

San Lawrenz Local Council
Annual Report and Financial Statements
For the Year Ended 31 December 2024

Prepared by: M. Sultana

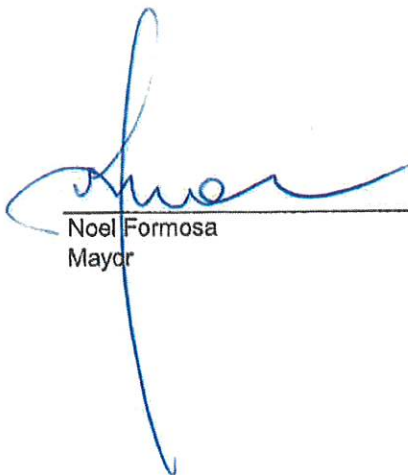
Contents	Pages
Statement of Local Council Members' and Executive Secretary's Responsibilities	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 22
Report of the Local Government Auditor to the Auditor General	23 - 26

**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 the Local Council's 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 Council on 17th February 2025 and signed on its behalf by:



Noel Formosa
Mayor



Josianne Cassar
Acting Executive Secretary

Statement of Comprehensive Income

For the Year Ended 31 December 2024

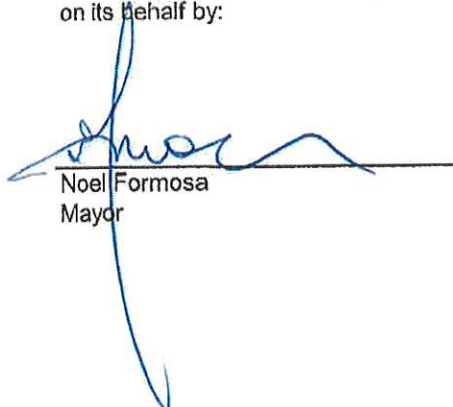
	Notes	2024 €	2023 €
Revenue			
Funds Received from Central Government	3	358,487	291,895
Income Raised Under the Local Enforcement System	4	171	166
General Income	5	49,284	40,490
		-----	-----
		407,942	332,551
		-----	-----
Expenditure			
Personal Emoluments	6	(138,477)	(133,032)
Operations and Maintenance	7	(37,350)	(37,561)
Administration and Other Expenditure	8	(232,975)	(143,574)
		-----	-----
		(408,802)	(314,167)
		-----	-----
Operating (Loss) / Profit for the Year	6	(860)	18,384
Finance Income	9	60	25
Finance Charges		(1,057)	(920)
		-----	-----
Total Comprehensive (Loss) / Profit for the Year	6	(1,857)	17,489
		-----	-----

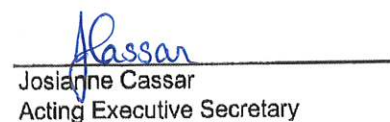
Statement of Financial Position

For the Year Ended 31 December 2024

	Notes	2024 €	2023 €
ASSETS			
Property, Plant and Equipment	10	163,886	148,244
Total Non-Current Assets		<u>163,886</u>	<u>148,244</u>
Current Assets			
Stocks	11	121	121
Receivables	12	136,832	90,613
Cash and Cash Equivalents	13	123,872	222,540
Total Current Assets		<u>260,825</u>	<u>313,274</u>
TOTAL ASSETS		<u>424,711</u>	<u>461,518</u>
RESERVES AND LIABILITIES			
Retained Earnings		148,495	150,352
Total Reserves		<u>148,495</u>	<u>150,352</u>
LIABILITIES			
Payables	14	276,216	311,166
Total Current Liabilities		<u>276,216</u>	<u>311,166</u>
TOTAL RESERVES AND LIABILITIES		<u>424,711</u>	<u>461,518</u>

These financial statements were approved by the Local Council on 17th February 2025 and signed on its behalf by:


Noel Formosa
Mayor


Josiane Cassar
Acting Executive Secretary

Statement of Changes in Equity

For the Year Ended 31 December 2024

	Retained Funds €
At 1 January 2023	132,863
Profit for the Year	17,489
At 31 December 2023	<u>150,352</u>
At 1 January 2024	150,352
(Loss) for the Year	(1,857)
At 31 December 2024	<u>148,495</u>

Statement of Cash Flows

For the Year Ended 31 December 2024

	Note	2024 €	2023 €
Cash Flow From Operating Activities			
Total Comprehensive Profit / (Loss) for the Year		(1,857)	17,489
Reconciliation to Cash Generated from / (Used In) Operations:			
Depreciation		24,175	19,868
Interest Receivable		(60)	(25)
Profit on Disposal of Fixed Asset		-	(1,327)
Recovery of Bad Debts		-	-
		-----	-----
Operating Profit / (Loss) Before Working Capital Changes		22,258	36,005
Decrease in Inventories		-	-
(Increase) / Decrease in Receivables		(46,219)	14,196
(Decrease) / (Decrease) in Payables		(34,950)	122,184
		-----	-----
Cash Generated (Used In) / From Operating Activities		(58,911)	172,385
		-----	-----
Cash Flow From Investing Activities			
Interest Received		60	25
Proceeds from Sale of Fixed Assets		-	3,000
Purchase of Property, Plant and Equipment		(130,801)	(51,476)
Receipt of Grant		90,984	32,232
		-----	-----
Cash Used In Investing Activities		(39,757)	(16,219)
		-----	-----
Net (Decrease)/ Increase in Cash for the Year		(98,668)	156,166
Cash and Cash Equivalents at Beginning of Year		222,540	66,374
		=====	=====
Cash and Cash Equivalents at End of Year	13	123,872	222,540
		=====	=====

Notes to the Financial Statements

For the Year Ended 31 December 2024

1 General Information

The San Lawrenz Local Council is the local authority of San Lawrenz set up in accordance with the Local Councils Act (1993). The office of the Local Council is situated at Triq id-Duluri, San Lawrenz, Gozo. These financial statements were approved for issue by the Council Members on 17th February 2025. The Local Council's presentation as well as functional currency are denominated in Euro.

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.

Basis of Preparation

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 as adopted by the EU.

These financial statements have been drawn up in accordance with the accounting policies and reporting procedures prescribed for Local Councils in the Financial Regulations issued by the Minister of Finance in conjunction with the Minister responsible for Local Government in terms of section 67 of the Local Councils Act (Cap 363).

New and Amended Standards Adopted by the Local Council

During the year under review, the Council has applied the following International Financial Reporting Standards as adopted by the EU:

Reference to the Conceptual Framework (Amendments to IFRS 3) - The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. Effective for annual reporting periods beginning on or after 1 January 2022.

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16) - The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. Effective for annual reporting periods beginning on or after 1 January 2022.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) - The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). Effective for annual reporting periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018-2020 - Makes amendments to the following standards:

IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. Effective for annual reporting periods beginning on or after 1 January 2022.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1) - The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Effective for annual reporting periods beginning on or after 1 January 2023.

Definition of Accounting Estimates (Amendments to IAS 8) - The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that result from a new information or new developments is not the correction of an error. Effective for annual reporting periods beginning on or after 1 January 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Effective for annual reporting periods beginning on or after 1 January 2023.

New Standards and Amendments Not Yet Adopted:

A number of new International Financial Reporting Standards and amendments and revisions thereto were in issue but not yet adopted by the EU during the financial period under review.

The Council is assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Council anticipates that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

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 yearly 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	7.50%
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 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.

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.

Related Parties

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

Revenue

Revenue is recognised when there are no significant uncertainties concerning the derivation of consideration or associated costs. 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 for non compliance are to be disclosed separately with expenses.

Government Grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires deducting it from the carrying amount of the asset, using the capital approach.

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 Euro, which is the Council's functional and presentation currency.

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

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.

Cash and Cash Equivalents

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

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historic experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Executive Secretary, the accounting estimates and judgements made in the preparation of the financial statements are not difficult, subjective or complex, to a degree that would warrant their description as critical in terms of the requirements of IAS1 (revised) - 'Presentation of Financial Statement'.

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

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. 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.

Financial Instrument

Financial assets and financial liabilities are recognised when the 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.

Financial assets and financial liabilities are measured initially at fair value plus transaction 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'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Council's other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates at each identified group.

Financial Liabilities

The Council's financial liabilities includes other payables. These are stated at their nominal account which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs'.

3 Funds Received from Central Government

	2024	2023
	€	€
In Terms of Section 55 of the Local Councils Act	224,591	215,829
Supplementary Government Income	133,896	76,066
	-----	-----
	358,487	291,895
	=====	=====

4 Income Raised Under Local Enforcement System

	2024	2023
	€	€
Administration Income from Contraventions	171	166
	-----	-----
	171	166
	=====	=====

5 General Income

	2024	2023
	€	€
Community Services	1,850	1,786
Other Income	34,947	39,640
Income from Permits	4,634	3,566
Contributions and Other Income	7,853	5,008
Twinning	-	(9,510)
	-----	-----
	49,284	40,490
	=====	=====

6 Profit / (Loss) for the Year

	2024	2023
	€	€
(Loss) / Profit for the Year is Stated After Charging:		
Staff Salaries	138,477	133,032
Depreciation of Property, Plant and Equipment	24,175	19,868
	=====	=====

<i>Staff Salaries</i>	2024	2023
	€	€
Mayor's Remuneration	13,730	13,479
Councillors' Allowances	11,100	11,800
Executive Secretary Salary and Allowances	30,778	31,397
Employees' Salaries	74,424	67,825
Social Security Contributions	8,445	8,531
	-----	-----
	138,477	133,032
	=====	=====

Average Number of Persons Employed:

Employees	5	5
Mayor and Councillors	5	5
	-----	-----

7 Operations and Maintenance

	2024	2023
	€	€
<i>Repairs and Upkeep</i>		
Street Signs	2,538	1,956
Other Repairs and Upkeep	2,564	2,939
	-----	-----
	5,102	4,895
	=====	=====
<i>Contractual Services:</i>		
Refuse Collection Including Tipping Fees	17,966	14,456
Open Skips	10,620	7,400
Road and Street Cleaning	2,266	9,086
Cleaning and Maintenance of Public Conveniences	762	-
Other Cleaning Services	440	1,390
Handyman Services	-	-
Street Lighting	194	334
	-----	-----
	32,248	32,666
	=====	=====
Total Operations and Maintenance Expenses	37,350	37,561
	=====	=====

8 Administration and Other Expenditure

	2024	2023
	€	€
Utilities	4,973	5,162
Materials and Supplies	2,835	3,444
Rent	2,355	1,356
National and International Memberships	933	692
Office Services	11,661	8,066
Transport	4,762	4,093
Overseas Travel	13,255	360
Information Services	18,806	5,421
Other Contractual Services	9,993	4,431
Professional Services	57,140	54,964
Community and Hospitality	50,197	30,396
Depreciation	24,175	19,868
Lease of Equipment	32,927	5,321
LES Expenditure	-	-
Training Services	-	-
Increase in Provision for Bad Debts	(1,037)	-
	-----	-----
	232,975	143,574
	=====	=====

9 Finance Income

	2024	2023
	€	€
Bank Interest Receivable	60	25
	-----	-----
	60	25
	=====	=====

10 Property, Plant and Equipment

a)

	Assets under Construction	Property	Office Furniture & Fittings	New Street Signs	Urban Improvements	Office Equipment	Plant and Machinery	Computer Equipment	Motor Vehicles	Special Programmes	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 1 January 2023	13,122	2,583	58,019	4,072	132,309	45,100	25,097	14,973	45,028	1,955,466	2,295,769
Additions	28,442	-	914	-	34,552	140	-	550	-	-	64,598
Reversals	(13,122)	-	-	-	-	-	(2,282)	-	-	-	(15,404)
At 31 December 2023	28,442	2,583	58,933	4,072	166,861	45,240	22,815	15,523	45,028	1,955,466	2,344,963
Depreciation											
At 1 January 2023	-	-	36,938	4,072	70,341	42,933	19,261	11,960	-	535,459	720,964
Charge for the year	-	-	2,520	-	4,185	319	2,225	1,250	-	9,369	19,868
Depreciation Released	-	-	-	-	-	-	(609)	-	-	-	(609)
At 31 December 2023	-	-	39,458	4,072	74,526	43,252	20,877	13,210	-	544,828	740,223
Grants											
At 1 January 2023	13,122	-	-	-	41,588	1,537	-	-	45,028	1,322,989	1,424,264
Additions	24,174	-	-	-	21,180	-	-	-	-	-	45,354
Reallocations / Disposals	(13,122)	-	-	-	-	-	-	-	-	-	(13,122)
At 31 December 2023	24,174	-	-	-	62,768	1,537	-	-	45,028	1,322,989	1,456,496
Net Book Amount											
At 31 December 2023	4,268	2,583	19,475	-	29,567	451	1,938	2,313	-	87,649	148,244

10 Property, Plant and Equipment
b)

Cost	Assets under Construction €	Property €	Office Furniture & Fittings €	New Street Signs €	Urban Improvements €	Office Equipment €	Plant and Machinery €	Computer Equipment €	Motor Vehicles €	Special Programmes €	Total €
At 1 January 2024	28,442	2,583	58,933	4,072	166,861	45,240	22,815	15,523	45,028	1,955,466	2,344,963
Additions	29,408	-	531	-	42,868	-	-	-	57,994	-	130,801
Reallocations / Disposals	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2024	57,850	2,583	59,464	4,072	209,729	45,240	22,815	15,523	103,022	1,955,466	2,475,764
Depreciation											
At 1 January 2024	-	-	39,458	4,072	74,526	43,252	20,877	13,210	-	544,828	740,223
Charge for the year	-	-	2,580	-	5,985	156	718	1,115	5,865	7,956	24,175
Depreciation Released	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2024	-	-	42,038	4,072	80,511	43,408	21,595	14,325	5,865	552,784	764,398
Grants											
At 1 January 2024	24,174	-	-	-	62,768	1,537	-	-	45,028	1,322,989	1,456,496
Additions	25,817	-	-	-	35,500	-	-	-	29,667	-	90,984
Reallocations / Disposals	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2024	49,991	-	-	-	98,268	1,537	-	-	74,695	1,322,989	1,547,480
Net Book Amount											
At 31 December 2024	7,859	2,583	17,426	-	30,950	295	1,220	1,198	22,662	79,693	163,886

11 Stocks

	2024 €	2023 €
Stock of Gift Vouchers	121	121
	=====	=====

12 Receivables

	2024 €	2023 €
Amounts Receivable	480	585
Prepayments and Accrued Income	136,352	90,028
Other Receivables	-	-
	-----	-----
	136,832	90,613
	=====	=====

Amounts Receivable

General Receivables are Analysed as Follows:

	2024 €	2023 €
Within Credit Period	480	585
Exceeded Credit Period but Not Impaired	-	-
	-----	-----
	480	585
	=====	=====

Note:

Receivables are net of provision for doubtful debts of Eur 327 (2023 : Eur 1365)

13 Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following Statement of Financial Position amounts:

	2024 €	2023 €
Bank Balances	123,812	222,498
Cash in Hand	60	42
	-----	-----
	123,872	222,540
Overdrawn Bank Balance	-	-
	-----	-----
	123,872	222,540
	=====	=====

14 Payables

	2024	2023
	€	€
Amount Payable	31,010	18,287
Accruals	36,395	18,963
Deferred Income	207,914	271,851
Other Payables	897	2,065
Overdrawn Bank Balance	-	-
	<u>276,216</u>	<u>311,166</u>
	=====	=====

15 Capital Commitments

	2024	2023
	€	€
Total capital commitments	<u>592,988</u>	<u>644,506</u>
	=====	=====
(i) Approved but Not Yet Contracted:		
Electric Van	-	-
Embellishment - Various Areas	119,598	119,598
Measure 4.3 - Support for Infrastructure	-	-
(ii) Contracted For but Not Provided in Financial Statements:		
Resurfacing works Triq il-Gebla tal-General	214,890	214,890
Refurbishment - Playing Field	-	-
Electric Van	-	44,460
Embellishment - Various Areas	96,900	103,958
Measure 4.3 - Support for Infrastructure	30,770	30,770
GAGF - Community Renovation	130,830	130,830
	<u>592,988</u>	<u>644,506</u>
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The council is currently undertaking resurfacing through EU funding measures. All projects committed listed above are partly or wholly funded by alternative funding and in most commitments the Council needs only to issue a small percentage portion of the project expenditure.

16 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
LESA	No control
Police General Head Quarters	No control
Malta Environment and Planning Authority	No control
Water Services Corporation	No control
Enemalta Corporation	No control
Department of Agriculture	No control
Director General - Works Division	No control
Department of Lands	No control
Department of Inland Revenue	No control
Airmalta plc	No control
Bank of Valletta plc	No control
Wasteserv Malta Limited	No control
Kunsill Malti għall-iSports	No control
Mitts Limited	No control
Ministry for the Family and Social Solidarity	No control
Malta Communications Authority	No control

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

	2024	2023
	€	€
Annual Financial Allocation	224,591	215,829
	=====	=====

Key management compensation

Transactions with key management personnel are disclosed in note 6.

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 receive funds to specific projects as well as other funds for the improvement and betterment of the locality.

17 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 receivables. 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 receivables 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	€ 480 =====
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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. At year end, the Council had as cash and cash equivalents the amount of €123,872. This should ensure an ongoing working capital of the Council for the next 12 months. The Council however, resulted in a net liability position of negative €15,3191.

Foreign Currency Risk

Foreign currency transactions arise when the Council buys or sells goods whose prices 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 objective of interest rate risk management is to optimise the balance between minimizing uncertainty caused by fluctuations in interest rates and maximising the net interest income and expense.

18 Summary of the Financial Assets and Liabilities by Category

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

	2024	2023
	€	€
<i>Current Assets</i>		
Trade and Other Receivables	136,832	90,613
Cash and Cash Equivalents	123,872	222,540
	<u>260,704</u>	<u>313,153</u>
<i>Current Liabilities</i>		
Financial Liabilities Measured at Amortised Cost:		
Payables	276,216	311,166
	<u>276,216</u>	<u>311,166</u>

19 Fair Values Estimation

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.