



Ta' Kercem Local Council

**Annual Report & Financial Statements
For the year ended 31 December 2024**

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Registered Auditor

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

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

for the year ended 31 December 2024

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

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, the Local Councils (Financial) Regulations, and the Local Councils (Financial) Procedures. 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 the 30th May 2025 and signed on its behalf by



Mario Azzopardi
Mayor



Marianne Sagona
Executive Secretary

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
		€	€
	<i>Notes</i>		
Income			
Funds received from Central Government	4	430,647	393,714
Income raised under Local Enforcement System	5	822	1,094
General Income	6	13,674	12,133
		<u>445,143</u>	<u>406,941</u>
Expenditure			
Personal emoluments	8	(117,590)	(114,991)
Operations and maintenance	9	(104,740)	(78,145)
Administration and other expenditure	10	(178,575)	(194,174)
		<u>(400,905)</u>	<u>(387,310)</u>
Operating Surplus for the year	7	44,238	19,631
Finance cost	11	-	(504)
Finance income	12	68	241
		<u>44,306</u>	<u>19,368</u>
Total comprehensive income for the year		<u><u>44,306</u></u>	<u><u>19,368</u></u>

The notes on pages 8 to 20 form an integral part of these financial statements

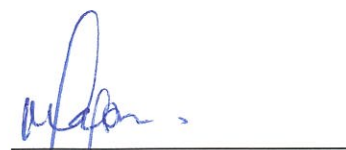
STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024 €	2023 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	<u>207,871</u>	<u>206,009</u>
		<u>207,871</u>	<u>206,009</u>
Current Assets			
Inventories	14	2,138	919
Receivables	15	57,179	145,597
Cash and Cash Equivalents	16	<u>959,449</u>	<u>890,341</u>
		<u>1,018,766</u>	<u>1,036,857</u>
Total Assets		<u><u>1,226,637</u></u>	<u><u>1,242,866</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained Funds		<u>517,049</u>	<u>472,743</u>
		<u>517,049</u>	<u>472,743</u>
Current Liabilities			
Payables	16	296,309	339,749
Deferred income	17	<u>413,279</u>	<u>430,374</u>
		<u>709,588</u>	<u>770,123</u>
Total Reserves and Liabilities		<u><u>1,226,637</u></u>	<u><u>1,242,866</u></u>

These financial statements were approved by the Local Council on 30th May 2025 and signed on its behalf by:


 Mario Azzopardi
 Mayor


 Marianne Sagona
 Executive Secretary

The notes on pages 8 to 20 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Retained Funds €
At 1 January 2023	453,375
Total comprehensive income for the year 2023: Surplus for the financial year	<u>19,368</u>
At 31 December 2023	<u>472,743</u>
At 1 January 2024	472,743
Total comprehensive income for the year 2024: Surplus for the financial year	<u>44,306</u>
At 31 December 2024	<u>517,049</u>

The notes on pages 8 to 20 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024	2023
	€	€
	Note	
Cash flows from Operating Activities		
Total comprehensive income for the year	44,306	19,368
Reconciliation to cash generated from operations:		
Depreciation	60,234	76,146
Increase in provision for doubtful debts	22	526
Interest expense	-	504
Interest receivable	(68)	(241)
Operating Surplus before Working Capital Changes	104,494	96,303
(Increase) / Decrease in inventories	(1,219)	214
Decrease in receivables	861	19,194
Decrease / (Increase) in other receivables	54,248	(66,671)
Decrease in payables	(35,260)	(6,035)
(Decrease) / Increase in other payables	(25,275)	4,962
Cash generated from operating activities	97,849	47,967
Cash flows from Investing Activities		
Interest received	68	241
Purchase of property, plant & equipment	(50,171)	(157,958)
Receipt of grants	21,362	56,991
Cash used in investing activities	(28,741)	(100,726)
Cash flows from Financing Activities		
Repayment of borrowings	-	(18,912)
Cash used in financing activities	-	(18,912)
Net Increase/(decrease) in Cash and Cash Equivalents	69,108	(71,671)
Cash and Cash Equivalents at the Beginning of the year	890,341	962,012
Cash and Cash Equivalents at the End of the year	959,449	890,341
	15	

The notes on pages 8 to 20 form an integral part of these financial statements

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

1. General Information

The Ta' Kerċem Local Council is the local Authority of Ta' Kerċem set up in accordance with the Local Councils Act, 1993. The office of the Local Council is situated at Orvieto Square, Ta' Kerċem, Gozo. These financial statements were approved for issue by the Council Members on the 20th May 2025. The Local Council's presentation as well as functional currency is denominated in €.

2. Material Accounting Policy Information

The accounting policies that are material to the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting convention

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

New or revised Standards or Interpretations

New standards adopted as at 1 January 2024

Accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted, did 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 2024 and could be applicable to the Local Council are:

- 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 did 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

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 or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Local Council and no Interpretations have been issued that are applicable and need to be taken into consideration by the Local Council.

Standards and amendments that are not yet effective and have not been adopted early by the Local Council 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'

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**2. Material Accounting Policy Information (cont.)**

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 have not been disclosed as they are not expected to have a material impact on the Local Council's financial statements in the period of initial applications.

Property, plant and equipment

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

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

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 surplus. 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.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income.

Amounts receivable

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 and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.

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

2. Material Accounting Policy Information (cont.)

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 and the redemption value is recognised in the Statement of 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 after the statement of financial position date.

Other payables

Other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material in which case other payables are measured at amortised cost using the effective interest method.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets of the Council are classified into loans and receivables upon initial recognition.

Receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables are presented within 'finance income' or 'finance costs', except for impairment of receivables which is presented within 'administration and other expenditure'.

Financial liabilities

The Council's financial liabilities include 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'.

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs and it can be measured reliably. Interest income is recognised in the statement of comprehensive income as it accrues.

Income from central government is not recognised until there is reasonable assurance that the Council will comply with any conditions attached to it, and that the income will be received. The received income is to be recorded gross and any deductions made therefrom are to be disclosed separately with expenses.

Local Enforcement System

The income recognised in the Statement of Comprehensive Income was derived from the administrative fees from the five Regional Committees and Local Enforcement System Agency.

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**2. Material Accounting Policy Information (cont.)***Government grants*

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

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

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 and presentation currency.

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

3. Critical accounting estimates and judgments.

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

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

4. Funds received from central government

	2024	2023
	€	€
In terms of section 55 of the Local Councils Act	345,643	318,598
Other Government Income	85,004	75,116
	<u>430,647</u>	<u>393,714</u>

5. Local Enforcement system

	2024	2023
	€	€
Administrative fees on contraventions	822	1,094
	<u>822</u>	<u>1,094</u>

6. General Income

	2024	2023
	€	€
General Income	531	486
Rent receivable	2,600	3,192
Income from Permits	10,543	8,455
	<u>13,674</u>	<u>12,133</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**7. Operating surplus for the year**

	2024	2023
	€	€
Operating surplus for the year is stated after charging		
Staff salaries (Note 8)	117,590	114,991
Depreciation of property, plant and equipment (Note 13)	<u>60,234</u>	<u>76,146</u>

8. Personal emoluments

	2024	2023
	€	€
Mayor's Remuneration	11,330	11,079
Mayor's and Councilors' Allowances	13,000	13,000
Executive Secretary Salary and Allowances	41,216	38,496
Employees' Salaries	44,431	45,671
Social Security Contributions	7,113	6,745
	<u>117,590</u>	<u>114,991</u>

9. Operations and Maintenance

	2024	2023
	€	€
<i>Repairs and Upkeep:</i>		
Road/Street Pavements	36,630	34,200
Walkways	12,030	560
Signs	2,130	1,441
Road Markings	353	149
	<u>51,143</u>	<u>36,350</u>
<i>Contractual Services:</i>		
Waste Disposal	17,470	13,752
Refuse Collection	15,994	16,958
Bulky Refuse Collection	1,468	990
Road & Street Cleaning	2,631	2,316
Cleaning & Maintaining Parks & Gardens	6,805	1,172
Street Lighting	5,111	6,076
Studies & Consultations	4,118	531
	<u>53,597</u>	<u>41,795</u>
Total Operations and Maintenance Costs	<u>104,740</u>	<u>78,145</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**10. Administrative and other expenditure**

	2024	2023
	€	€
Utilities	10,093	9,311
Other repairs and upkeep	3,811	1,573
Rent	1,142	1,724
National and International Memberships	500	29
Office Services	3,608	5,373
Transport	1,406	2,780
Information Services	475	1,075
Insurance Coverage	5,482	5,679
Bank charges	847	475
Professional Services	37,241	16,322
Other Hospitality Costs	1,098	1,482
Social and Cultural Events	52,616	71,679
Increase in provision on the receivables	22	526
Depreciation	60,234	76,146
	<u>178,575</u>	<u>194,174</u>

11. Finance costs

	2024	2023
	€	€
Bank Interest	-	504
	<u>-</u>	<u>504</u>

12. Finance Income

	2024	2023
	€	€
Bank Interest Receivable	68	241
	<u>68</u>	<u>241</u>

TA' KERCEM LOCAL COUNCIL

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

13. Property, plant and equipment

	New Street Signs €	Urban Improvements €	Plant & Machinery, Computer & Office Equipment €	Office Furniture & fittings €	Motor Vehicle €	Assets under Construction €	Special Programmes & Construction €	Total €
Cost								
At 1 January 2024	4,554	608,313	37,902	27,422	51,205	17,095	2,282,605	3,029,096
Additions	-	7,217	620	720	-	50,028	-	58,585
Reversal of over-accrual	-	-	-	-	-	-	(8,412)	(8,412)
At 31 December 2024	4,554	615,530	38,522	28,142	51,205	67,123	2,274,193	3,079,269
Depreciation								
At 1 January 2024	4,554	533,086	25,778	17,262	2,740	-	725,648	1,309,119
Charge for the year	-	15,960	1,914	1,406	2,989	-	37,965	60,234
At 31 December 2024	4,554	549,046	27,692	18,668	5,729	-	763,664	1,369,353
Grants								
At 1 January 2024	-	37,195	6,198	-	36,260	17,095	1,417,220	1,513,968
Additions	-	-	-	-	-	17,095	7,254	24,349
Reversal of over-accrual	-	-	-	-	-	-	(36,272)	(36,272)
At 31 December 2024	-	37,195	6,198	-	36,260	34,190	1,388,201	1,502,045
Net Book values								
At 31 December 2024	-	29,289	4,632	9,473	9,216	32,933	122,328	207,871

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

13. Property, plant and equipment (cont.)

	New Street Signs €	Urban Improvements €	Plant & Machinery, Computer & Office Equipment €	Office Furniture & fittings €	Motor Vehicle €	Assets under Construction €	Special Programmes & Construction €	Total €
Cost								
At 1 January 2023	4,554	603,416	36,753	27,422	-	32,330	2,156,796	2,861,271
Additions	-	4,897	1,149	-	51,205	110,574	-	167,825
Reclassification	-	-	-	-	-	(125,809)	125,809	-
At 31 December 2023	4,554	608,313	37,902	27,422	51,205	17,095	2,282,605	3,029,096
Depreciation								
At 1 January 2023	4,554	507,244	23,931	15,861	-	-	681,383	1,232,973
Charge for the year	-	25,842	1,847	1,401	2,740	-	44,316	76,146
At 31 December 2023	4,554	533,086	25,778	17,262	2,740	-	725,698	1,309,119
Grants								
At 1 January 2023	-	37,195	6,198	-	-	32,330	1,288,770	1,364,493
Additions	-	-	-	-	36,260	108,809	4,406	149,475
Reclassification	-	-	-	-	-	(124,044)	124,044	-
At 31 December 2023	-	37,195	6,198	-	36,260	17,095	1,417,220	1,513,968
Net Book values								
At 31 December 2023	-	38,032	5,926	10,160	12,205	-	139,686	206,009

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**14. Inventories**

	2024	2023
	€	€
Stock of stamps	<u>2,138</u>	<u>919</u>

15. Receivables

	2024	2023
	€	€
Accounts receivables	523	1,406
Prepayments and accrued income	<u>56,656</u>	<u>144,191</u>
	<u>57,179</u>	<u>145,597</u>

Receivables

Account receivables are analysed as follows:

	2024	2023
	€	€
Within credit period	194	139
Exceeded credit period but not impaired	329	1,267
Impaired and provided for	2,569	2,547
Provision for doubtful debts	<u>(2,569)</u>	<u>(2,547)</u>
	<u>523</u>	<u>1,406</u>

16. Cash & cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts.

	2024	2023
	€	€
Cash at Bank	959,053	890,202
Cash in Hand	<u>396</u>	<u>139</u>
	<u>959,449</u>	<u>890,341</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**17. Payables**

	2024	2023
	€	€
Trade payables	70,216	86,993
Amounts due to related parties	26,685	39,168
Other payables	19,019	19,019
Accruals	186,389	194,569
	<u>296,309</u>	<u>339,749</u>

18. Deferred income

	2024	2023
	€	€
Government grants		
At 1 January	430,374	495,363
Increase in year	-	3,039
	<u>430,374</u>	<u>498,402</u>
Transferred to PPE Capital Approach	<u>(17,095)</u>	<u>(68,028)</u>
At 31 December	<u>413,279</u>	<u>430,374</u>
Current Deferred Income	<u>413,279</u>	<u>430,374</u>

19. Capital commitments

	2024	2023
	€	€
Details of capital commitments at the accounting date are as follows:		
- Approved but not yet contracted for	194,540	371,065
- Contracted for but not provided in the financial statements	<u>503,840</u>	<u>408,107</u>
(i) Approved but not yet contracted for:		
Measure 3	-	184,153
CCTV around the locality	-	10,412
Tisbieh Qasam San Gorg	83,300	76,500
Upgrading of public convenience	11,240	-
LESA Funds playing field	100,000	100,000
	<u>194,540</u>	<u>371,065</u>
(ii) Contracted for but not provided in the Financial Statements:		
Measure 3	184,154	-
CCTV around the locality	11,974	-
Triq Ghajn Tuta u Triq Ghajn Il-Gamierm	307,712	324,807
Rigenerazzjoni tal-Pjazza San Girgor	-	83,300
	<u>503,840</u>	<u>408,107</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**20. Financial Risk Management**

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

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 maximum exposure to credit risk for amounts receivable at the reporting date, net of impairment losses, by type of customer is as follows:

- Receivables from Related Parties:	€ 523
- Cash at banks	€ 959,053

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 and cash equivalents the amount of €959,053. This should ensure an ongoing working capital of the Council for the next 12 months.

All the liabilities of the local council are due within twelve months from the statement of financial position date.

Going Concern Risk

The Council registered a net surplus of €44,306 (2023: €19,368) during the year ended 31 December 2024, and as at that date, the Council had a net current asset position of €309,178 (2023: €266,734) These financial statements have been prepared on a going concern basis in view of the fact adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

Summary of financial assets and liabilities by category:

	2024	2023
	€	€
Current Assets		
Loans and receivables:		
Accounts and other receivables	523	1,406
Cash and Cash Equivalents	959,449	890,341
	<u>959,972</u>	<u>891,747</u>
Current Liabilities		
Financial liabilities measured at amortised costs:		
Payables	<u>296,309</u>	<u>339,749</u>

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**20. Financial Risk Management (cont.)***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 currency transactions.

Interest Rate Risk

The Council operates bank accounts without any financing facilities. As a result, the Council is not exposed to cash flow interest rate risk on bank balances.

Other risks

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

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"). This ratio was positive at the reporting date and has not changed significantly from the previous year. 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.

21. Related parties disclosures

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

<i>Name of Entity</i>	<i>Nature of relationship</i>
Department of Local Councils	Significant control
Gozo Regional Committee	Joint Control
North Regional Committee	No control
Central Regional Committee	No control
South Eastern Regional Committee	No control
South Regional Committee	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Cleansing Services Department	No control
Director General - Works Division	No control
Wasteserv Malta Limited	No control
Police General Headquarters	No control
Department of Lands	No control
Airmalta plc	No control
Bank of Valletta plc	No control
MCAST	No control
National Library of Malta	No control
Malta Tourism Authority	No control

Notes to the Financial Statements for the year ended 31 December 2024 (cont.)**21.Related parties disclosures (cont.)**

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

	Related party activity €	2024 Total activity €	%	Related party activity €	2023 Total activity €	%
<i>Income</i>						
Transactions with central government	430,647			393,714		
Transactions with regions	822			1,094		
	<u>431,469</u>	<u>445,143</u>	<u>97</u>	<u>394,808</u>	<u>406,941</u>	<u>97</u>
<i>Expenditure</i>						
Transactions with government entities	33,464			30,957		
Key personnel remuneration	117,590			114,991		
	<u>151,054</u>	<u>400,905</u>	<u>38</u>	<u>145,948</u>	<u>387,814</u>	<u>38</u>

The amounts due from / to related parties at year-end are disclosed in notes 15 and 17. The terms and conditions do not specify the nature of the consideration to be provided in settlement. These amounts are unsecured, interest free and repayable on demand.

22.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 the Government, Councils also receive funds relating to specific projects as well as other funds for the improvement and betterment of the locality.

23.Fair values estimation

At 31 December 2024 and at 31 December 2023, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, approximated their fair values due to the short term maturities of these assets and liabilities. The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amount.

24.Comparative information

Certain amounts in the comparative information have been presented to align with the current year presentation.

Report of the Local Government Auditor to the Auditor General

