Statement of Financial Position

	Notes	2024 €	2023 €
ASSETS			
Non-current assets			
Intangible asset	11	58	295
Tangible assets			
Property, plant and equipment	12	64,495	67,643
		<u>64,553</u>	<u>67,938</u>
Current assets			
Receivables	13	133,829	45,794
Cash and cash equivalents	14	587,080	580,391
		<u>720,909</u>	<u>626,185</u>
Total Assets		<u>785,462</u>	<u>694,123</u>
Reserves			
Retained Fund		<u>542,025</u>	<u>458,337</u>
Current Liabilities			
Payables	15	243,437	235,786
Total Liabilities		<u>243,437</u>	<u>235,786</u>
Total Reserves and Liabilities		<u>785,462</u>	<u>694,123</u>

These financial statements were approved by the Local Council on the 23 January 2025 and are signed on its behalf by:



Clive Pulis
Mayor



Graziella Gellel
Executive Secretary

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

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 €	2023 €
Income			
Funds received from Central Government	3	441,126	381,868
Income raised under Local Enforcement System	5	1,475	1,479
General income	6	66,677	53,152
Income from Bye-Law	7	8,009	9,950
		517,287	446,449
Expenditure			
Personal emoluments	8	92,214	88,212
Operations and maintenance	9	159,353	127,677
Administrative and other expenditure	10	182,032	182,743
		433,599	398,632
Operating profit for the year		83,688	47,817
Investment income	4	-	-
Profit for the year		83,688	47,817
Total comprehensive income for the year		83,688	47,817

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

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 23 January 2025 and signed on its behalf by:



Clive Pulis
Mayor



Graziella Gellel
Executive Secretary

Statement of Changes in Equity

	Retained earnings €	Total €
Balance at 1 January 2023	410,520	410,520
Total comprehensive income for the year	47,817	47,817
Balance at 31 December 2023	458,337	458,337
Balance at 1 January 2024	458,337	458,337
Total comprehensive income for the year	83,688	83,688
Balance at 31 December 2024	542,025	542,025

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			
Profit for the year		83,688	47,817
Adjustments for:			
Depreciation	12a	16,153	27,506
Amortisation charge	11	237	304
Depreciation released on disposal		(160)	-
		<hr/>	<hr/>
Surplus for the period before working capital movements		99,918	75,627
(Increase) in receivables		(88,035)	(15,296)
Increase in payables		7,651	13,633
		<hr/>	<hr/>
Net cash generated from operating activities		19,534	73,964
		<hr/>	<hr/>
Cash flows used in investing activities			
Grants received		2,239	49,299
Payment to acquire property, plant and equipment	12a	(15,084)	(71,802)
		<hr/>	<hr/>
Net cash used in investing activities		(12,845)	(22,503)
		<hr/>	<hr/>
Movement in cash and cash equivalents		6,689	51,461
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		580,391	528,930
		<hr/>	<hr/>
		587,080	580,391
Bank Balance Overdrawn		(440)	(465)
Cash and cash equivalents at the end of the year	14	586,640	579,926
		<hr/>	<hr/>

Notes to the Financial Statements
For the year ended 31 December 2024**1. Statutory information**

L-Isla Local Council is the local authority of Isla setup in accordance with the Local Councils Act. The Office of the Local Council is situated at 2, St. Joseph Street, L-Isla, Malta.

2. Material accounting policies**Overall considerations**

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.

The Local Council's management has concluded that the disclosure of the Local Council's material accounting policies below 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 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. 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 2023 and have therefore been adopted do not have a significant impact on the Local Council's financial results or position.

Standards and amendments that are effective for the first time in 2023 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.

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

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.

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. 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.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the L-Isla 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 statement of profit or loss as it accrued under finance income.

2. Accounting policies – continued**e. 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 Local council operates. The Local Council's financial statements are presented in Euro, which is the Local Council's functional currency.

f. Local Enforcement System

The amount disclosed in the financial statements under Local Enforcement Income represents the administrative charges to L.E.S.A. 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 fines. As from 1 September 2011, the council started to form part of the Southern Region, which took management of Local Enforcement System and the council is receiving 10% administration fee on every fine paid at the Council. As from October 2015 Local Enforcement System Agency (LESA) took over the administration of the Local Enforcement System.

g. Intangible asset

Intangible asset comprises computer software. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs of assets 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.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy i).

h. Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

i. 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 deposits held at call with banks.

2. Accounting policies – continued**j. Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss to date. 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:

• Trees	0%
• Buildings	1%
• Office furniture and fittings	7.5%-23.59%
• Construction works	10%-40%
• Urban Improvements (Street Furniture)	10%-28.57%
• Special Projects	10%-22.22%
• Office Equipment	20%-46.17%
• Motor Vehicles	20%
• Plant and Machinery	20%
• Plants	100%
• Computer Equipment	25%-25.53%
• Litter Bins	Replacement Basis
• Traffic and Road Signs	Replacement Basis
• Street Mirrors	Replacement Basis
• Street Lights	100%
• Playground Furniture	100%

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 Statement of Financial Position date. 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 period in which they are incurred.

k. 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 expired.

2. Accounting policies - continued**k. Financial instruments – continued****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 Local Council does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the Local Council's 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 the Statement of 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. Accounting policies - continued**k. 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 the Statement of profit or loss are included within 'finance costs' or 'finance income'.

2. Accounting policies - continued**l. Profits and losses**

Only profits 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.

m. 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.

n. 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 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.

o. Government grants

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

p. Capital Management

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

To achieve the above, the Council carries out a quarterly review of the working capital ratio ('Financial Situation Indicator'). The 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.

3. Funds Received from Central Government

	2024 €	2023 €
In terms of Section 55 of the Local Councils Act (Cap 363)	380,598	341,640
Other Government Income	60,528	40,228
	<u>441,126</u>	<u>381,868</u>

4. Investment income

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

5. Local Enforcement System

	2024 €	2023 €
Administrative charges to LESA	1,475	1,479
	<u>1,475</u>	<u>1,479</u>

6. General income

	2024 €	2023 €
Income from permits	33,982	22,237
EU Programme	10,294	2,168
Other income	560	5,574
Contributions and donations	21,841	23,173
	<u>66,677</u>	<u>53,152</u>

7. Income from Bye-Law

	2024 €	2023 €
Income from bye-laws	8,009	9,950
	<u>8,009</u>	<u>9,950</u>

8. Personal emoluments

	2024 €	2023 €
Mayor's allowance	11,330	11,079
Executive Secretary and allowances	40,412	38,783
Employees' salaries	22,532	20,757
Social Security Contributions	4,940	4,593
Councillors' remuneration	13,000	13,000
	<u>92,214</u>	<u>88,212</u>

Average number of people employed

Employees	<u>2</u>	<u>2</u>
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9. Operations and maintenance

	2024 €	2023 €
Repairs and upkeep:		
Road and street maintenance	12,408	10,307
Repair office furniture and equipment	1,701	232
Sundry repairs	24,554	12,524
	<u>38,663</u>	<u>23,063</u>

	2024 €	2023 €
Contractual services:		
Refuse collection (including bins on wheels)	10,419	12,596
Waste disposal	27,265	19,389
Bulky refuse collection (including open skips)	15,804	14,368
Road and street cleaning (mechanical and manual)	27,575	31,888
Other contractual services	5,377	3,854
Cleaning and maintenance of council premises	3,750	2,980
Cleaning and maintenance of public conveniences	6,414	13,600
Cleaning and maintenance of parks and gardens	10,742	-
Street Lighting maintenance	12,954	5,761
LES related expenditure	390	178
	<u>120,690</u>	<u>104,614</u>

	<u>159,353</u>	<u>127,677</u>
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10. Administrative and other expenditure

	2024	2023
	€	€
Water and electricity	9,387	5,713
Telecommunications	5,478	4,868
Rent	8,197	6,120
Printing and Stationery	3,605	6,976
Postages	51	65
Library	2,497	2,350
National & international membership	754	250
Meetings and conventions	4,394	10,143
Office services	86	119
Transport	4,119	2,636
Insurance	3,655	2,860
Professional services	47,554	28,140
Community and hospitality	68,282	79,485
Bank charges	1,377	915
Depreciation and amortisation	16,390	27,810
Provision for bad LES debts	(227)	-
Advertising and public relations	6,433	4,293
	182,032	182,743

11. Intangible asset

	Computer software €
At 1 January 2023	
Cost	9,416
Grants	(5,177)
Accumulated amortisation	(3,640)
Net book amount	599
Movements for the year ended 31 December 2023	
Opening net book amount	599
Amortisation charge	(304)
Closing net book amount	295
At 31 December 2023	
Cost	9,416
Grants	(5,177)
Accumulated amortisation	(3,944)
Net book amount	295
Movements for the year ended 31 December 2024	
Opening net book amount	295
Amortisation charge	(237)
Closing net book amount	58
At 31 December 2023	
Cost	9,416
Grants	(5,177)
Accumulated amortisation	(4,181)
Net book amount	58

Amortisation of €237 (2023: €304) is included in administrative expenses.

12a. Property, plant and equipment

Cost	Office Furniture, & Fixtures		Office Equipment		Computer Equipment		New Street Signs		Urban Improv.		Construction		Special Progr.		Trees		Plant & Machinery		Motor Vehicles		Assets under Constr.		Total
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	
At 1 January 2024	69,852	33,588	25,274	8,924	315,794	313,090	517,472	30,073	2,059	41,000	0	1,357,126											
Additions	10,722	2,466	0	0	1,927	0	0	0	129	0	0	15,244											
Disposals/Transfers	0	0	0	0	0	0	0	0	(160)	0	0	(160)											
At 31st December 2024	80,574	36,054	25,274	8,924	317,721	313,090	517,472	30,073	2,028	41,000	0	1,372,210											
Grants																							
At 1 January 2024	4,946	14,308	9,132	0	86,984	117,240	332,048	25,960	0	36,000	0	626,618											
Additions	2,239	0	0	0	0	0	0	0	0	0	0	2,239											
At 31st December 2024	7,185	14,308	9,132	0	86,984	117,240	332,048	25,960	0	36,000	0	628,857											
Depreciation																							
At 1 January 2024	52,951	17,356	12,340	8,924	186,176	195,850	185,424	0	1,647	2,197	0	662,865											
Charge for the period	1,547	480	2,829	0	10,138	0	0	0	159	1,000	0	16,153											
Released on disposal	0	0	0	0	0	0	0	0	(160)	0	0	(160)											
At 31st December 2024	54,498	17,836	15,169	8,924	196,314	195,850	185,424	0	1,646	3,197	0	678,858											
Net Book Value																							
At 31st December 2024	18,891	3,910	973	0	34,423	0	4,113	382	1,803	0	64,495												

12b. Property, plant and equipment

Cost	Office Furniture & Fixtures Fittings €	Office Equipmen t €	Computer Equipmen t €	New		Special Progr. €	Trees €	Plant & Machiner y €	Motor Vehicles €	Assets under Constr. €	Total €
				Street Signs €	Urban Improv. €						
At 1 January 2023	62,626	28,072	11,913	8,924	312,926	517,472	30,073	1,675	41,000	-	1,285,324
Additions	7,226	5,516	13,361	-	2,868	42,447	-	384	-	-	71,802
At 31 December 2023	69,852	33,588	25,274	8,924	315,794	517,472	30,073	2,059	41,000	-	1,357,126
Grants											
At 1 January 2023	-	10,075	-	-	86,984	332,048	25,960	-	36,000	-	577,319
Additions	4,946	4,233	9,132	-	-	30,988	-	-	-	-	49,299
At 31 December 2023	4,946	14,308	9,132	-	86,984	332,048	25,960	-	36,000	-	626,618
Depreciation											
At 1 January 2023	51,603	17,034	9,553	8,924	175,829	185,366	-	1,462	1,197	-	635,359
Charge for the period	1,348	322	2,787	-	10,347	58	-	185	1,000	-	27,506
At 31 December 2023	52,951	17,356	12,340	8,924	186,176	185,424	-	1,647	2,197	-	662,865
Net Book Value											
At 31 December 2023	11,955	1,924	3,802	-	42,634	-	4,113	412	2,803	-	67,643

13. Receivables

	2024 €	2023 €
Receivables	7,566	7,989
Other receivables	4,438	4,340
Accrued income	114,825	26,482
Financial assets	126,829	38,811
Prepayments	7,000	6,983
	133,829	45,794

The total financial assets for the year amounted to €126,829 (2023: €38,811).

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 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.

	2024 €	2023 €
Age of receivables that are past due but not impaired		
60-90 days	164	430
91-120 days	-	87
More than 120 days	7,402	7,472
Total	7,566	7,989

	2024 €	2023 €
Movement in the allowance for doubtful debts		
Balance at beginning of the year	111,876	114,766
Reduction in provision for LES debtors	(227)	-
Bad debts written off	(9,942)	(2,890)
Balance at end of the year	101,707	111,876

13. Receivables - continued

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 concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The impairment loss on receivables is included in administrative expenses in the Statement of Profit or Loss.

Receivables are stated after a specific provision for doubtful debts of €Nil (2023: €Nil).

LES Debtors are stated after a specific provision for doubtful debts of €101,707 (2023: €111,876).

14. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the Statement OF Cash Flows comprise the following amounts in the Local Council's Statement of Financial Position:

	2024	2023
	€	€
Bank balances:		
Ordinary funds	586,873	579,722
Cash in hand	207	669
Cash at bank	<u>587,080</u>	<u>580,391</u>
Bank balance overdrawn	(440)	(465)
	<u>586,640</u>	<u>579,926</u>

15. Payables

	2024	2023
	€	€
Payables	36,390	53,416
Advance payment	97,775	97,775
Other payables	5,436	1,675
Accruals	23,074	19,133
Bank balance overdrawn	440	465
Financial liabilities	<u>163,115</u>	<u>172,464</u>
Deferred income	80,322	63,322
	<u>243,437</u>	<u>235,786</u>

The total financial liabilities for the year amounted to €163,115 (2023: €172,464)

16. Contingent liabilities

There were no contingent liabilities as at 31 December 2024.

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, that are disclosed in notes 8,9 and 10 to these financial statements. The following were the related parties:

Name of Entity	Nature of relationship
Department of Local Councils	Significant Control
Gozo Regional Council	No Control
Central Regional Council	No Control
North Regional Council	No Control
South Regional Council	No Control
South Eastern Regional Council	Joint 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 Council with related parties having significant control:

	2024	2023
	€	€
(a) Funds received from Local Government	380,598	341,640

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

Transactions with key management personnel are disclosed in note 8.

Ultimate controlling party

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, the Council also receives funds relating to specific projects as well as other funds for the improvement of the locality.

18. Financial risk management

The Council's activities expose it to a variety of financial risks such as market risk, credit risk, liquidity risk and interest rate risk. The 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 Council to concentrations of credit risk consist principally of cash at bank and debtors. The 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 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 Council places a provision on any debt on which there is doubt of recoverability. Bad debts are therefore negligible and in this respect the 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		
Receivables	126,829	38,811
Cash and cash equivalents	587,080	580,391
	<u>713,909</u>	<u>619,202</u>

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 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 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 Council has as cash in bank and in hand the amount of €587,080 (2023: €580,391). This should ensure an ongoing working capital of the Council for the next 12 months. The Council also maintains a positive net asset position of €477,472 (2023: €390,399) ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2024 the 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	36,390	-	-
Advance payment	97,775	-	-
Other creditors	5,436	-	-
Accruals	23,074	-	-
Bank balance overdrawn	440	-	-

18. Financial risk management – continued

This compares to the maturity of the 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	53,416	-	-
Advance payment	97,775	-	-
Other creditors	1,675	-	-
Accruals	19,133	-	-
Bank balance overdrawn	465	-	-

Foreign currency risk

Foreign currency transactions arise when the Council buys or sells goods whose price is denominated in a foreign currency, or incurs or settles liabilities, denominated in a foreign currency. The 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 are to optimise the balance between minimising uncertainty caused by fluctuations in interest rates and maximising the net interest income and expense.

19. Summary of financial assets and liabilities

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

	2024	2023
	€	€
Current assets		
Loans and receivables:		
Receivables	126,829	38,811
Cash and cash equivalents	587,080	580,391
	713,909	619,202
Current liabilities		
Financial liabilities measured at amortised costs:		
Payables	36,390	53,416
Advance payment	97,775	97,775
Other payables	5,436	1,675
Accruals	23,074	19,133
Bank balance overdrawn	440	465
	163,115	172,464

20. 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.

21. Capital commitments**Capital expenditure**

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

	2024	2023
	€	€
Authorised but not contracted	110,000	206,691