



L-Imbisa Local Council

Annual Report and Financial Statements
31 December 2023

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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 30 January 2024 and signed on its behalf by:

Margaret Baldacchino Cefai
Mayor

Alan Vella
Executive Secretary

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023	2022
		€	€
Income			
Funds received from central government	3	779,185	827,325
Income raised under Local Enforcement System	4	13,641	12,527
General income	6	43,500	22,203
Income from Bye Law	7	67,282	60,936
		903,608	922,991
Expenditure			
Personal emoluments	8	214,683	199,137
Operations and maintenance	9	948,024	563,672
Administrative and other expenditures	10	160,933	133,781
		1,323,640	896,590
Operating (deficit)/surplus for the year		(420,032)	26,401
Finance income/(cost)	5	1,348	(1,830)
(Deficit)/Surplus for the year		(418,684)	24,571

The notes on pages 6 to 31 form an integral part of these financial statements

Statement of Financial Position

	Notes	2023	2022
		€	€
ASSETS			
Non-current assets			
Intangible asset	11	1,015	2,408
Property, plant and equipment	12	435,028	428,737
Right of use asset	23	5,512	46,432
		441,555	477,577
Current assets			
Receivables	13	111,473	154,984
Cash and cash equivalents	14	534,176	573,064
		645,649	728,048
Total Assets		1,087,204	1,205,625
Reserves			
Retained earnings		431,411	850,095
Non-current liabilities			
Advance payment	15	408,200	-
Deferred income	16	31,170	31,170
Non-current lease liability	17	5,103	45,331
		444,473	76,501
Current liabilities			
Payables	17	211,320	279,029
		211,320	279,029
Total Liabilities		655,793	355,530
Total Reserves and Liabilities		1,087,204	1,205,625

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Mayor

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Executive Secretary

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Statement of Changes in Equity

	Retained earnings €
Balance at 1 January 2022	825,524
Total surplus for the year	24,571
Balance at 31 December 2022	<u>850,095</u>
Balance at 1 January 2023	850,095
Total (deficit) for the year	(418,684)
Balance at 31 December 2023	<u>431,411</u>

The notes on pages 6 to 31 form an integral part of these financial statements

Statement of Cash Flows

	Notes	2023	2022
		€	€
Cash flows from operating activities			
(Deficit)/Surplus for the year		(418,684)	24,571
Adjustments for:			
Depreciation on property, plant and equipment	10	55,490	43,649
Depreciation on right of use asset	10	394	3,096
Amortisation on intangible asset	10	1,393	1,778
Increase in Provision for doubtful debts	10	-	785
Finance cost	5	(1,348)	1,830
(Deficit)/Surplus for the year before working capital movements		(362,755)	75,709
(Increase)/Decrease in receivables		43,511	(87,320)
(Decrease)/Increase in payables		(66,910)	166,864
Net cash (used in)/generated from operating activities		(386,154)	155,253
Cash flows used in investing activities			
Payments to acquire property, plant and equipment	12	(115,910)	(142,998)
Net cash used in investing activities		(115,910)	(142,998)
Cash flows used in financing activities			
Grants received	12	54,128	71,977
Lease repayments		(500)	(2,449)
Advance payment		408,200	-
Interest on lease liabilities		1,348	(1,830)
Net cash generated from financing activities		463,176	67,698
Movement in cash and cash equivalents		(38,888)	79,953
Cash and cash equivalents at the beginning of the year		573,064	493,111
Cash and cash equivalents at the end of the year	14	534,176	573,064

Notes to the Financial Statements

For the year ended 31 December 2023

1. Statutory Information

L-Imsida Local Council (the "Local Council") is the local authority of L-Imsida setup in accordance with the Local Councils Act. The office of the Local Council is situated at Civic Centre, Pjazza Menqa, L-Imsida. These financial statements were approved for issue by the Local Council members on 30 January 2024. The Local Council's presentation as well as functional currency is denominated in Eur (€).

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

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). The financial statements are prepared under the historical cost convention, as modified to include fair values stated in the accounting policies below.

These financial statements are prepared in accordance with 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.

2. Accounting policies - continued**c. New or revised standards or interpretations****New standards adopted as at 1 January 2023**

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, 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, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Local Council.

Management anticipates that all of the relevant pronouncements will be adopted in the Local Council's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to be relevant to the Local Council's financial statements.

d. Standards, amendments and interpretations to published standards that are not yet endorsed by the EU

- IFRS 17 – Insurance contracts (effective for financial years beginning on or after 1 January 2023)
- Amendment to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018 – 2020 (effective for financial years beginning on or after 1 January 2022)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current – Deferral of Effective Date (effective for financial years beginning on or after 1 January 2022)

The principal accounting policies and reporting procedures used by the Local Council are as follows:

e. Revenue and expenditure recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Imnsida 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 profit or loss as it accrued under finance income.

2. Accounting policies - continued**f. Expenditures**

Expenditures except personal emoluments are recognised in the income statement upon utilisation of the service or at the date of their origin.

g. Personal emoluments

Contributions toward the state pension in accordance with local legislation are recognised in profit or loss when they are due.

h. 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.

i. Local Enforcement System

The Local Council forms part of the Central Regional Council. On 1st September 2011, all LES funds were diverted to five regions. With effect from 1st September 2011, the only income attributable to the Local Council is commission income based on the value of contraventions paid at the Local Council. In line with Memo issued from the Department for Local Government dated 30th September 2015, the LES operations started gradually being phased out from the Regional Committee towards the Local Enforcement System Agency (LESA) with effect from 1st October 2015, until December 2015.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software

Computer software is valued at cost less accumulated amortisation and impairment losses to date. Amortisation to write off the cost is calculated on a monthly basis using the straight-line method. The estimated useful life is four years.

k. 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:

2. Accounting policies - continued**k. Property, plant and equipment - continued**

• Land	0%
• Trees	0%
• Buildings	1%
• Office furniture and fittings	7.5%-100%
• Construction works	10%-100%
• Urban Improvements (Street Furniture)	10%-100%
• Special Projects	10%-100%
• Office Equipment	20%-100%
• Motor Vehicles	20%-46%
• Plant and Machinery	20%-100%
• Plants	100%
• Computer Equipment	25%-100%
• Litter Bins	Replacement Basis
• Traffic and Road Signs	Replacement Basis
• Street Mirrors	Replacement Basis
• Street Lights	100%
• Playground Furniture	100%

Assets not yet utilized are reclassified to proper account upon completion of work.

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. 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 recognized 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 Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

l. 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.

2. Accounting policies - continued**l. Impairment of assets - continued**

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.

m. 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.

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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.

n. 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.

o. 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.

p. Payables

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

2. Accounting policies - continued**q. 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.

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

The Local Council makes the use of leasing arrangements for its office space. 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).

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.

The Local Council has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to the rent of store at Msida playing field. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. Accounting policies - continued**r. Leases – continued****The Local Council as a lessor**

As a lessor the Local Council classifies its leases as either operating or finance leases.

The Local Council assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. As at date, the Local Council has entered into a lease agreement for its community centre.

s. 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.

t. Financial instruments**Recognition and derecognition**

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those 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.

2. Accounting policies - continued**t. Financial instruments – continued**

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 equivalents, most receivables and accrued income fall into this category of financial instruments.

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:

2. Accounting policies - continued**t. Financial instruments – continued**

- 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 includes payables, accruals and lease liabilities. 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'.

u. Related parties

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

v. Government Grants

Government grants relating to operating expenditure are recognized in the Statement of Comprehensive Income in the same period that the related expenditure is incurred. Government grants relating to the purchase of property, plant and equipment are accounted for using the capital approach and are thus deducted from the carrying amount of the relative non-current asset. Government grants that are related specifically to non-capital expenditures are recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income. Government grants received during the year for future construction of property, plant and equipment are presented in the statement of financial position as advanced payment while grants received during the year for future operating expenditures are presented in the statement of financial position as deferred income.

3. Funds Received from Central Government

	2023 €	2022 €
In terms of Section 55 of the Local Councils Act (Cap 363)	711,104	701,404
Other government income	68,081	125,921
	<u>779,185</u>	<u>827,325</u>

4. Income raised under Local Enforcement System

	2023 €	2022 €
Administrative charges to Regional Committees	8,853	8,851
Contraventions	4,788	3,676
	<u>13,641</u>	<u>12,527</u>

5. Finance cost

	2023 €	2022 €
(Reversal)/Interest on lease liabilities	(1,348)	1,830
	<u>(1,348)</u>	<u>1,830</u>

6. General income

	2023 €	2022 €
Rental income	21,841	20,000
Other income	21,659	2,203
	<u>43,500</u>	<u>22,203</u>

7. Income from Bye Law

	2023 €	2022 €
Income from permits	67,282	60,936

8. Personal Emoluments

	2023 €	2022 €
Mayor's allowance	16,003	15,516
Executive Secretary salary	44,741	53,393
Employees' salaries	118,109	96,439
Social security contributions	13,430	11,189
Councillors' allowances	22,400	22,600
	214,683	199,137

Average number of people employed

Employees	6	6
Mayor and Councillors	7	7

9. Operations and Maintenance

	2023 €	2022 €
Repairs and Upkeep:		
Patching works	5,416	1,793
Operating materials and supplies	3,542	1,110
Road and street pavements	249,593	8,346
Road signs and markings	12,558	10,941
Council property	325	1,947
Office furniture and equipment	5,040	3,008
Bins	5,947	2,686
Sundry repairs	124,977	9,699
	407,398	39,530

9. Operations and Maintenance - continued

	2023 €	2022 €
Contractual Services:		
Refuse collection (including bins on wheels)	98,161	245,369
Waste disposal	125,356	73,848
Bulky refuse collection (including open skips)	49,953	27,355
Road and street cleaning (mechanical and manual)	111,542	46,643
Cleaning and maintenance of public conveniences	22,662	13,049
Cleaning and maintenance of parks and gardens	64,518	57,960
Cleaning council premises	10,596	10,723
LES related expenditure	1,176	1,128
Contract management services	12,886	12,886
Street lighting and security	42,183	33,765
Other contractual service	1,593	1,416
	540,626	524,142
	948,024	536,672

10. Administrative and other expenditures

	2023 €	2022 €
Water and electricity	6,465	6,663
Telecommunications	2,944	3,304
Rent (note 22)	172	116
Accountancy services	5,106	4,673
Advertising and public relations expenses	3,012	3,670
Office services	215	161
Transport	3,995	4,115
Travel	13,783	3,030
Conference and participation expenses	303	3,274
Documentation	18	175
Insurance	5,834	4,058
Engineering services	538	2,203
Other support service	9,009	6,131
Postages	382	82
Printing and stationery	4,720	5,203
Community services	43,758	36,740
Staff training and uniforms	1,582	91
Bank charges	1,064	395
Depreciation on property, plant and equipment (note 12)	55,490	43,649
Depreciation on right of use asset (note 22)	1,393	3,096
Amortisation on intangible asset (note 11)	394	1,778
Provision for doubtful debts (note 13)	-	785
Sundry minor expenses	756	389
	160,933	133,781

11. Intangible asset

	Computer Software €
At 1 January 2022	
Cost	10,043
Accumulated amortisation	(5,857)
Net book amount	4,186
Movements for the year ended 31 December 2022	
Opening net book amount	4,186
Amortisation charge	(1,778)
Closing net book amount	2,408
At 31 December 2022	
Cost	10,043
Accumulated amortisation	(7,635)
Net book amount	2,408
Movements for the year ended 31 December 2023	
Opening net book amount	2,408
Amortisation charge	(1,393)
Closing net book amount	1,015
At 31 December 2023	
Cost	10,043
Accumulated amortisation	(9,028)
Net book amount	1,015

Amortisation of €1,393 (2022: €1,778) is included in administrative expenses.

12a. Property, plant and equipment

	Trees €	Office Furniture & Fittings €	Computer & Office Equipment €	Urban Improvements €	Plant & Machinery €	Motor Vehicles €	Street Signs, Mirrors & Lights €	Construction Works €	Building €	Assets not yet utilised €	Total €
Cost											
At 1st January 2023	20,417	90,530	46,783	238,559	3,175	13,860	51,284	2,105,652	472,246	36,847	3,079,353
Additions	-	3,697	-	12,702	-	60,171	-	-	-	39,340	115,910
At 31st December 2023	20,417	94,227	46,783	251,261	3,175	74,031	51,284	2,105,652	472,246	76,187	3,195,263
Grants											
At 1st January 2023	6,690	36,769	4,631	82,887	-	-	-	1,333,675	-	-	1,464,652
Additions	-	1,642	-	2,486	-	50,000	-	-	-	-	54,128
At 31st December 2023	6,690	38,411	4,631	85,373	-	50,000	-	1,333,675	-	-	1,518,780
Depreciation											
At 1st January 2023	-	39,931	38,916	151,695	1,923	13,860	51,284	678,834	209,522	-	1,185,965
Charge for the year	-	2,780	2,032	13,601	380	1,017	-	18,069	17,611	-	55,490
At 31st December 2023	-	42,711	40,948	165,296	2,303	14,877	51,284	696,903	227,133	-	1,241,455
Net Book Value											
At 31st December 2023	13,727	13,105	1,204	592	872	9,154	-	75,074	245,113	76,187	435,028

12b. Property, plant and equipment

	Trees €	Office Furniture & Fittings €	Computer & Office Equipment €	Urban Improvements €	Plant & Machinery €	Motor Vehicles €	Street Signs, Mirrors & Lights €	Construction Works €	Building €	Assets not yet utilised €	Total €
Cost											
At 1st January 2022	20,417	87,647	46,783	207,863	2,745	13,860	51,284	2,006,178	472,246	27,334	2,936,357
Additions	-	2,883	-	30,698	430	-	-	99,474	-	9,513	142,998
At 31st December 2022	20,417	90,530	46,783	238,561	3,175	13,860	51,284	2,105,652	472,246	36,847	3,079,355
Grants											
At 1st January 2022	6,690	34,705	4,631	59,431	-	-	-	1,287,220	-	-	1,392,677
Additions	-	2,064	-	23,457	-	-	-	46,456	-	-	71,977
At 31st December 2022	6,690	36,769	4,631	82,888	-	-	-	1,333,676	-	-	1,464,654
Depreciation											
At 1st January 2022	-	37,568	35,431	148,430	1,559	13,860	51,284	662,273	191,910	-	1,142,315
Charge for the year	-	2,363	3,485	3,264	364	-	-	16,561	17,612	-	43,649
At 31st December 2022	-	39,931	38,916	151,694	1,923	13,860	51,284	678,834	209,522	-	1,185,964
Net Book Value											
At 31st December 2022	13,727	13,830	3,236	3,979	1,252	-	-	93,142	262,724	36,847	428,737

13. Receivables

	2023 €	2022 €
Receivables	61,795	139,671
Other receivables	1,000	1,000
Accrued income	42,875	6,632
Financial assets at amortised cost	105,670	147,303
Prepayments	5,803	7,681
Total receivables	111,473	154,984

The total financial assets at amortised cost for the year amounted to €105,670 (2022: €147,303). Receivables are stated net of provision for doubtful debts €785 (2022:€785)

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 company 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.

	2023 €	2022 €
Age of receivables that are past due but not impaired		
60-90 days	16,589	42,858
91-120 days	3,150	25,224
More than 120 days	42,056	71,589
Total	61,795	139,671

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.

14. 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 Flows comprise the following amounts:

	2023	2022
	€	€
Petty cash	230	210
Cash on hand	22,946	2,202
Bank balances:		
Current	447,078	285,710
Savings	63,922	284,942
Total cash and cash equivalents	534,176	573,064

15. Advance payment

The advance payment was received by the Msida Local Council re Project Green

	2023	2022
	€	€
Advance payment	408,200	-

16. Deferred Income

	2023	2022
	€	€
At beginning of year	38,670	31,170
Increase in period	12,960	7,500
	51,630	38,670
Current (note 17)	20,460	7,500
Non-Current	31,170	31,170
	51,630	38,670

17. Payables

	2023 €	2022 €
Payables	89,235	158,285
Other payables	8,338	12,129
Accruals	40,930	34,970
Lease liabilities (note 23)	303	2,449
Financial liabilities measured at amortised cost	138,806	207,833
Deferred Income	20,460	7,500
Advance Payment	52,054	63,696
Total payables - current	211,320	279,029
Payables due after more than one year		
	2023 €	2022 €
Lease liabilities (note 23)	5,103	45,331
	5,103	45,331

The total financial liabilities measured at amortised cost for the year amounted to €138,806 (2022: €207,833).

18. Contingent liabilities

At 31 December 2023, the Local Council had a guarantee facility of €1,100 and garnishee order of €1,470.84.

19. 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 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 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:

	2023	2022
	€	€
(a) Funds received from Local Government	711,104	701,404

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

The Mayor, Councillors and Executive Secretary of the Local Council make up the Key Management Personnel. Total remuneration paid to them amounts to € 85,827 (2022: €94,106).

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.

20. 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 Local 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 Local 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:

	2023 €	2022 €
Classes of financial assets – carrying amounts:		
Financial assets at amortised cost		
Receivables	105,670	147,303
Cash and cash equivalents	534,176	573,064
	639,846	720,367

20. 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 €534,176. 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 €434,329 ensuring that adequate headroom is available to cover present liabilities as well as short term obligations and commitments arising.

At 31 December 2023, the Local Council's financial liabilities have contractual maturities which are summarised below:

At 31 December 2023

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	89,235	-	-
Other payables	8,338	-	-
Accruals	40,930	-	-
Lease liabilities	303	1,325	3,778

20. 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 2022

	Current Within 1 year €	Non-current 1 to 5 years €	Later than 5 years €
Payables	158,285	-	-
Other payables	12,129	-	-
Accruals	34,970	-	-
Lease liabilities	2,449	10,723	34,608

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.

21. 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:

	2023 €	2022 €
Current assets		
Financial assets at amortised cost:		
Receivables	105,670	147,303
Cash and cash equivalents	534,176	573,064
	<u>639,846</u>	<u>720,367</u>
Current liabilities		
Financial liabilities measured at amortised cost:		
Payables	89,235	158,285
Other payables	8,338	12,129
Accruals	40,930	34,970
Lease liabilities	303	2,449
	<u>138,806</u>	<u>207,833</u>
Non-Current liabilities		
Financial liabilities measured at amortised costs:		
Lease liabilities	5,103	45,331
	<u>5,103</u>	<u>45,331</u>

22. 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.

23. Leases**Right of use Asset**

The Local Council's right of use asset is as follows:

	Office Space €
Cost	
At 1 January/31 December 2022	<u>58,814</u>
At 1 January 2023	58,814
Revaluation	<u>(40,526)</u>
At 31 December 2023	<u>18,288</u>
Accumulated Depreciation	
At 1 January 2022	9,286
Charge for the year	<u>3,096</u>
At 31 December 2022	12,382
At 1 January 2023	12,382
Charge for the year	<u>394</u>
At 31 December 2023	<u>12,776</u>
Carrying amount as at 31 December 2022	<u>46,432</u>
Carrying amount as at 31 December 2023	<u>5,512</u>

Lease liabilities

	2023 €	2022 €
Current	303	2,449
Non-current	<u>5,103</u>	<u>45,331</u>
	<u>5,406</u>	<u>47,780</u>

The Local Council leases its office space from the Commissioner of Lands. The Local Council's right of use asset has been revalued since the Commissioner of Lands department has reduced the lease payments re Office Space to €500 p.a. from 2023. The lease is recognised as a right of use asset in the Statement of Financial Position, with the exception of short-term leases (leases with an effected term of 12 months or less) and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use asset.

23. Leases - continued

Right-of-use assets	No of right-of-use asset leased	Remaining term	Average lease term	No of leases with extension options	No of leases with termination options
Office space	1	13 years	17 years	-	-

Future minimum lease payments at 31 December 2023 and 2022 were as follows:

	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
31 December 2023				
Lease payments	500	2,000	4,500	7,000
Finance charges	(197)	(675)	(722)	(1,594)
Net present values	303	1,325	3,778	5,406
31 December 2022				
Lease payments	4,193	16,771	41,929	62,893
Finance charges	(1,744)	(6,049)	(7,320)	(15,113)
Net present values	2,449	10,722	34,609	47,780

Lease payments not recognised as a liability

The Local Council has elected not to recognise a lease liability for short-term leases (leases with an expected lease term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense related to payments for short-term leases not included in the measurement of lease liability amounted to €172 (2022: €116) and is included in the 'administrative expenses' in Statement of Profit or Loss and Other Comprehensive Income.

24. Capital commitments**Capital expenditure**

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

	2023	2022
	€	€
Authorised but not contracted	1,910,068	798,230

These commitments for capital expenditure will be financed out of reserved funds, DPF Funds Regional Funds, DLG Schemes and Project Green Funds.